#2015
THIRD UPDATE TO THE REFERENCE DOCUMENT

This update to the Reference Document (*Document de référence*) was filed with the French financial markets authority (*Autorité des marchés financiers* — the "**AMF**") on 8 February 2017 pursuant to its general regulations. It updates the reference document filed with the AMF on 29 April 2016 under number D.16-0438 (the **"Reference Document"**), the first update to the Reference Document filed with the AMF on 17 October 2016 under number D. 16-0438-A01 (the **"First Update to the Reference Document"**), as well as the second update to the Reference Document filed with the AMF on 1st December 2016 under number D. 16-0438-A02 (the "**Second Update to the Reference Document**"). It may be used in connection with an offering of securities if accompanied with a securities note (*note d'opération*) approved by the AMF. This document has been prepared by the issuer and engages the responsibility of the signatories.

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

SOLOCAL GROUP

A public limited liability company with a share capital of 233,259,384 euros

Registered office: 204, Rond-Point du Pont de Sèvres, 92649 Boulogne-Billancourt Cedex Nanterre Trade and Companies Register No. 552 028 425

Unofficial translation of the* "troisième actualisation du document de référence 2015" *filed with the AMF on 8 February 2017, under number D. 16-0438-A03, for information purpose only.

1 PERSONS RESPONSIBLE FOR THE UPDATE TO THE REFERENCE DOCUMENT

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

1.1 Responsibility for the update to the Reference Document

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

1.2 Attestation of the persons responsible for this Reference Document

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

We have obtained a letter from the statutory auditors stating that they have completed their work and verified the information on the financial situation and accounts provided in this update and read through the entire Reference Document.

Boulogne-Billancourt, 8 February 2017

Mr Robert de Metz

Chairman of the SoLocal Group Board of Directors

Mr Jean-Pierre Remy

Chief Executive Officer of SoLocal Group

2 STATUTORY AUDITORS

Principal statutory auditors

BEAS

195 avenue Charles de Gaulle
92524 Neuilly sur Seine Cedex
(Auditor member of the regional association of Versailles)
Represented by Joël Assayah
Named co-principal statutory auditor of the company by decision of the Combined General Meeting of 19 October 2016 for a duration of six financial years ending after the General Assembly which will rule in 2022 on the accounts of the financial years ending 31 December 2021.

Auditex (Member of the Ernst & Young Global Limited network)

Tour First
1, place des Saisons
92400 Courbevoie, Paris La Défense 1

(Auditor member of the regional association of Versailles)

Represented by Vincent de La Bachelerie

Named co-Principal Statutory Auditor of the company by decision of the Combined General Meeting of 19 October 2016 for a duration of six financial years ending after the General Assembly which will rule in 2022 on the accounts of the financial years ending 31 December 2021.

3 SELECTED FINANCIAL INFORMATION

The information concerning this chapter is described in the Reference Document and in the First Update to the Reference Document. At the date of this update to the Reference Document, this information remains correct and is updated by the information provided below.

3.1 Consolidated balance sheet statement

CONSOLIDATED INCOME STATEMENT (in million euros)	Period ended 31 December 2016				Period ended 30 September 2015			
	Consolidated	Divested activities	Continued activities [1]		Consolidated	Divested activities	Continued activities [1]	
			Recurring	Non-recurring			Recurring	Non-recurring
Revenues	**812.3**	**-**	**812.3**	**-**	**878.0**	**5.3**	**872.6**	**-**
Internet	648.8	-	648.8	-	645.6	5.3	640.2	-
Print & Voice	163.5	-	163.5	-	232.4	-	232.4	-
Recurring EBITDA[1]	**229.0**	**-**	**229.0**	**-**	**260.9**	**(9.5)**	**270.3**	**-**
Internet	185.6	-	185.6	-	189.6	(9.5)	199.0	-
Print & Voice	43.4	-	43.4	-	71.3	-	71.3	-
EBITDA[2]	**223.9**	**-**	**229.0**	**(5.1)**	**211.1**	**(10.1)**	**270.3**	**(49.1)**
Operating Income	**163.2**	**-**	**168.4**	**(5.1)**	**142.8**	**(26.3)**	**218.2**	**(49.1)**
Net financial expense	**(73.8)**	**-**	**(73.8)**	**-**	**(83.6)**	**-**	**(83.6)**	**-**
INCOME FOR THE PERIOD (GROUP SHARE)	**48.9**	**-**	**52.3**	**(3.4)**	**26.6**	**(15.9)**	**72.6**	**(30.0)**

[1] Recurring EBITDA corresponds to EBITDA before taking into account exceptional items (such as restructuring and integration costs).

[2] EBITDA is equal to revenue before deduction of net external expenses, salaries and social charges (employee participation and share-based compensation included) and restructuration and integration costs.

3.2 Consolidated financial situation statement

Assets *(In millions euros)*	As at 31 December 2016	As at 31 December 2015
Non-current assets	263.6	251.1
Of which net goodwill	95.5	95.1
Current assets	505.7	507.8
Of which net trade debtors	320.9	352.6
Of which cash and cash equivalents	91.1	53.7
Total Assets	769.3	759.0
Shareholders' Equity (Group share)	(1,286.2)	(1,328.0)
Non-current liabilities	127.0	1,244.2
Of which non-current financial liabilities and derivatives	1.3	1,118.3
Current liabilities	1,928.4	842.8
Of which trade creditors	98.9	95.4
Of which deferred income	408.3	483.3
Total Liabilities	769.3	759.0
Net cash flow	30.7	58.3
Consolidated Net Debt for the Group	(1,096.8)	(1,090.5)
Net debt less issuance costs of borrowings	(1,107.3)	(1,108.9)
Cash generated by the activity of the consolidated Group	99.7	134.4

4 RISK FACTORS

Section 4.1 “Risks related to the Group’s business and strategy” of the Reference Document and Chapter 4 “Risk Factors” of the First and Second Updates to the Reference Document are updated as follows:

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

With net debt[1] established at €1,096.8 million as at 31 December 2016, the Group’s financial leverage covenant comes out at more than 4.00 times the consolidated EBITDA as defined in the agreement entered into with the financial institutions. Consequently, the Group is not observing its bank covenant on financial leverage as at 31 December 2016. It is observing all the other bank covenants, however. This confers on the creditors voting by a two-thirds’ majority (excluding Debt Tranche C1) the right to pronounce at any time (subject to the essential provisions of the French Commercial Code) the immediate payability of SoLocal Group’s entire financial debt, i.e. €1,172.0 million (as at 31 December 2016, own debt not deducted and excluding accrued interest not yet due), broken down as follows:

(Amounts in thousands of euros)	**As at 31 December 2016**
Bank borrowing	(783,638)
Bond loan	(350,000)
Repurchase of bond loan (1)	12,154
Revolving credit facility	(38,395)
Borrowing & revolving credit facility	**(1,159,879)**
Financial debt of Solocal Group, own debt not deducted	**(1,172,033)**

(1) Own debt (Cf. note 25)

Nonetheless, due to the ratification of the second amended accelerated financial safeguard plan project, implemented pursuant to the Commercial court of Nanterre’s judgement on 9 May 2014, by the Commercial court of Nanterre on 22 December 2016, the creditors waived this right (the “**Waiver of Early Redemption**”).

The completion of the restructuring operations, as described in Chapter 4 of the Second Update to the Reference Document, remains subject to the completion of the share capital increase with shareholders’ preferential subscription rights for a maximum amount of €398,484,781[2] (including the issuance premium), backstopped by all of the creditors and which could be increased to a maximum amount of €458,257,498 in the event of the full exercise of the extension clause , at a price of €1 per share, i.e. the issuance of a maximum of 398,484,781 shares, which could be increased to a maximum of 458,257,498 shares in the event of the full exercise of the extension clause, which should be launched on 9 February 2017 and which settlement and delivery should intervene on 13 March 2017, according to the indicative timetable, and which will be the subject of a prospectus previously filed with the AMF for its approval.

In the event of non-completion of the restructuring operations, the Group’s debt under the Existing Credit Facility Agreement, the Plan Amendment would not take effect. In addition, the Waiver of Early Redemption (as defined below) would lose its effects and the Group would not be able to meet its cash requirements and its outstanding debt with its net consolidated working capital over the next twelve months as of the date of this update to the Reference Document.

In the event the restructuring operations of the Group's debt in terms of the Exiting Credit Agreement are not carried out, the Amended Plan will not take effect. Furthermore, the Renunciation to Prepayment (such as defined hereinabove) would lose its effects and the Group would not have enough net consolidated working

[1] Net debt corresponds to the total gross indebtedness minus cash and cash equivalents, except fair value of financial instruments and debt issue expenses (see in particular Paragraph 1.3 of the Annual activity report as of 31 December 2016 in Section 20.2 “Annual activity report as of 31 December 2016” of this update to the reference document).
[2] For an outstanding debt maximum principal amount of €157,698,642 as at the date of implementation of the restructuring operations, under the credit facility agreement dated 24 October 2006 as amended from time to time.

capital requirement to handle its cash flow requirements and the dates of maturity of its debt over the next twelve months starting from the date of this update to the Reference Document.

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

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

- Ca-PD/LD attributed in January 2017 by Moody's with a negative outlook;
- RD attributed in December 2016 by Fitch Ratings with a negative outlook.

Changes in ratings are presented as follows:		31/12/2016		31/12/2015		31/12/2014		31/12/2013	
		Fitch Ratings	**Moody's**	**Fitch Ratings**	**Moody's**	**Fitch Ratings**	**Moody's**	**Fitch Ratings**	**Moody's**
SoLocal Group	**Rating**	RD	Ca	B-	B3	B-	B3	B-	Caa1
	Outlook	Negative	Negative	Negative	Negative	Stable	Negative	Negative	Negative
PagesJaunes Finance(1)	**Rating**	C	Ca	B	B3	B+	B3	B+	Caa1
	Outlook	-	Negative	-	Negative	-	Negative	-	Negative

(1) Relating to the bond issue maturing in 2018.

4.2 Other risk factors that arose since 1 December 2016

Appeal in the context of the amendment to the Accelerated Financial Safeguard Plan of the Company

The Commercial Court of Nanterre's decision of 22 December 2016 ratifying the amendment to the Accelerated Financial Safeguard Plan of the Company is the subject of a third-party proceeding (*tierce opposition*) by a minority shareholder, Mr Benjamin Jayet.

In the context of this proceeding, the Commercial Court of Nanterre has been asked to confirm the admissibility of the third-party proceeding and to suspend the proceeding relating to the revocation of the judgement of 22 December 2016, before a decision on the merits on the validity of the decisions taken during the shareholders' meeting of the Company on 15 December 2016. The Commercial Court of Nanterre ruled that the third party demand was inadmissible.

Mr Benjamin Jayet also sued the Company before the Commercial Court of Nanterre in order to obtain a decision on the merits for annulling the decisions taken during the shareholders' meeting of the Company on 15 December 2016.

The President of the Commercial Court of Nanterre rejected Mr Benjamin Jayet's request to suspend, as an interim measure, the implementation of resolutions numbered 1 to 7 submitted to the vote of the shareholders' meeting of the Company on 15 December 2016 (relating to the financial restructuring). Mr Benjamin Jayet appealed this decision before the Court of Appeal of Versailles. A hearing is scheduled for 1 March 2017.

In the event that the Court of Appeal of Versailles would allow Mr Benjamin Jayet's requests to suspend the implementation of the aforementioned resolutions 1 to 7 before the offering is completed, the implementation of the Accelerated Financial Safeguard Plan, and notably the completion of the offering it provides could be delayed.

In the event that a definitive decision would annul the decisions taken during the shareholders' meeting of the Company on 15 December 2016 after the offering is completed, such a decision could lead to the cancellation of the offering with retroactive effect. However, such an annulment could be impossible to implement in the context of a public offering.

Please refer to note 28 "Financial risk management and capital management policy objectives" for a description of market risks and note 31 "Disputes and litigation" of the annex to the consolidated condensed financial statements as at 31 December 2016 included in paragraph 20.1 of this update to the Reference Document.

5 INFORMATION ON THE ISSUER

Section 5.2 "Investments" of the Reference Document and Chapter 5 of the First Update to the Reference Document and of the Second Update to the Reference Document are updated as follows:

5.2 Investments

5.2.1 Main investments as at 31 December 2016

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

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

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

As at 31 December 2016, the Group's investments concentrated on:

- for Local Search, notably on the portal pagesjaunes.fr with heightened user-friendliness, relevance and quality of content and on the mobile use of PagesJaunes services;

- for Digital Marketing, the development of the Website production platform, the acquisition of the tools and processes required to carry out our local programming activities and AdWords and the investments in PagesJaunes Doc and PagesJaunes Resto in particular;

- the common technological base to improve the Group's various processes, particularly the processes associated with offers and content;

- the development of its new Citylights registered office in Boulogne-Billancourt.

	Period ended 31 December 2016		Period ended 31 December 2015	
(in million euros)	Consolidated	Continued activities	Consolidated	Continued activities
Revenues	812.3	812.3	878.0	872.6
Acquisitions of tangible and intangible fixed assets	**69.1**	**69.1**	**76.1**	**75.5**
As a percentage of revenues	8.5%	8.5%	8.7%	8.7%

5.2.2 Main current and future investments

In 2017, the Group will continue to invest in the three aforesaid business areas, increasing its investment in Digital Marketing in particular.

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

For the financial years 2017 and 2018, the Group has set itself an annual investment expenses target of €70 to €75 million (continued activities), within the scope of the "Conquérir 2018" plan, in order in particular to maintain the development of products and continue the revamping of the back-office IT platforms. This target could develop or change based in particular on the trend of the economic environment or on the materialization of certain risks described in section 4.1 "Risks associated with the Group's activities and strategy" of the reference document and in section 4 "Risk factors" of of the First Update to the Reference Document, the Second Update to the Reference Document and this update.

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

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

During the financial years 2014, 2015 and 2016 at consolidated level, the Group assigned to its investment expenses €69.6 million (i.e. 7.4% of consolidated revenues for the financial year), €76.1 million (i.e. 8.7% of consolidated revenues for the financial year) and €69.1 million (i.e. 8.5% of consolidated revenues for the financial year), respectively. In the light of the investment requirements identified for the financial years 2017 and 2018 within the scope of the "*Conquérir 2018*" plan (i.e. a consolidated annual amount of investment expenses between €70 and €75 million per annum), the Group considers that the clause stipulated in the terms and conditions of the bonds described in the foregoing paragraph should not form a constraint on the investment requirements identified within the scope of the "*Conquérir 2018*" plan.

6 OVERVIEW OF BUSINESSES

The information contained in Chapter 6 of the Reference Document, of the First Update to the Reference Document and of the Second Update to the Reference Document remains correct at the date of this update to the Reference Document and is supplemented by the information provided below.

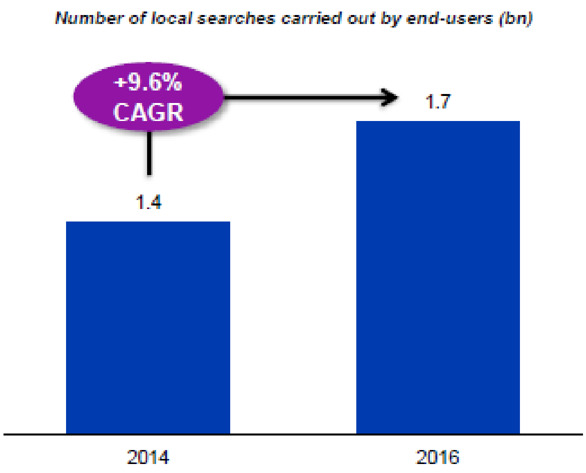
Audience for each vertical in 2016:

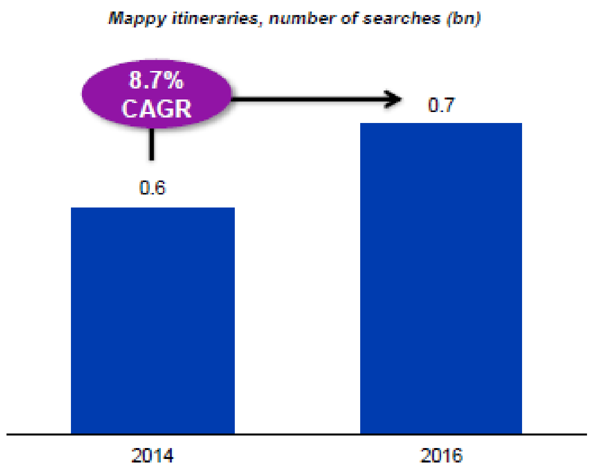
- *SoLocal Home*: 94 million searches (i.e. 6% of total audience)
- *SoLocal Retail*: 601 million searches (i.e. 36% of total audience)
- *SoLocal Health & Public*: 515 million searches (i.e. 31% of total audience)
- *SoLocal Services* : 261 million searches (i.e. 15% of total audience)
- *SoLocal BtoB*: 212 million searches (i.e. 13% of total audience)

Mappy itineraries

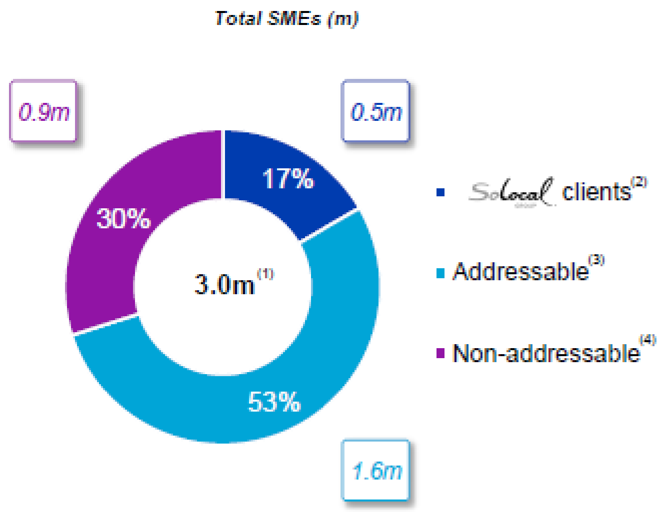
698 million itineraries have been calculated through Mappy in 2016.

Change in the number of searches 2014-2016





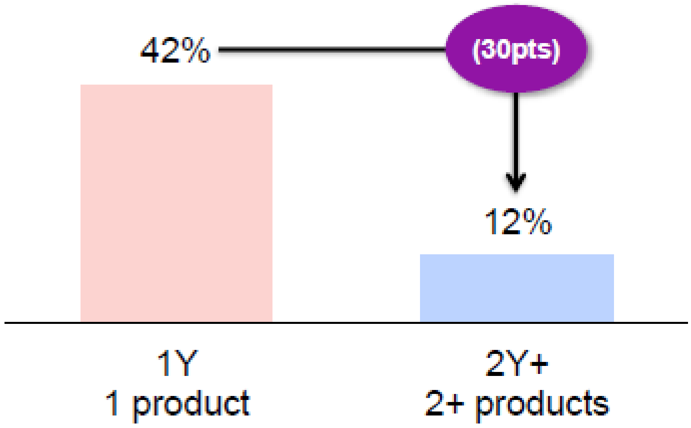
Potential of the market in which the Group operates



(1) Total SME's figures is an estimate for 2015 produced by DIW Econ, 2016 SBA Factsheet from the European Commission
(2) SoLocal has c.0.5m SMEs as clients
(3) The company estimates its total addressable market at 2.1m SMEs which includes c.0.5m SoLocal's clients (SME)
(4) Non-addressable includes "auto-entrepreneurs", SCI, companies whose solvability is at risk, companies about to close

Churn rate for multi-equipped / longer-tenure customers

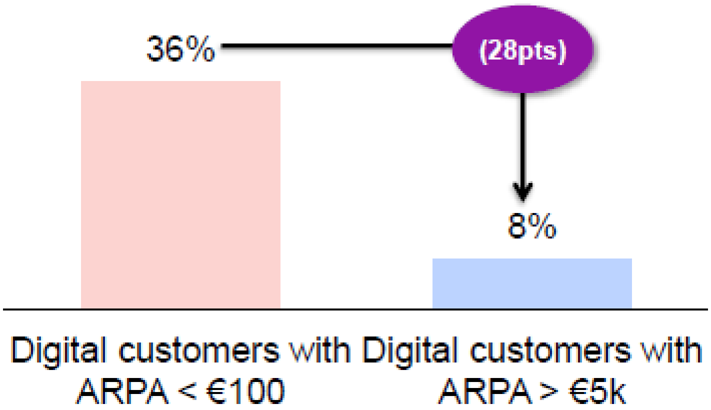
Multi-equipped and / or longer-tenure customers of the Group generally have a lower churn rate:



Source: External consulting firm

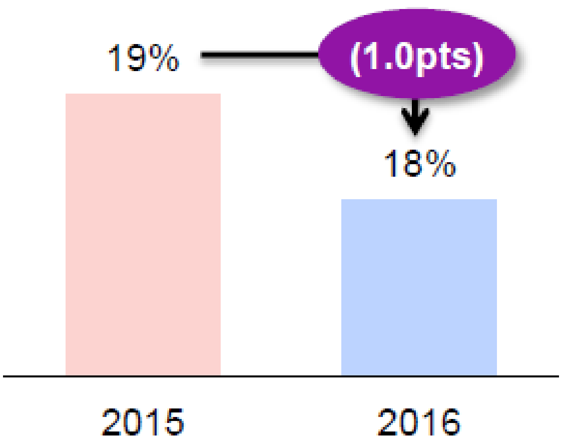
Churn rate for multi-equipped / higher-ARPA customers

Multi-equipped and / or higher-ARPA customers generally have a lower churn rate:

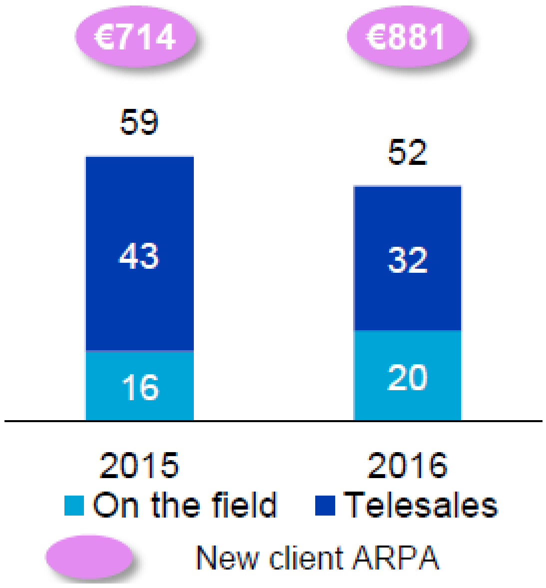


Source: External consulting firm

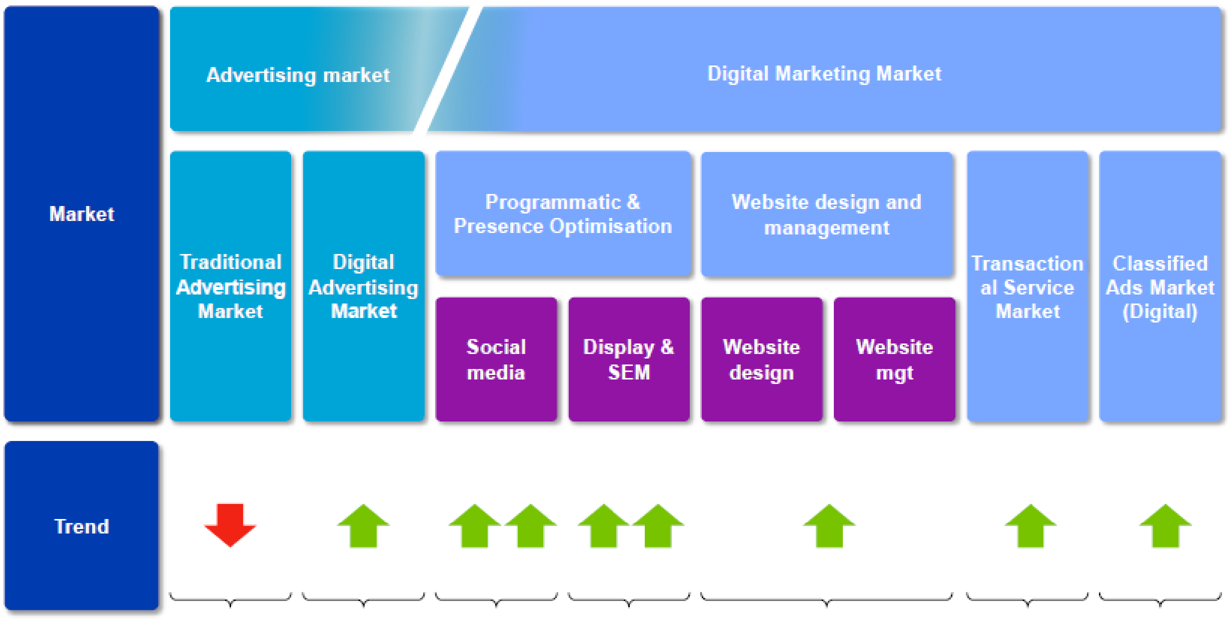
Churn rate for Internet clients 2015-2016 (%)



Number of new clients by acquisition type (thousand)



Trends of the markets on which the Group operates (in France)



Note: SEM = Search Engine Marketing
Source: External consulting firm

12 INFORMATION ON TRENDS AND OBJECTIVES

Group's long term outlook

The objectives and trends presented below are based on data, assumptions and estimates that the Group considers as reasonable as at the date of this update to the Reference Document. These objectives and trends do not constitute forward-looking forecasts under Regulation (EU) No 809/2004 as amended.

These future outlook and objectives, which result from the Group's strategic objectives, do not constitute forecast data or profit estimates of the Group. The data and assumptions presented below may evolve or be modified depending on changes in the economic, financial, competitive, regulatory and fiscal environment or on other factors the Group is not aware of as at the date of this update to the Reference Document.

Furthermore, the materialisation of the risks described in Chapter 4 "Risk Factors" of the Reference Document, of the First Update to the Reference Document and of the Second Update to the Reference Document, in particular risks relating to the Group's business and strategy, legal, market or industrial risks and environmental risks, could have an impact on the activities, the financial situation, the results or the outlook of the Group and therefore call into question its ability to fulfil the objectives presented below.

In addition, the fulfilment of the objectives is subject to the success of the Group's strategy. Therefore, the Group does not make any commitment and does not give any guarantee that the objectives set forth in this Section will be met.

Long-term ambitions

The financial restructuring will allow the implementation of "Conquer 2018" and aims at generating:

	2016	2017[3]	2017-2018[34]	CAGR[5] 2018-2020
Internet revenue growth	+1%	+3% to +5%	+9%	High single digit growth rate
EBITDA growth[6]	-15%	-8% to -2%	+5%	High single digit growth rate

[3] From 2017 onwards, the indicators of financial performance will concern the consolidated scope corresponding to the continued activities.
[4] Internet revenue and EBITDA growth rates in line with the targets of revised Conquer 2018 plan released on 25 November 2016.
[5] CAGR: Compound Annual Growth Rate
[6] Growth in recurring EBITDA for the whole Group (Internet + Print & Voice)

13 PROFIT FORECASTS OR ESTIMATES

Forecast information for 2017

These forecasts are provided in respect of 2017 and are communicated in connection with the publication of the 2016 annual results.

They are based on two key indicators that represent the Group's performance:

- Growth in Internet revenues of +3% to +5% between 2016 and 2017
- Recurring EBITDA for 2017 of between €210 million and €225 million

Macroeconomic assumptions
SoLocal Group operates on an addressable market estimated at €34 billion (source: independent consulting firm).
This market is divided into three segments. First, traditional advertising is estimated at €27.1 billion, a decrease of around -2%. Second, digital advertising is estimated at €2.5 billion, an increase of around +4%. Third, the relative share of digital marketing is estimated at around €4 billion, an increase of +5% to +10%.
In 2016, SoLocal Group did not notice any significant change in the growth in these different segments and does not expect any significant change in 2017.

However, within these segments the Group has observed a continuous intensification of competitive pressures, including as a result of the increasing power of hyper-specialised actors and the growing need for innovation in products.

Internal assumptions
The outlook for 2017 is included as part of a broader context in which the Group will be able to deploy its strategic plan "Conquer 2018" as soon as the financial transactions aiming at reducing its indebtedness from €1.2 billion to €398 million are implemented. As a reminder, these transactions should be implemented during the first quarter of 2017 and are the subject of the financial restructuring plan that was approved by the shareholders' meeting on 15 December 2016, by the Company's creditors and by the Commercial court of Nanterre.

SoLocal Group is thus emerging from a long period during which its management was heavily pressured by its indebtedness since 2015, coupled with high uncertainty about the Group's financial restructuring, which affected its activity, notably during the fourth quarter of 2016. These elements will have a negative impact on the revenue outlook for the second and third quarters of 2017, which will be partially offset by the continuing improvement of the operating performance and the growth in the product mix, notably in favour of Digital Marketing.

The Group's profitability profile will partly depend on the scale of the step-up of the new solutions that were implemented in 2016 and those that will be implemented in 2017; for illustrative purposes, in 2016 SoLocal Group launched innovative solutions with respect to key words on PagesJaunes, key words on partner websites (Google, Bing), and campaigns on Facebook, etc.

Furthermore, other assumptions were used, including assumptions regarding the further decrease in the Print & Voice activities at a rate comparable to the one observed in 2016, as well as the rigorous management of expenses.

The resulting financial outlook for 2017 is as follows:

- Growth in Internet revenues of +3% to +5%
- Recurring EBITDA of between €210 million and €225 million, depending notably on the relative importance in the Group's activity of the implementation of new solutions, as stated above.

The Internet revenues and EBITDA margin perspectives for 2017 rely on data, assumptions and estimates that SoLocal Group considers as reasonable. Such data, assumptions and estimates may evolve or be modified due to the uncertainty relating to the economic environment.

Statutory auditors' report on the profit forecasts

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A simplified joint-stock company (S.A.S.) with a variable capital

Statutory Auditor
Member of the Compagnie régionale de Versailles

BEAS
195, avenue Charles-de-Gaulle
92524 Neuilly-sur-Seine Cedex
A limited company (*S.A.*)
with a share capital of € 960

Statutory Auditor
Member of the Compagnie régionale de Versailles

SoLocal Group
A public limited company (*Société Anonyme*)
204, Rond-Point du Pont de Sèvres
92100 Boulogne-Billancourt

Statutory auditors' report on the profit forecasts

for the year ended December 31, 2017

This is a free translation into English of the statutory auditors' report issued in the French language and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and is construed in accordance with, French law and professional standards applicable in France.

To the Chairman of the Board of Directors and the Chief Executive Officer,

In our capacity as statutory auditors of your company and in accordance with Commission Regulation (EC) no809/2004, we hereby report to you on the forecasts of "Recurring EBITDA" of SoLocal Group for the year ended December 31, 2017 set out in section 13 of the third update to the 2015 registration document (*document de référence)*.

It is your responsibility to compile the profit forecasts, together with the material assumptions upon which they are based, in accordance with the requirements of Commission Regulation (EC) n°809/2004 and ESMA's recommendations on profit forecasts.

It is our responsibility to express an opinion, based on our work, in accordance with Annex I, item 13.2 of Commission Regulation (EC) n°809/2004, as to the proper compilation of these forecasts.

We performed the work that we deemed necessary according to the professional guidance issued by the French institute of statutory auditors (*Compagnie nationale des commissaires aux comptes* – CNCC) for this type of engagements. Our work included an assessment of the procedures undertaken by management to compile the profit forecasts as well as the implementation of procedures to ensure that the accounting policies used are consistent with the policies applied by SoLocal Group for the preparation of the historical financial information. Our work also included gathering information and explanations that we deemed necessary in order to obtain reasonable assurance that the profit forecasts have been properly compiled on the basis stated.

Since profit forecasts, by nature, are uncertain and may differ significantly from actual results, we do not express an opinion as to whether the actual results reported will correspond to those shown in the profit forecasts.

In our opinion:

– the profit forecasts have been properly compiled on the basis stated; and
– that basis of accounting used for the profit forecasts is consistent with the accounting policies of SoLocal Group.

This report has been issued solely for the purpose of:

- filing the third update of the 2015 registration document with the French financial markets authority (*Autorité des marchés financiers* – AMF);
- and, the admission to trading on a regulated market, and/or a public offer, of shares or debt securities with a minimum denomination of €100,000 of SoLocal Group in France and in other EU member states in which the prospectus approved by the AMF is notified;

and cannot be used for any other purpose.

Paris-La Défense and Neuilly-sur-Seine, February 8, 2017

The Statutory Auditors

French original signed by

AUDITEX Membre du réseau Ernst & Young Global Limited	BEAS
Vincent de La Bachelerie	Joël Assayah

14 ADMINISTRATIVE AND MANAGEMENT BODIES

Current composition of the Board of Directors

Following the adoption of the Plan Amendment, the governance arrangement was revised as follows:

- On 5 January 2017, the Board of Directors of the Company noted Mr Remy Sautter's resignation as a director and co-opted John Slater to replace him; and

- Matthew Glowasky was appointed as non-voting member (*censeur*) of the Board of Directors representing the three creditors party to the agreement entered into on 3 November 2016 with the Company on Plan Amendment.

John Slater is a partner at Paulson & Co. Inc. since January 2009, where he is in charge of investments relating to media, telecommunications and new technologies. Before that, he was vice-president of Lehman Brothers and Barclays Capital, where he worked, between 2004 and 2008, on global trading strategies, and more particularly on investments relating to media and other sectors. Before that, Mr Slater was director of finance and strategy at NextSet Software Inc., a financial trading system software provider. He began his career as a consultant partner at Burlington Consultants, a strategy consulting firm based in London and Seattle. Moreover, Mr Slater is a member of the Board of Directors of Dex Media Inc. since 2013. He was also a member of the Board of Directors of Supermedia Inc. between 2010 and 2013. Mr Slater holds a MA/BA from Cambridge University (United Kingdom) and a MBA from INSEAD (France). He also holds a CFA Charterholder and a degree in accounting and finance (ACCA).

Matthew Glowasky, born on 18 February 1981 in Philadelphia (United States), holds a Bachelor of Arts (B.A.) in French and International Affairs and a Bachelor of Science (B.S.) in Economy from Wharton School, University of Pennsylvania. In 2003, Matthew Glowasky starts his career in the investment banking industry at Citigroup. In 2005, he joins Quadrangle capital Partners as an associate. In 2007, Matthew Glowasky joins Monarch Alternative Capital LP in New York as principal before joining the London team of Monarch Alternative Capital (Europe) Ltd and becoming managing principal. Matthew Glowasky is a member of boards of directors in several companies managing nursing and non-nursing homes for elderly people in the UK.

Furthermore, within three months of the financial restructuring, the Ordinary General Meeting will meet in particular to decide on any changes to be made to the composition of the Board of Directors following the financial restructuring; on this occasion the Board of Directors will propose the appointment of directors in such a way that the representation on the Board of Directors of the three creditors party to the agreement with the Company is proportional to their shareholding in the post-financial restructuring capital with a minimum of 2 members.

The three creditors party to the agreement with the Company act in concert towards the Company. For this purpose, the AMF granted to them on 13 December 2016 a waiver of the obligation to file a public offer for the Company's shares, assuming that they would cross the threshold of 30% of the Company's share capital or voting rights.

18 MAIN SHAREHOLDERS

Section 18.1 of the Reference Document is amended as follows:

18.1 Company shareholders

As at 31 December 2016, and based on the information brought to the attention of the Company, the change in SoLocal Group shareholders was as follows:

	31/12/2016				10/11/2016				08/08/2016				31/12/2015				31/12/2014			
	Number of shares	As a % of the share capital	Voting rights	As a % of the voting rights	Number of shares	As a % of the share capital	Voting rights	As a % of the voting rights	Number of shares	As a % of the share capital	Voting rights	As a % of the voting rights	Number of shares	As a % of the share capital	Voting rights	As a % of the voting rights	Number of shares	As a % of the share capital	Voting rights	As a % of the voting rights
Edmond de Rothschild AM	2 373 274	6,1%	2 373 274	6,1%	2 347 974	6,0%	2 347 974	6,0%	2 347 974	6,0%	2 347 974	6,0%	2 350 354	6,0%	2 350 354	6,1%	58 399 288	5,0%	58 399 288	5,0%
Benjamin Jayet and BJ Invest (1)	2 319 278	6,0%	2 319 278	5,9%	1 188 826	3,1%	1 188 826	3,1%	-	-	-	-	-	-	-	-	-	-	-	-
DNCA	1 960 333	5,0%	1 960 333	5,0%	1 960 333	5,0%	1 960 333	5,0%	1 960 333	5,0%	1 960 333	5,0%	1 960 333	5,0%	1 960 333	5,1%	-	-	-	-
Public	31 907 815	82,1%	32 139 897	82,4%	33 105 532	85,2%	33 152 757	85,3%	34 282 304	88,2%	34 298 679	88,3%	34 253 125	88,1%	34 259 374	88,3%	949 564 833	81,7%	950 206 281	81,9%
SoLocal Group employees (2)	229 977	0,6%	229 977	0,6%	220 328	0,6%	220 328	0,6%	221 668	0,6%	221 668	0,6%	225 964	0,6%	225 964	0,6%	2 510 672	0,2%	2 510 672	0,2%
Treasury shares held (3)	85 887	0,2%	0	0,0%	53 571	0,1%	0	0,0%	64 285	0,2%	0	0,0%	86 788	0,2%	0	0,0%	2 165 208	0,2%	0	0,0%
Amber Capital	0	0,0%	0	0,0%	0	0,0%	0	0,0%	0	0,0%	0	0,0%	0	0,0%	0	0,0%	76 636 383	6,6%	76 636 383	6,6%
Paulson	0	0,0%	0	0,0%	0	0,0%	0	0,0%	0	0,0%	0	0,0%	0	0,0%	0	0,0%	68 000 000	5,9%	68 000 000	5,9%
Médiannuaire Holding	0	0,0%	0	0,0%	0	0,0%	0	0,0%	0	0,0%	0	0,0%	0	0,0%	0	0,0%	4 450 786	0,4%	4 450 786	0,4%
Total (4)	**38 876 564**	**100%**	**39 022 759**	**100%**	**38 876 564**	**100%**	**38 870 218**	**100%**	**38 876 564**	**100%**	**38 828 654**	**100%**	**38 876 564**	**100,0%**	**38 796 025**	**100,0%**	**1 161 727 170**	**100,0%**	**1 160 203 410**	**100,0%**

Number of shares on the settlement dates of 31/12/2016, 10/11/2016, 08/08/2016, 31/12/2015 and 31/12/2014, respectively

(1) For more information on Benjamin Jayet's and BJ Invest's holdings, please refer to the threshold crossing reporting of 23 December 2016 described below.

(2) Under the SoLocal Group's Group Savings Plan (PEG).

(3) 85,887 treasury shares are held under a liquidity agreement as of 2 December 2012.

(4) The capital increase completed on 6 June 2014 resulted in the creation of 880,742,416 new shares and the reverse stock split completed on 26 October 2015 increased the number of Company shares to 38,876,564.

As the date hereof, the Company takes note of the following change in SoLocal Group shareholders as of 1 December 2016:

Shareholding disclosure thresholds

- on 2 December 2016, the RegroupementPPLocal association reported having crossed over the thresholds of 1% and 2% of the Company's share capital and voting rights on 13 December 2016;

- on 5 December 2016, the Boussard & Gavaudan Partners Limited company, acting in the name and on behalf of BG Master Fund ICAV, Boussard & Gavaudan SICAV and Amundi Absolut Return BG Enhanced Master Fund, reported that the funds it represents held, since 1 December 2016, the equivalent of 3.26% of the Company's share capital by holding 1,268,706 shares as at this date;

- on 6 December 2016, the RegroupementPPLocal reported having crossed over the threshold of 3% of the Company's share capital and voting rights on 13 December 2016;

- on 8 December 2016, Gilles Brenier reported having crossed the threshold of 1% of the Company's share capital and voting rights and that he directly held 470,000 shares and voting rights in the Company;

- on 9 December 2016, the Boussard & Gavaudan Partners Limited, acting in the name and on behalf of BG Master Fund ICAV, Boussard & Gavaudan SICAV and Amundi Absolute Return BG Enhanced Master Fund, reported that the funds it represents held, since 8 December 2016, the equivalent of 2.24% of the Company's share capital by holding 871,071 shares as at this date;

- on 9 December 2016, the BJ Invest company, on agreement with Mr Benjamin Jayet, Pentagram Media and Mr Philippe Besnard, reported having crossed below the statutory threshold of 7% of the Company's share capital on 5 December 2016. As a result of this threshold crossing, BJ Invest, Mr Benjamin Jayet, Pentagram Media and Mr Philippe Besnard collectively hold 2,356,222 shares, i.e. 6.06% of the share capital and 6.03% of the voting rights;

- on 13 December 2016, the RegroupementPPLocal association reported having crossed over the threshold of 4% of the Company's share capital on 13 December 2016;

- on 13 December 2016, Mr Philippe Besnard, on agreement with Mr Benjamin Jayet, Pentagram Media and the BJ Invest company, reported having crossed below the statutory threshold of 6% of the Company's share capital on 8 December 2016. As a result of this threshold crossing, BJ Invest, Mr Benjamin Jayet, Pentagram Media and Mr Philippe Besnard collectively hold 2,314,608 shares, i.e. 5.95% of the share capital and 5.92% of the voting rights;

- on 14 December 2016, Mr Benjamin Jayet, on agreement with a group of natural and legal persons under a concerted action agreement dated of 13 December 2016, reported having crossed over the thresholds of 10% of the Company's share capital and voting rights by holding 3,910,573 shares (including 692,126 shares held pursuant to Article L. 233-7 of the French commercial code as a result of the conclusion of temporary shares transfer agreements between, on the one hand, the BJ Invest company, and, on the other hand, third parties, to the benefit of the BJ Invest company), representing 3,910,573 voting rights, i.e. 10.06% of the Company's share capital and 10.007% of the Company's voting rights;

- on 14 December 2016, the JMPI Limited company reported that it was not a shareholder of SoLocal Group anymore;

- on 15 December 2016, the Association pour la Représentation des Actionnaires Révoltés reported having crossed over the thresholds of 2% and 1% of the Company's share capital by holding 1,139,399 shares representing 2.93% of the Company's share capital as at this date, pursuant to proxies it had obtained;

- on 15 December 2016, the Association pour la Représentation des Actionnaires Révoltés reported having crossed below the thresholds of 2% and 1% of the Company's share capital, as a result of the expiration of proxies given by shareholders of the Company after the shareholders' meeting of 15 December 2016;

- on 19 December 2016 the RegroupementPPLocal association reported having crossed below the thresholds of 4%, 3%, 2% and 1% of the Company's share capital and voting rights and that it did not hold any share of the Company anymore, as a result of the expiration of proxies given by shareholders of the Company after the shareholders' meeting of 15 December 2016;

- on 23 December 2016, Mr Benjamin Jayet, on agreement with the above mentioned persons, reported having crossed below the thresholds of 10% of the Company's share capital and voting rights on 16 December 2016 and that he directly or indirectly, through the BJ Invest company he controls, held 2,319,278 shares of the Company (including 1,130,452 shares held pursuant to Article L. 233-7 of the French commercial code as a result of the conclusion of temporary shares transfer agreements between, on the one hand, the BJ Invest company, and, on the other hand, third parties, to the benefit of the BJ Invest company), representing 3,910,573 voting rights, i.e. 5.97% of the Company's share capital and voting rights distributed as follows: 1.06% of the share capital and 1.05% of the voting rights held by Benjamin Jayet and 4.91% of the share capital and 4.88% of the voting rights held by the BJ Invest company. This threshold crossing results from the nullity of the above mentioned concerted action agreement of 13 December 2016, following the SOLOCAL GROUP company's shareholders' meeting of 15 December 2016;

- on 27 December 2016, Crédit Suisse Securities reported that it held 315,853 shares of the Company, representing 0.81% of the Company's share capital;

- on 10 January 2017, Crédit Suisse Securities reported that it held 478,685 shares of the Company, representing 1.23% of the Company's share capital;

- on 23 January 2017, Crédit Suisse Securities reported that it held 900,983 shares of the Company, representing 2.32% of the Company's share capital; and

- on 25 January 2017, Crédit Suisse Securities reported that it held 1,633,297 shares of the Company, representing 4.20% of the Company's share capital.

As at this date and to the Company's knowledge, the main shareholders' shareholding would be the following: Edmond de Rothschild Asset Management (6.1%), DNCA Investments (5%) and the concerted action between Benjamin Jayet and the BJ Invest company (5.97% of the share capital and 5.94% of the voting rights).

A double voting right (compared to the one attached to the other shares with respect to the share of the share capital they represent), is attached to every fully paid-up share registered in the name of the same holder for at least two years (Article L. 225-123 of the French commercial code and Article 10 of the Company's Articles of Association).

The shareholders' meeting, which gathered on 15 December 2016 on first call, voted in its first resolution in favor of the Company's share capital reduction by way of reduction of the par value of the shares to €0.10 per share. Accordingly, the share capital was reduced from €233,259,384 to €3,887,656.40, divided into 38,876,564 shares at a par value of €0.10 per share.

20 FINANCIAL INFORMATION REGARDING THE ISSUER'S ASSETS, FINANCIAL POSITION AND RESULTS

20.1 Consolidated financial statements as at 31 December 2016

Consolidated income statement

(Amounts in thousands of euros, except data relating to shares)	Notes	**As at 31 December 2016**	**As at 31 December 2015**
Revenues		812,277	877,959
Net external expenses		(214,817)	(217,051)
Personnel expenses	6	(368,455)	(400,051)
Recurring EBITDA		**229,005**	**260,858**
Non recurring items	7	(5,130)	(49,730)
EBITDA		**223,875**	**211,128**
Depreciation and amortization		(60,643)	(68,325)
Operating income		**163,232**	**142,803**
Financial income		1,425	1,923
Financial expenses		(75,247)	(85,535)
Net financial expense	8	**(73,847)**	**(83,612)**
Share of profit or loss of an associate		-	107
Corporate income tax	9	(40,428)	(32,649)
Income for the period		**48,956**	**26,649**
Income for the period attributable to:			
- Shareholders of SoLocal Group		48,945	26,639
- Non-controlling interests		11	10
Net earnings per share (in euros)			
Net earnings per share of the consolidated group based on a weighted average number of shares			
- basic		1.26	0.69
- diluted		1.21	0.65
Net earnings per share of the consolidated group based on a year end number of existing shares (as at 30 décember)			
- basic		1.26	0.69
- diluted		1.21	0.66

Consolidated statement of comprehensive income

(Amounts in thousands of euros)	**As at 31 December 2016**	**As at 31 December 2015**
Income for the period report	**48,956**	**26,649**
Net (loss) /gain on cash flow hedges		
- Gross	-	8,601
- Deferred tax	-	(1,401)
- Net of tax	**-**	**7,200**
ABO reserves :		
- Gross	(2,489)	9,289
- Deferred tax	(36)	(3,193)
- Net of tax	**(2,525)**	**6,096**
Exchange differences on translation of foreign operations	(324)	6
Other comprehensive income	**(2,849)**	**13,301**
Total comprehensive income for the period, net of tax	**46,108**	**39,950**
Total comprehensive income for the period attributable to:		
- Shareholders of SoLocal Group	46,097	39,940
- Non-controlling interests	11	10

Consolidated statement of financial position

(Amounts in thousands of euros)	Notes	**As at 31 December 2016**	**As at 31 December 2015**
Assets			
Net goodwill	11	95,507	95,107
Other net intangible fixed assets	12	128,074	123,384
Net tangible fixed assets	13	33,420	28,381
Available-for-sale assets	14	188	179
Other non-current financial assets	15	6,263	4,097
Net deferred tax assets	9	182	-
Total non-current assets		**263,633**	**251,148**
Net inventories	16	700	653
Net trade accounts receivable	17	320,900	352,623
Acquisition costs of contracts	18	35,025	37,714
Other current assets	19	30,528	24,096
Current tax receivable	9	361	16,815
Prepaid expenses		5,715	9,374
Other current financial assets		21,408	12,866
Cash and cash equivalents	25	91,069	53,695
Total current assets		**505,706**	**507,836**
Total assets		**769,339**	**758,983**
Liabilities			
Share capital		233,259	233,259
Issue premium		364,544	364,544
Reserves		(1,916,393)	(1,938,165)
Income for the period attribuable to shareholders of SoLocal Group		48,945	26,639
Other comprehensive income		(11,606)	(9,081)
Own shares		(4,987)	(5,209)
Equity attributable to equity holders of the SoLocal Group	21	**(1,286,238)**	**(1,328,014)**
Non-controlling interests		104	79
Total equity		**(1,286,134)**	**(1,327,935)**
Non-current financial liabilities and derivatives	25	1,341	1,118,265
Employee benefits - non-current	23	88,064	84,986
Provisions - non-current	23	21,077	33,654
Other non-current liabilities		37	2
Deferred tax liabilities	9	16,506	7,248
Total non-current liabilities		**127,025**	**1,244,155**
Bank overdrafts and other short-term borrowings	25	1,154,359	21,907
Accrued interest	25	32,137	4,061
Provisions - current	23	30,473	32,968
Trade accounts payable	22	98,889	95,391
Employee benefits - current	23	116,491	120,904
Other current liabilities	23	83,662	84,163
Corporation tax	9	4,088	59
Deferred income	26	408,349	483,309
Total current liabilities		**1,928,448**	**842,764**
Total liabilities		**769,339**	**758,983**

Consolidated 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					26,639			**26,639**	10	**26,649**
Other comprehensive income, net of tax					-	13,296	6	**13,301**		**13,301**
Comprehensive income for the period, net of tax					**26,639**	**13,296**	**6**	**39,940**	**10**	**39,950**
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					(3,891)			**(3,891)**	-	**(3,891)**
Shares of the consolidating company net of tax effect	(11,550)			1,942				**1,942**		**1,942**
Balance as at 31 December 2015	**38,789,776**	**233,259**	**364,544**	**(5,209)**	**(1,911,544)**	**(9,081)**	**17**	**(1,328,014)**	**79**	**(1,327,935)**
Total comprehensive income for the period, net of tax					48,945			**48,945**	11	**48,956**
Other comprehensive income, net of tax					-	(2,525)	(324)	**(2,849)**	1	**(2,848)**
Comprehensive income for the period, net of tax					**48,945**	**(2,525)**	**(324)**	**46,096**	**12**	**46,108**
Share-based payment					(4,542)			**(4,542)**	-	**(4,542)**
Shares of the consolidating company net of tax effect	4,066			222				**222**		**222**
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)**

Consolidated cash flow statement

(Amounts in thousands of euros)	Notes	**As at 31 December 2016**	**As at 31 December 2015**
Income for the period attribuable to shareholders of SoLocal Group		**48,945**	**26,639**
Depreciation and amortisation of fixed assets	11 & 13	60,449	54,848
Change in provisions	20	(14,771)	27,360
Share-based payment		(4,542)	2,865
Capital gains or losses on asset disposals		194	13,735
Interest income and expenses	8	73,822	72,505
Hedging instruments	8	-	11,107
Unrealised exchange difference		25	-
Tax charge for the period	8	40,428	32,649
Share of profit or loss of an associate		-	(107)
Non-controlling interests		11	10
Decrease (increase) in inventories		(47)	600
Decrease (increase) in trade accounts receivable		29,539	83,795
Decrease (increase) in other receivables		77	12,288
Increase (decrease) in trade accounts payable		(6,426)	(2,386)
Increase (decrease) in other payables		(79,425)	(102,057)
Net change in working capital		**(56,282)**	**(7,760)**
Dividends and interest received		1,452	635
Interest paid and rate effect of net derivatives		(37,449)	(80,075)
Corporation tax paid		(12,578)	(20,024)
Net cash from operations		**99,704**	**134,386**
Acquisition of tangible and intangible fixed assets	12 & 13	(69,055)	(76,075)
Acquisitions / disposals of investment securities and subsidiaries, net of cash acquired / sold and other changes in assets		5,216	(13,942)
Net cash used in investing activities		**(63,839)**	**(90,017)**
Increase (decrease) in borrowings	25	1,726	(33,777)
Capital increase net of costs	21	0	2,411
Other cash from financing activities o/w own shares		170	(3,248)
Net cash provided by (used in) financing activities		**1,895**	**(34,614)**
Impact of changes in exchange rates on cash		(78)	(3)
Net increase (decrease) in cash position		**37,683**	**9,752**
Net cash and cash equivalents at beginning of period		53,330	43,578
Net cash and cash equivalents at end of period	25	**91,013**	**53,330**

Notes of consolidated statement

Note 1 – Information on the Group

The main activities of the Group 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 2 February 2017.

Note 2 – Context of publication and basis for preparation of the 2016 consolidated statement

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 31 December 2016 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 31 December 2016 and as at 31 December 2015.

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 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 IFRS 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 December 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.

Finally, the Group is not applying the following instruments, which were not adopted by the European Union as at 31 December 2016:

- IFRS 14 Regulatory Deferral Accounts

Moreover, 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 9 Financial Instruments (applicable on 1 January 2018)
- IFRS 9 Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39 (application date unfixed)
- IFRS 16 Leases (applicable on 1 January 2019)

- IAS 12 Recognition of deferred tax asset for unrealised losses (applicable on 1 January 2017)
- IAS 7 Disclosure iniative (applicable on 1 January 2017)
- Clarifications to IFRS 15 (applicable on 1 January 2018)
- IFRS 2 Classification and measurement of share-based payment transactions (applicable on 1 January 2018)
- IFRS 4 Applying IFRS 9 financial instruments with IFRS 4 insurance contracts (applicable on 1 January 2018)
- Improvements to IFRSs 2014-2016 Cycle (applicable au 1 January 2017 or 1 January 2018 according Standards)
- IAS 40 : Transfers of investment Property (applicable on 1 January 2018)

Concerning the implementation of IFRS 15 "Revenue from Contracts with Customers", preliminary work has been initiated aimed at mapping the various revenues of the Group and in defining the performance obligations of it. At this stage, no impact study has been sufficiently completed.

The Group has initiated a project for application of the new Standard IFRS 16 « Leases », applicable on 1 Janury 2019, if adopted 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 (cf. note 30).

With regards to the other texts, the Group is currently analysing the practical consequences and the effects of their application in its future statement. At this stage of the review, the expected impacts on the consolidated financial statements are not significant.

All of the standards and interpretations adopted by the European Union as at 31 December 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.

Note on going concern
The company conducted, under the aegis of an ad hoc agent then of a mediator, a process of negotiating with its

creditors aimed at restructuring it financial debt. The latter is comprised of a syndicated credit that includes in particular a tranche (Tranche C1) with Pages Jaunes Finance & CO SCA (entity without a capital link with SoLocal Group but a part of the scope of consolidation), with this entity itself issued a bond loan in order to finance this Tranche C1.

An agreement aimed at the financial restructuring of SoLocal Group was reached at the end of 2016. On 22 December 2016, the Tribunal de Commerce of Nanterre adopted the modification to the accelerated financial safeguard procedure plan of SoLocal Group, allowing for the implementation of the financial restructuring plan approved by the committee of financial and similar institutions ("committee of creditors") on 30 November 2016, and by the extraordinary general shareholders' meeting on 15 December 2016.

It is specified that in application of the financial restructuring plan, the payment in cash of the accrued interest or falling due on 31 December 2016 and not paid in terms of the debt of SoLocal Group was shifted to the closest of the two dates between (i) 15 March 2017 and (ii) the settlement-delivery date for the operations on the capital provided for in the financial restructuring plan. Moreover, it was agreed that the loans granted to SoLocal would no longer carry interest after 31 December 2016.

In light of this, the financial statements of SoLocal Group as at 31 December 2016 were drawn up in application of the principle of continuing operation, with the assumption that the aforementioned financial restructuring plan would be implemented within the scheduled timeframe, and in any case no later than 15 March 2017.

In the hypothesis where this plan would not be implemented in the scheduled timeframe, SoLocal Group could find itself in a state of cession of payments. And the creditors could avail themselves, in the very short term, of various fault that have occurred or that will occur, to render their debt immediately payable and exercise the guarantees that they hold on the securities of the subsidiary PagesJaunes SA. Indeed, the loans taken out by SoLocal Group each contain clauses that allow for the acceleration in repayment in particular in the case (i) of the nomination of an ad hoc agent or of a mediator, (ii) the financial covenants are broken and (iii) non-payment of interest.

SoLocal Group may no longer be in a position to realise its assets and to settle its debts in the normal framework of its activity. The application of the accounting principles and regulations in a normal context of continuing operations concerning in particular the evaluation of the assets and liabilities could be inappropriate.

Furthermore, if other accounting principles than principle of continuing operation were to be applied, SoLocal Group cannot at this stage measure any of the impacts of this.

Note 3 – Accounting policies and changes of estimates

This note describes the accounting policies applied for the financial year ending 31 December 2016, in accordance with the provisions of international accounting standards as adopted by the European Union as at 31 December 2016.

Unless stated otherwise, these methods have been applied permanently for all financial years presented.

3.1 – Accounting positions adopted by the Group pursuant to paragraph 10 to 12 of IAS 8

The accounting positions retained by the Group are not subject to any particular provisions in the international accounting standards adopted by the European Union or their interpretation.

3.2 - Consolidation

Subsidiaries which are controlled by the Group, directly or indirectly, are fully consolidated.

Companies not controlled by the Group but over which the Group exercises significant influence (generally corresponding to an ownership interest of 10% to 50%) are consolidated using the equity method.

When assessing the level of control or significant influence exercised, account is taken of the existence and effect of any exercisable or convertible potential voting rights at the end of the period.

In accordance with IFRS 5, the assets and liabilities of controlled entities that are considered as being held for sale are reported on a separate line in the balance sheet. Profits or losses of discontinued operations are reported on a separate line of the income statement. IFRS 5 defines a discontinued operation as a component of an entity comprising cash flows that can be clearly distinguished from the rest of the entity, that has either been disposed of, or is classified as held for sale, and represents a separate major line of business or geographical area of operations.

Material inter-company transactions and balances are eliminated in consolidation.

3.3 – Transactions in foreign currencies

The principles covering the measurement and recognition of transactions in foreign currencies are set out in IAS 21 “Effects of Changes in Foreign Exchange Rates”. In accordance with this standard, transactions in foreign currencies are converted by the subsidiary into its operating currency at the exchange rate of the transaction date. Monetary assets and liabilities are re-measured at each balance sheet date. The differences arising from re-measurement are recorded in the income statement:

- in operating income for sales transactions;
- in financial income or expenses for financial transactions.

3.4 – Presentation of the 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 exceptional 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".

3.5 - Revenues

Revenues from the activities of the Group are recognised and presented as follows, in accordance with IAS 18 “Revenue”:

- Revenues from the sale of advertising space in printed directories are recognised at the time of publication of each printed directory. Consequently, sales of advertising space billed in respect of future directories are stated in the balance sheet under the heading of “Deferred Income”.
- Income from the sale of advertising space in online directories (digital revenue) and on telephone enquiry services is apportioned over the display period, which is generally 12 months. The same applies to the websites.
- Revenues from traffic relating to the telephone enquiry services (118 008 in France) are recognised at their

gross value when the service is rendered.

- Revenues from publicity campaigns are recognised for the period in which the campaigns are run. When Group entities act exclusively as agents, the revenue consists only of the commission.
- The variable costs of the sales force relating to the marketing of advertising products in the printed directories and on digital media constitute direct and incremental costs in the obtaining of customer orders. These are capitalised on the balance sheet in the "Acquisition costs of contracts" item and are recognised as expense over the life of the customer orders, i.e. according to the publication of the advertisements and the recognition of the revenue.

Furthermore, in accordance with SIC 31 “Revenue – Barter Transactions Involving Advertising Services”, the revenue from ordinary activities does not include any benefits resulting from exchanges of goods or services for similar benefits, even when the latter are rendered over different periods.

3.6 – Advertising and similar expenses

Expenses for advertising, promotion, sponsorship, communication and brand development are stated in full in the expenses for the year in which they are incurred.

3.7 – 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. To permit direct comparisons of earnings per share, the weighted average number of shares outstanding for the reporting year and previous years is adjusted to take into account any shares issued at a discount to market price. Treasury stock deducted from consolidated equity is not taken into account in the calculation of earnings per share.

3.8 - Goodwill

Goodwill represents the difference between the purchase cost of shares in consolidated companies, including transaction expenses, and the Group’s equity in the value of the underlying net assets at the date of acquisition.

In accordance with IFRS 3 “Business Combinations”, goodwill is not amortised. It is tested for impairment at least once a year or more frequently when there is an indication that it may be impaired. IAS 36 “Impairment of Assets” requires these tests to be performed at the level of each Cash Generating Unit (CGU) to which the goodwill has been allocated. In certain cases, CGUs may be combined if the combined CGUs represent the lowest level at which management monitors return on investment. (A Cash Generating Unit is defined as the smallest homogeneous group of assets whose continuous use generates cash inflows that are largely independent of the cash inflows from other groups of assets). Since 2015, the level at which the Group measures the current value of goodwill corresponds to the level of each of the product lines (local search, digital marketing and their derivatives).

The segments have been determined in compliance with IFRS 8 “Operating Segments”, and are as follows: Internet, Printed and Vocal. As at 31 December 2016, the goodwill undepreciated is fully allocated to Internet sector.

To determine whether goodwill has been impaired, the consolidated net book value of the assets and liabilities of each CGU is compared to their recoverable amount. The recoverable amount is the higher of the fair value less exit costs and value in use.

Fair value less exit costs is determined as the best estimate of the sale value net of exit costs in a transaction conducted under normal competitive conditions between knowledgeable, willing parties. This estimate is determined on the basis of the available market information, taking into account particular situations.

The value in use applied by the Groupe is the present value of the future cash flows expected to be derived from the CGU, including goodwill. Cash flow projections are based on economic and regulatory assumptions and forecast trading conditions applied by the management of Group, as follows:

- cash flow projections are based on the five-year business plan,
- cash flow projections beyond the five-year period are extrapolated by applying a growth rate to perpetuity reflecting the expected long-term growth in the market and specific to each activity,
- the cash flow is discounted at rates appropriate to the nature of the activities and countries.

Goodwill impairment losses are recorded in the income statement.

If the business is intended to be sold, the recoverable amount is determined on the basis of the fair value net of exit costs.

3.9 – Other intangible assets

Other intangible assets consist mainly of trademarks, licences and patents, research and development costs and software. They are stated at acquisition or production cost.

When intangible assets are acquired in a business combination, their cost is generally determined when the purchase price of the company acquired is allocated based on their respective market values. When such market value is not readily determinable, cost is determined using generally accepted valuation methods based on revenues, costs or other appropriate criteria.

Internally developed trademarks are not recognised in the balance sheet.

Trademarks
Trademarks having an indefinite useful life are not amortised, but are tested for impairment (see note 3.11).

Licences and patents
Licences and patents are amortised on a straight-line basis over periods which correspond to the expected usage period, not exceeding twenty years.

Research and development costs
Under IAS 38 “Intangible Assets”, development costs must be recognised as an intangible fixed asset when the following can be demonstrated:

- the technical feasibility necessary to complete the intangible asset with a view to its being put into service or sold;
- the intention and financial and technical ability to complete the development project;
- its capacity to use or sell the intangible asset;
- the likelihood that the future economic benefits attributable to the development costs incurred will accrue to the company;
- and the costs of this asset can be reliably valued.

Research and development costs not fulfilling the above criteria are expensed in the year in which they are incurred. Significant capitalised development costs are amortised on a straight-line basis over their useful life, generally not exceeding three years.

Software
Software is amortised on a straight-line basis over its useful life, not exceeding five years.

3.10 – Tangible fixed assets

Gross value
The gross value of tangible fixed assets corresponds to their purchase or production cost, including costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by Management.

It also includes the estimate of the costs of dismantling and removing the item and restoring the site on which it is located, such obligation being incurred by the Group either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories.

Finance leases
Assets acquired under leases that transfer the risks and rewards of ownership to entities of the Group (financial leases) are stated in fixed assets, with a corresponding financial obligation being recorded in liabilities. The risks and rewards of ownership are considered as having been transferred to the entities of the Group when:

- the lease transfers ownership of the asset to the lessee at the end of the lease term,
- the lease has the option to purchase and the conditions of the option are such that it is highly likely that ownership will be transferred at the end of the lease term,
- the lease term covers the major part of the estimated economic life of the asset,
- the discounted value of the total of the minimum fees provided for in the contract is close to the fair value of the asset.

At the same time, the assets in respect of which the risks and rewards associated with ownership are transferred by the entities of the Group to third parties under a lease contract are considered as having been sold.

Maintenance and repair costs are expenses as incurred, except where they serve to increase the asset's productivity or prolong its useful life.

Finance leases are not significant for the disclosed periods.

Depreciation
Tangible fixed assets are depreciated on a basis that reflects the pattern in which their future economic benefits are expected to be consumed in the case of each asset item on the basis of the acquisition cost, less any residual value. The straight-line basis is usually applied over the following estimated useful lives: 25 to 30 years for buildings, 5 to 10 years for fittings, 1 to 5 years for other fixed assets.

These depreciation periods are reviewed annually and are adjusted if current estimated useful lives differ from previous estimates. These changes in accounting estimates are recognised prospectively.

3.11 – Impairment of fixed assets

Under IAS 36 "Impairment of Assets", the value in use of tangible and intangible fixed assets must be tested for impairment when there is an indication that they may be impaired. Indicators are reviewed at each closing date.

Intangible and tangible fixed assets are subject to a write down for impairment when, because of events or circumstances which have occurred during the period (such as obsolescence, physical deterioration, significant changes to the manner in which the asset is used, worse than expected performance, a drop in revenues or other external indicators, etc.), their recoverable amount appears to be lower than their net book value in the long term. The recoverable amount of an asset is the higher of its fair value less exit costs and its value in use.

Each asset or group of assets is tested for impairment by comparing its recoverable amount to its net book value. When an asset or group of assets is found to be impaired, the recognised impairment loss is equal to the difference between its net book value and the recoverable amount.

The recoverable amount of an asset is generally determined by reference to its value in use, corresponding to the future economic benefits expected to be derived from the use of the asset and its subsequent disposal. It is assessed by the discounted cash flows method, based on economic assumptions and operating conditions expected by the Management of the Group.

3.12 – Financial assets and liabilities

Financial assets include available-for-sale assets, held-to-maturity assets, loans and receivables and cash and cash equivalents.
Financial liabilities include borrowings, other financing and bank overdrafts and operating debts.

Financial assets and liabilities are measured and recognised in accordance with IAS 39 “Financial Instruments: Recognition and Measurement”.

3.12.1 – Measurement and recognition of financial assets

Assets held to maturity
Held-to-maturity investments comprise exclusively securities with fixed or determinable income and fixed maturities, other than loans and receivables, which the Group has the intention and ability to hold to maturity. They are recognised initially at fair value and are subsequently measured at amortised cost by the effective interest method.

The Group assesses whether there is any objective evidence that held-to-maturity assets are impaired. A financial asset is written down if its book value exceeds the recoverable amount estimated at the time of the impairment tests. The impairment loss is recognised in the income statement.

Available-for-sale assets
Available-for-sale assets consist mainly of shares in non-consolidated companies and marketable securities that do not fulfil the criteria for classification in any of the other categories of financial assets. They are measured at fair value and gains and losses arising from re-measurement at fair value are recognised in equity.

Fair value corresponds to market price for listed securities and estimated value in use for unlisted securities, determined according to the most appropriate financial criteria in each case.

If there is any objective indication that these assets are impaired, the accumulated loss stated in equity is recognised in the income statement.

Loans and receivables
This category includes receivables from participating interests, other loans and receivables and trade accounts receivable. They are recognised initially at fair value and are subsequently measured at amortised cost by the effective interest method. Short-term receivables with no stated interest rate are measured at the original invoice amount if the effect of discounting is immaterial. Cash flows on loans and receivables at variable rates of interest are re-measured periodically, to take into account changes in market interest rates. The re-measurement has the effect of increasing or reducing the effective interest rate and, consequently, the carrying value of the loan or receivable.

Loans or receivables are assessed for objective evidence of impairment. A financial asset is written down if its book value exceeds the recoverable amount estimated at the time of the impairment tests. The impairment loss is recognised in the income statement.

Assets at fair value through the income statement
Assets held for trading are assets which the Company intends to resell in the near term in order to realise a profit, which form part of a portfolio of financial instruments that are managed together and for which there is a practice of short-term disposal. This category also includes assets, which the Group has opted to classify in this category, irrespective of the criteria stated above (“fair value” option).

These assets are carried in the balance sheet under short-term financial assets.

Cash and cash equivalents
Cash equivalents are held to meet short-term cash needs rather than for investment or other purposes. They consist of instruments that are readily convertible into known amounts of cash and are not exposed to any material

risk of impairment. Cash and cash equivalents comprise cash available on demand and short-term investments with maturities generally of three months or less at the date of purchase. They are stated at historical cost, which is close to their realisable value.

3.12.2 – Measurement and recognition of financial liabilities

Financial liabilities

With the exception of financial liabilities held for trading, which are measured at fair value, borrowings and other financial liabilities are initially recognised at fair value and subsequently measured at amortised cost by the effective interest method.

Transaction costs that are directly attributable to the acquisition or issue of a financial liability are deducted from the liability's carrying value. This is because financial liabilities are initially recognised at cost, corresponding to the fair value of the sums paid or received in exchange for the liability. The costs are subsequently amortised over the life of the liability, by the effective interest method.

The effective interest rate is the rate, which discounts estimated future cash payments up to the maturity date or the nearest date of price adjustment to the market rate, to the net carrying amount of the financial liability.

3.13 - Inventories

Inventories are stated at the lower of cost and probable net realisable value. Cost corresponds to purchase or production cost determined by the weighted average cost method.

3.14 – Deferred taxes

In accordance with IAS 12 "Income Taxes", deferred taxes are recognised for all temporary differences between the book values of assets and liabilities and their tax basis, as well as for unused tax losses, by the liability method. Deferred tax assets are recognised only when their recovery is considered probable within a period of 3 to 5 years.

IAS 12 requires, in particular, the recognition of deferred tax liabilities on all intangible assets recognised in business combinations (trademarks, customer lists, etc.).

A deferred tax liability is recognised for all taxable temporary differences between the book value of shares and their tax base associated with investments in subsidiaries, equity-method associates and interests in joint ventures, except where:

- the Group is able to control the timing of the reversal of the temporary difference (distribution of dividends for example), and
- it is probable that the temporary difference will not be reversed in the foreseeable future.

In practice, this means that for fully consolidated companies, a deferred tax liability is recognised for taxes payable on planned dividend distributions by these companies.

The deferred tax assets and liabilities are set off if there is a legally enforceable right allowing set-off against a future tax liability. Any set-offs are treated by tax group depending on a single tax authority.

The deferred taxes relating to items stated directly in shareholders' equity are also stated in shareholders' equity.

In accordance with IAS 12, deferred tax assets and liabilities are not discounted.

3.15 - Provisions

In accordance with IAS 37 “Provisions, Contingent Liabilities and Contingent Assets”, a provision is recognised when, at the end of the period, the Group has an obligation towards a third party resulting from a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

The obligation may be legal, regulatory or contractual or it may represent a constructive obligation deriving from the Group’s practices or public commitments, which have created a legitimate expectation among third parties concerned that the Group will meet certain responsibilities.

The amount recognised as a provision corresponds to the best estimate of the expenditure required of the Group to settle the present obligation. If a reliable estimate cannot be made of the amount of the obligation, no provision is recorded, but details of the obligation are disclosed in the Notes to the financial statements.

Contingent liabilities – corresponding to potential obligations resulting from past events, the existence of which will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Company’s control, and to probable obligations that are not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation – are disclosed in the Notes to the financial statements.

Provisions for restructuring costs are recognised only when the restructuring has been announced and a detailed plan has been drawn up or implemented before the period end-date.

Provisions are discounted when the discounting adjustment is material.

3.16 – Pension and similar benefit obligations

3.16.1 – Post-employment benefits

Retirement benefits and similar commitments

In France, legislation provides for benefits to be paid to employees at retirement on the basis of their length of service and salary at retirement age.

In accordance with IAS 19, obligations under defined benefit schemes are measured by the projected unit credit method. According to this method, each period of service gives rise to an additional unit of benefit entitlement and measures each unit separately to value the final obligation, using demographic hypotheses (turnover of the personnel, mortality, retirement age, etc.) and financial hypotheses (future increase in salary by category).
This final obligation is then discounted with a rate determined in reference to the yield on first-category long-term private bonds (or State bonds if there is no liquid market).
Actuarial differences relating to post-employment benefits are recognised for the full amount in other comprehensive income.

Other retirement schemes

These benefits are offered through defined contribution schemes for which the Group has no commitment other than the payment of contributions. The charge corresponding to the contributions paid is recognised in the income statement for the period.

3.16.2 – Other long-term benefits

Other long-term benefits which may be granted by the Group consist mainly of long-service awards that are also measured on an actuarial basis.

3.16.3 – Termination benefits

Any termination benefits are also determined on an actuarial basis and covered by provisions.
For all commitments where termination of employment contracts would trigger payment of compensation, the impact of changes in assumptions is recognised in profit or loss for the period during which the revision takes place.

3.17 – Share-based payments

In accordance with IFRS 2 "Share-Based Payment", stock options, employee share issues and free grants of shares to employees of the Group are valued on their grant date.

The value of stock options is determined in particular by reference to the exercise price, the life of the options, the current price of the underlying shares, the expected share price volatility, expected dividends and the risk-free interest rate over the life of the options. The amount so determined (under the share-based payment heading) is recognised in personnel expenses on a straight-line basis over the period between the grant date and the exercise date – corresponding to the vesting period – and in equity for equity-settled plans or in liabilities to employees for cash-settled plans. The Group has opted for retrospective application of IFRS 2 to equity- and cash-settled plans. The new plans are valued in accordance with IFRS 2 using a binomial model.

The fair value of a free share is the market price of the share on the grant date after adjustment to take account of the loss of dividends expected during the vesting period. This expense is recorded on a straight-line basis over the vesting period and, if necessary, is adjusted to take account of the likelihood that the performance conditions will be fulfilled.

3.18 – Own shares

Under IAS 32, acquisition of own shares are recorded as a decrease in own capital on the basis of their acquisition cost. If own shares are disposed of, the profits or losses are recognised in the consolidated reserves for their amounts less tax.

Note 4 – Segment information

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

Solocal Group generated revenues of 812.3 million euros in 2016, of which revenues from its Internet activities represented 80% and revenues from its Print & Voice activities represented 20%. Internet business is driven by two primary business lines: Local Search and Digital marketing.

Internet
In 2016, SoLocal Group recorded 648.7 million euros Internet revenues, representing 80% of Group revenues.

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

o First, we offer digital services and solutions to clients which enable them to enhance their visibility and develop their local contacts. In 2016, this Local Search activity posted revenues of 490.6 million euros thanks to a sustainable and highly qualitative audience generated through our own brands (PagesJaunes, Mappy, Ooreka) and our privileged partners (Google, Bing (Microsoft), Yahoo!, Apple and Facebook).

o Second, we create and provide Internet users with the best local and customised content about professionals. In 2016, this Digital Marketing activity represented revenues of 158.1 million euros. These highly differentiating technologies have been created over the last five years and have generated rapid growth (+10% in 2016 compared to 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, the launching of Booster Contact product (adwords), and more recently the launching of the “Tract Digital” product with Facebook. 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 163.5 million euros in 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.

4.1 – By business sector

The table below presents a breakdown of the main aggregates by business sector for the periods ending 31 December 2016 and 2015:

Amounts in thousands of euros	**As at 31 December 2016**			**As at 31 December 2015**		
	Consolidé	**Activités désengagées**	**Activités poursuivies**	**Consolidé**	**Activités désengagées**	**Activités poursuivies**
Revenues	**812 277**	**-**	**812 277**	**877 959**	**5 317**	**872 642**
- Internet	648 729	-	648 729	645 504	5 317	640 187
- Print & Voice	163 548	-	163 548	232 455	-	232 455
Recurring EBITDA [1]	**229 005**	**-**	**229 005**	**260 858**	**(9 467)**	**270 325**
- Internet	185 624	-	185 624	189 573	(9 467)	199 040
- Print & Voice	43 381	-	43 381	71 285	-	71 285

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

4.2 – By geographic region

Amounts in thousands of euros	**As at 31 December 2016**	**As at 31 December 2015**
Revenues	**812,277**	**877,959**
- France	788,689	856,578
- Others	23,588	21,381
Assets	**769,339**	**758,983**
- France	631,994	657,152
- Others	17,875	14,180
- Unallocated	119,471	87,652

Note 5 – Changes in the scope of consolidation

The main transactions during the 2016 and 2015 financial years were as follows:

2016

On 1 January 2016, merger of Horyzon Média World Wide with QDQ Média by take-over

Effilab Dubaï was created with a 51% stake held by Effilab.

On 7 March 2016, Effilab Australie was created with a 51% stake held by Effilab.

2015

On 15 June 2015, Euro Directory sold the 10.1% of the capital of Editus Luxembourg. At the end of this operation, SoLocal Group no longer has any holding in Editus.

On 16 October 2015, 100% of the Horyzon Media securities were sold.

On 31 December 2015, 100% of the Sotravo securities were sold.

On 23 December 2015, SoLocal Group acquired 100% of the shares and voting rights of Effilab, a digital marking agency specialised in the creation, management and optimisation of advertising campaigns (incl. "Adwords") on search engines and positioning on social networks.

Note 6 – Staff expenses

(In thousands of euros, except staff count)		As at 31 December 2016	As at 31 December 2015
Average staff count (full-time equivalent)		4,386	4,666
Salaries and charges		**(364,262)**	**(387,513)**
of which:	- Wages and salaries	(242,630)	(256,619)
	- Social charges	(108,412)	(119,523)
	- Tax credit employment (CICE)	3,037	3,457
	- Taxes on salaries and other items	(16,257)	(14,829)
Share-based payment (1)		**2,304**	**(3,074)**
of which:	- Stock options and free shares	4,542	(2,865)
	- Social charges on grants of stock options and free shares	(2,238)	(209)
Employee profit-sharing (2)		**(6,497)**	**(9,463)**
Total staff expenses		**(368,455)**	**(400,051)**

(1) cf. note 24

(2) incl. Corporate contribution

Note 7 –Non-recurring items

This item includes in particular the result from disposals of non-financial assets, impairment on goodwill and on fixed assets, changes in fair value in price supplements granted in the framework of securities acquisitions and acquisition costs of shares, as well as restructuring costs.

In 2016, this item totalled 5.1 million euros covering a provision concerning a supplier dispute, the fees incurred for securing business continuity and the cost of departures.

In 2015, this item included costs relating to the voluntary departure plan, a provision concerning the dispute with the PSE (job safeguarding plan (cf. note on disputes)) as well as the reversal of the provision linked to pension commitments and long-term benefits (long-service award). All of these costs represented a total of 49.4 million euros.

Note 8 – Net financial expenses

Net financial expenses are made up as follows :

(Amounts in thousands of euros)	As at 31 December 2016	As at 31 December 2015
Interest and similar items on financial assets	1,231	533
Result of financial asset disposals	69	48
Change in fair value of hedging instruments	-	1,342
Dividends received	125	-
Financial income	**1,425**	**1,923**
Interest on financial liabilities	(64,120)	(64,583)
Income / (expenses) on hedging instruments	-	(11,107)
Amortisation of loan issue expenses	(7,840)	(7,368)
Change in fair value of financial assets and liabilities	25	2,742
Other financial expenses & fees (1)	(1,405)	(3,385)
Accretion cost (2)	(1,907)	(1,834)
Financial expenses	**(75,247)**	**(85,535)**
Gain (loss) on exchange	(25)	-
Net financial expense	**(73,847)**	**(83,612)**

(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 (cf. note 23).

Note 9 – Corporation tax

9.1 – Group tax analysis

The corporation tax for the year 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 December 2016**	**As at 31 December 2015**
Pretax net income from businesses	89,384	59,298
Share of profit or loss of an associate	-	107
Pretax net income from businesses and before Share of profit or loss of an associate	**89,384**	**59,190**
Statutory tax rate	34.43%	34.43%
Theoretical tax	**(30,778)**	**(20,381)**
Loss-making companies not integrated for tax purposes, net of the tax impact of divested activities	(541)	(138)
Share-based payment	1,440	1,621
Foreign subsidiaries	1,110	593
Recognition of previously unrecognised tax losses	(602)	-
Non-deductible amortisation	-	(172)
Corporate value added contribution (after tax)	(6,047)	(6,845)
Ceiling of interest expense deductibility	(5,445)	(6,479)
Adjustment corporation tax of prior years	886	7
Additional tax 10,7%	2,079	(1,980)
Other non-taxable / non-deductible items / differential on deferred taxes as of 2019	(2,531)	1,126
Effective tax	**(40,428)**	**(32,649)**
of which current tax	*(31,557)*	*(24,579)*
of which deferred tax	*(8,871)*	*(8,070)*
Effective tax rate	**45.2%**	**55.2%**

9.2 – Taxes in the balance sheet

The net balance sheet position is detailed as follows:

Amounts in thousands of euros	As at 31 December 2016	As at 31 December 2015
Retirement benefits	22,753	24,793
Legal employee profit-sharing	1,726	2,204
Non-deductible provisions	1,278	2,344
Tax loss carryforward	171	-
Other differences	904	1,285
Subtotal deferred tax assets	**26,832**	**30,626**
Loan issue costs	(10,592)	(7,186)
Depreciations accounted for tax purposes	(32,564)	(30,688)
Subtotal deferred tax liabilities	**(43,156)**	**(37,874)**
Total net deferred tax assets / (liabilities)	**(16,324)**	**(7,248)**
Deferred tax assets	*182*	-
Deferred tax liabilities	*(16,506)*	*(7,248)*

No deferred tax asset relating to loss carryforwards of QDQ Media was recognised in the balance sheet, as this sub-group recorded a net loss in 2015. The amount of deferred tax not recognised is estimated at 65.1 million euros as at 31 December 2016. Other différences include a differed income of 0.4 million d'euros related to CIR 2014 (Crédit Impôt Recherche). Starting in 2015, there is no longer any spreading of the CIR (research tax credit).

The deferred tax assets in the balance sheet was 7.2 million euros as at 31 December 2015 and 16.5 million euros as at 31 December 2016.

In the balance sheet as at 31 December 2016, corporation tax represents a receivable of 0.4 million euros and a liability of 4.1 million euros. As at 31 December 2015, corporation tax represented a receivable of 16.8 million euros and a liability of 0.1 million euros.

The tax disbursed during the 2016 financial year was 12.6 million euros compared to 20.0 million euros in 2015.

Amounts in thousands of euros	As at 31 December 2016	As at 31 December 2015
Opening balance	**(7,248)**	**6,928**
Changes recognized in equity	9	- (6,106)
Changes recognized in income	(8,871)	(8,070)
Others changes	(214)	-
Closing balance	**(16,324)**	**(7,248)**

Note 10 – Earnings per share

In 2016, net income amounted to 49.0 million euros. The average number of ordinary shares in circulation was 38.8 million, after deduction of own shares. The net earnings per share for the consolidated group therefore amounted to 1.26 euro taking into account the potentially dilutive effect of the average of 1.6 million stock options and free shares in existence in 2016 (cf. note 24).

In 2015, net income amounted to 26.6 million euros. Following the capital increase of 26 October 2015 (cf. note 22), the average number of ordinary shares in circulation was 38.7 million after deduction of own shares. The net earnings per share for the consolidated group therefore amounted to 0.69 euro taking into account the potentially dilutive effect linked to the existence, on the average over 2015, of 2.0 million stock options and free shares (cf. note 24).

Note 11 – Goodwill in respect of consolidated companies

Since 2015, the level at which the Group measures the current value of goodwill corresponds to the level of each of the product lines.

Breakdown of the net value of goodwill by business sector:

(in thousands of euros)	As at 31 December 2016			As at 31 December 2015			Change
	Gross	Accumulated impairments	Net	Gross	Accumulated impairments	Net	Net
Search local + Transactionnel	54,201	(1,400)	52,801	54,201	(1,400)	52,801	-
Sites	26,891	-	26,891	26,891	-	26,891	-
Programmatique	15,815	-	15,815	15,415	-	15,415	400
Internet	**96,907**	**(1,400)**	**95,507**	**96,507**	**(1,400)**	**95,107**	**400**
Other businesses	75,282	(75,282)	-	75,282	(75,282)	-	-
TOTAL	**172,189**	**(76,682)**	**95,507**	**171,789**	**(76,682)**	**95,107**	**400**

The movements in the net value of goodwill can be analysed as follows:

(in thousands of euros)	2016	2015
Balance at start of year	**95,107**	**82,467**
Acquisitions / disposals	-	12,640
Impairments	400	-
Impairments	-	-
Balance at end of year	**95,507**	**95,107**

Goodwill values were examined on the closure of the consolidated financial statements according to the method described in note 3.8 – Accounting policies, on the basis of business plans, a perpetual growth rate of 1.5% for the "Local Search and transactional" CGU and of 3.0% for the "Sites" and "Programmatic" CGUs and an after-tax discount rate of 9.0% for the "Local Search and transactional" CGU and 15.0% for the "Sites" and "Programmatic" CGUs. These rates are based on published sector studies.

The assumptions made in determining the recoverable values are similar from one cash-generating unit to the other: these are:

- the revenue which reflects the number of customers, the ARPA, the penetration rate of the offerings,
- costs with the levels of commercial costs required to handle the rate of customer acquisition and renewals, the positioning of the competition, the possibilities of adapting the costs to the changes in revenue or the effects of the natural attrition of the workforce,
- the level of the investment expenses that can be affected by the constant change in new technologies.

The values assigned to each of these parameters reflect past experience, subject to anticipated developments during the life of the plan. These parameters are the main sensitivity factors.

In terms of sensitivity, an increase of 1% in the discount rate across all of the CGUs, a decrease of 1% in the perpetuity growth rate or a decrease of 1% in the margin rate of the last year of the business plans would not result in the recording of depreciation.

Note 12 – Other intangible fixed assets

(in thousands of euros)	31 December 2016			31 December 2015		
	Gross value	Total depreciation and losses of value	Net value	Gross value	Total depreciation and losses of value	Net value
Software and support applications	369,321	(244,432)	124,889	316,445	(196,173)	120,272
Other intangible fixed assets	10,336	(7,151)	3,185	10,200	(7,088)	3,111
Total	**379,657**	**(251,583)**	**128,074**	**326,644**	**(203,261)**	**123,384**

No other significant impairment was recorded as at 31 December 2016 and 2015.

Movements in the net value of other intangible fixed assets can be analysed as follows:

(in thousands of euros)	31 December 2016	31 December 2015
Opening balance	**123,384**	**107,265**
Acquisitions	1,293	2,127
Internally generated assets (1)	54,308	60,450
consolidation	-	(340)
Exchange differences	(263)	19
Reclassifications	-	-
Disposals and accelerated amortisation	(372)	(1,838)
Depreciation charge	(50,276)	(44,300)
Closing balance	**128,074**	**123,384**

(1) concerns all capitalised development expenses

Note 13 – Tangible fixed assets

(in thousands of euros)	31 December 2016			31 December 2015		
	Gross value	Total depreciation	Net value	Gross value	Total depreciation	Net value
IT and terminals	67,181	(58,478)	8,704	62,018	(55,347)	6,671
Others	56,692	(31,976)	24,716	64,966	(43,256)	21,710
Total	**123,874**	**(90,454)**	**33,420**	**126,984**	**(98,603)**	**28,381**

No significant impairment was recorded as at 31 December 2016 and 2015.

Movements in the net value of tangible fixed assets can be analysed as follows:

(in thousands of euros)	**31 December 2016**	**31 December 2015**
Opening balance	**28,381**	**25,269**
Acquisitions	13,509	13,832
Effect of changes in the scope of consolidation	-	(138)
Exchange differences	(24)	4
Disposals and accelerated amortisation	(21)	(37)
Depreciation charge	(8,424)	(10,548)
Closing balance	**33,420**	**28,381**

Note 14 – Other available-for-sale assets

This section includes investment securities classified as available-for-sale assets as defined in standard IAS 39.

Note 15 – Other non-current financial assets

The other financial assets essentially comprise the long-term portion of security deposits.

Note 16 – Net inventories

Inventories consist mainly of current service requirements for the production of advertisements (printed and online products) and websites.

Where necessary, these inventories have been written down when sales prospects could entail a risk of a fall in value to below that stated in the balance sheet.

No significant discards were recorded during the 2016 and 2015 financial years.

Note 17 – Trade debtors

The breakdown of the gross value and impairment of trade debtors is as follows:

(in thousands of euros)	31 December 2016	31 December 2015
Gross trade debtors	344 486	374 002
Provisions for impairment [1]	(20 667)	(20 361)
Net receivables before statistical impairment	**323 819**	**353 641**
Provisions for statistical impairment (1)	(2 919)	(1 018)
Net trade debtors	**320 900**	**352 623**

(1) Cf. note 21 - Changes in provisions for impairment of assets

As at 31 December, trade debtors were due as follows:

(in thousands of euros)	**Total (1)**	**Not due (1)**	**Overdue and not impaired (1)**					
			< 30 days	**between 31 and 60 days**	**between 61 and 90 days**	**between 91 and 180 days**	**between 181 and 360 days**	**> 360 days**
2016	**323,819**	292,936	14,486	6,182	3,961	2,507	2,270	1,477
2015	**353,641**	327,930	8,664	6,056	4,512	3,247	2,963	269

(1) Exclusing statistical impairment provisions totalling 2,919 thousand euros as at 31 December 2016 and 1,018 thousand euros as at 31 December 2015

The Group's portfolio of trade debtors does not present a significant risk of concentration (about 500,000 advertisers, including 480,000 with PagesJaunes in France). In France, PagesJaunes' 20 largest advertisers represent 1.6% of these revenues (compared to 1.5% in 2015) and advertisers in the 10 largest business sections represent 13.9% of PagesJaunes revenues (14.2% in 2015). Provisions for bad debts remain at a very low level, with net provisions amounting to 0.4% of revenues in 2016 compared to 0.1% in 2015.

Note 18 – Acquisition costs of contracts

Acquisition costs of contracts represent the variable costs of the sales force relating to the marketing of advertising products in the printed directories and on digital media. These direct and incremental costs in obtaining customer contracts are capitalised on the balance sheet in this item and are recognised as expense over the life of the customer orders, i.e. according to the publication of the advertisements and the recognition of the revenue.

Note 19 – Other current assets

The other current assets are made up as follows:

(in thousands of euros)	31 December 2016	31 December 2015
VAT receivable	20,114	17,161
Sundry accounts receivable	206	92
Trade payables - Advances and instalments	3,491	3,310
Other current assets	6,717	3,533
Total	**30,528**	**24,096**

Note 20 – Changes in provision for impairment of assets

(in thousands of euros)	Balance at start of période	Allowances	Releases of unused provisions	Release of used provisions	Other movements (1)	Balance at end of period
2015						
Trade debtors	22,846	9,806	(740)	(8,840)	(1,693)	21,379
Other assets	-	-	-	-	-	-
2016						
Trade debtors	21,379	8,783	(831)	(5,745)	-	23,586
Other assets	-	-	-	-	-	-

(1) In 2015, selling of Horyzon Media and Sotravo and acquisition of Effilab

Application of a provision rate according to the age of the receivables based on the collection history.

Note 21 – Share-holders' equity

21.1 – Share capital

The share capital of SoLocal Group is now comprised of 38,876,564 shares each with a par value of 6.00 euros, which is a total amount of 233,259,384 euros (before deduction of treasury shares).

21.2 – Other reserves and other comprehensive income

The other consolidated reserves and other comprehensive income were negative in an amount of 1,927.7 million euros as at 31 December 2016 (1,947.3 million euros as at 31 December 2015) and were mainly composed of:

- the portion of distributions in excess of the income for the year, mainly relating to exceptional distributions made in November 2006 for an amount of 2,519.7 million euros;
- actuarial differences relating to retirement benefits (IAS 19) for a negative amount of 11.6 million euros;
- the cross-entry for the share-based payment expense corresponding to the portion settled in equity instruments in an amount of 57.0 million euros (61.5 million euros as at 31 December 2015), cf. note 24.

21.3 – Own shares

Through the liquidity contract, the Company held 82,722 of its own shares as at 31 December 2016 compared to 82,850 on 31 December 2015, stated as a deduction from equity.

21.4 - Dividends

SoLocal Group did not distribute any dividends in 2016 or in 2015.

Note 22 – Trade creditors

Amounts owed to suppliers bear no interest and are payable in principle between 30 and 60 days.

Note 23 – Personnel benefits, provisions and other liabilities

These are made up as follows:

(in thousands of euros)	31 December 2016	31 December 2015
Post-employment benefits	78,205	75,562
Other long-term benefits	9,859	9,425
Non-current personnel benefits (1)	**88,064**	**84,986**
Other Provision for risks	8,807	27,703
Provisions for social or fiscal disputes	12,270	5,951
Non-current provisions	**21,077**	**33,654**

(1) Cf. details in the folloing note. Non-current personnel benefits concern the French companies.

(in thousands of euros)	31 December 2016	31 December 2015
Personnel (1)	70,163	68,146
Social organisations	46,328	52,759
Total current personnel benefits	**116,491**	**120,904**
VAT payable	70,308	72,666
Sundry accounts payable	6,509	5,770
Other current liabilities	6,844	5,728
Other current liabilities	**83,662**	**84,163**

(1) Comprising mainly employee profit-sharing and provisions for personnel expenses.

Movements in provisions were as follows:

(in thousands of euros)	Opening balance	Charge for the year	Reversal of the year (unused)	Reversal of the year (utilised)	Changes in the scope of consolidation, reclassifications and others	Closing balance
Provisions for social and fiscal litigations	56,401	6,297	(2,000)	(174)	-	60,524
Other Provision for risks	10,221	2,911	(189)	(22,526)	609	(8,974)
Total provisions	**66,622**	**9,208**	**(2,189)**	**(22,700)**	**609**	**51,550**
- of which non current	*33,654*	*9,179*	*(2,189)*	*(19,765)*	*198*	*21,077*
- of which current	*32,968*	*29*		*(2,935)*	*411*	*30,473*

The provisions booked primarily cover social or fiscal disputes.

Pagesjaunes SA underwent a tax reassessment, notified in 2014 and in 2015, in terms of a portion of the research tax credits for 2010, 2011, 2012 and 2013. The rectifications, which were disputed, are based in particular on a divergence in interpretation in tax doctrine between PagesJaunes SA and the administration.

(in thousands of euros)	Post-employment benefits	Other long-term benefits	**Total 31 December 2016**	Post-employment benefits	Other long-term benefits	**Total 31 December 2016**
Change in value of commitments						
Total value of commitments at start of period	**75,961**	**9,725**	**85,685**	**80,483**	**9,957**	**90,440**
Cost of services rendered	4,795	660	5,454	4,685	662	5,347
Discounting cost	1,696	210	1,906	1,637	198	1,835
Contributions paid by employees	-	-	-	-	-	-
Amendments to scheme	-	-	-	-	-	-
Reductions/liquidations	(5,820)	(332)	(6,152)	(1,208)	(72)	(1,280)
Actuarial (gains) or losses	2,472	155	2,627	(9,290)	(792)	(10,081)
Benefits paid	(495)	(259)	(754)	(346)	(228)	(574)
Acquisitions	-	-	-	-	-	-
Assignments/transfers of activity	-	-	-	-	-	-
Changes in scope	-	-	-	-	-	-
Others	(1)	-	(1)	-	-	-
Total value of commitments at end of period (A)	**78,607**	**10,159**	**88,766**	**75,962**	**9,725**	**85,686**
Commitments at end of period relating to fully or partly financed schemes	-	-	-	-	-	-
Commitments at end of period relating to non-financed schemes	*78,607*	*10,159*	*88,766*	*75,962*	*9,725*	*85,686*
Change in cover assets						
Fair value of cover assets at start of period	**-**	**-**	**-**	**-**	**-**	**-**
Financial income from cover assets	-	-	-	-	-	-
Gains/losses on cover assets	-	-	-	-	-	-
Contributions paid by the employer	-	-	-	-	-	-
Contributions paid by the employees	-	-	-	-	-	-
Reductions/liquidations	-	-	-	-	-	-
Benefits paid by the fund	-	-	-	-	-	-
Change in scope	-	-	-	-	-	-
Others (translation differences)	-	-	-	-	-	-
Fair value of cover assets at end of period (B)	**-**	**-**	**-**	**-**	**-**	**-**
Financial cover						
Situation of the scheme (A) – (B)	78,607	10,159	88,766	75,962	9,725	85,686
Unrecognised actuarial gains or (losses)	-	-	-	-	-	-
Unrecognised cost of past services	-	-	-	-	-	-
Adjustment linked to upper limit of assets	-	-	-	-	-	-
Provision / (assets) at end of period	**78,607**	**10,159**	**88,766**	**75,962**	**9,725**	**85,686**
of which provision / (asset) short term	*402*	*300*	*702*	*400*	*300*	*700*
of which provision / (asset) long term	*78,205*	*9,859*	*88,064*	*75,562*	*9,425*	*84,986*
Pension charge						
Cost of services rendered	4,795	660	5,454	4,685	662	5,347
Discounting costs	1,696	210	1,906	1,637	198	1,835
Expected return on scheme assets	-	-	-	-	-	-
Amortisation of actuarial (gains) or losses	-	155	155	-	(792)	(792)
Amortisation of cost of past services	-	-	-	-	-	-
Effect of reductions/liquidations	(5,820)	(332)	(6,152)	(1,208)	(72)	(1,280)
Assignments/transfers of activity	-	-	-	-	-	-
Adjustment linked to upper limit of assets	-	-	-	-	-	-
Total pension charge	**671**	**693**	**1,364**	**5,114**	**(4)**	**5,110**
Movements in the provision / (asset)						
Provision / (assets) at start of period	**75,961**	**9,725**	**85,685**	**80,483**	**9,957**	**90,440**
Pension charge	671	693	1,364	5,114	(4)	5,110
Pension charge from divested businesses	-	-	-	-	-	-
Contributions paid by the employer	(495)	(259)	(754)	(346)	(228)	(574)
Benefits paid directly by the employer	-	-	-	-	-	-
Change of scope	-	-	-	-	-	-
Actuarial gains or (losses)	2,472	-	2,472	(9,290)	-	(9,290)
Others	(1)	-	(1)	(0)	-	(0)
Provision / (assets) at end of period	**78,607**	**10,159**	**88,766**	**75,962**	**9,725**	**85,686**
Assumptions						
Discount rate (%)	1.50%	1.50%	1.50%	2.25%	2.25%	2.25%
Expected long-term inflation rate (%)	2.0%		2.00%	2.0%		2.0%
Expected long-term salary growth (%)	en fonction des catégories de salariés et de leur âge			en fonction des catégories de salariés et de leur âge		
Expected yield on scheme assets (%)	1.50%	-	-	2.25%	-	-
Probable residual activity period	11.3	11.3	11.3	12.2	12.2	12.2
Amount entered as a charge in respect of the period	**671**	**693**	**1,364**	**5,114**	**(4)**	**5,110**

In 2016, the expense stated in respect of defined contribution pension plans amounted to 44.6 million euros.

The discount rate applied in valuing commitments as at 31 December 2016 is 1.50%, compared to 2.25% as at 31 December 2015.

The IAS 19 standard sets the discount rate at the rate of bonds issued by first-class companies having a maturity equal to that of the commitment. If the market for these bonds is not liquid, the rate is equal to the rate of the corresponding government bonds (OATs).

On the valuation date, in the eurozone, the rate for first-class private bonds (AA) was about between 1.57% and 1.66% for a over 15 year maturity according to Bloomberg.

The discount rate actually adopted in this valuation was thus in accordance with the IAS 19 standard.

Sensitivity of the discount rate on post-employment benefits (IFC):
A 0.50% increase in the discount rate leads to a decrease in the commitment of about 6.2%, or around 4.7 million euros, while a decrease of 0.50% in the discount rate leads to an increase in the commitment of about 6.7%, i.e. around 5.2 million euros.

Sensitivity of the discount rate on other long-term benefits (long-service awards):
An increase of 0.50% in the discount rate leads to a decrease in the commitment of 4.2% (less than 1 million euros), while a decrease of 0.50% in the discount rate leads to an increase in the commitment of 4.6% (less than 1 million euros).

For all post-employment benefits and other long-term benefits, an increase of 0.5% in the discount rate leads nearly to no impact in the expense for the year.

The discounted value of the obligation in respect of these commitments and the adjustments to the scheme linked to experience for the current year and or the four previous years are as follows:

(in thousands of euros)	**2016**	**2015**	**2014**	**2013**	**2012**
Total value of commitments at end of period	88,766	85,686	90,439	86,209	85,510
Fair value of cover assets at end of period	-	-	-	(30)	(29)
Situation of the scheme	**88,766**	**85,686**	**90,439**	**86,179**	**85,481**
Actuarial (gains) or losses relating to experience ·	(2,877)	107	(366)	(2,931)	(2,292)
Actuarial (gains) or losses relating to experience - cover asset	-	-	-	-	-

Note 24 - Stock options and free shares

24.1 - Description of the plans

24.1.1 - Stock options

Neither SoLocal Group nor any of its subsidiaries granted any stock option plans in 2016 and 2015.

24.1.2 – Free shares

The Extraordinary General Meeting of 29 April 2014 authorised the Board of Directors to introduce a free share plan to existing or new shares for the benefit of certain Group directors and employees, as defined in articles L. 225-197-1 and following of the Commercial Code, with the particular aim of involving them in the Company's development. This authorisation was granted for a period of 38 months and the total number of shares granted in respect of this resolution must not exceed 5% of the capital of the Company after the settlement-delivery of the capital increases provided for at this same General Meeting.

On 19 June 2014, the Board of Directors adopted the conditions for a free share plan for 45,221,000 shares. These shares will be finally vested at the end of vesting periods ending on 19 June 2016, 19 June 2017 and 19 June 2018, provided that the beneficiary is still an employee or director of the Group and performance conditions are fulfilled.

On 09 February 2015, the Board of Directors adopted the conditions for a free share plan for 2,305,000 shares. These shares will be finally vested at the end of vesting periods ending on 09 February 2017, 09 February 2018 and 09 February 2019, provided that the beneficiary is still an employee or director of the Group and performance conditions are fulfilled.

All of these allocations were carried out before the consolidation of shares of October 2015 which resulted in the multiplication of the nominal by 30.

The grant date applied for the valuation of the expense is the date of the Board of Directors' Meeting granting the options, the time allowed for informing the grantees having been deemed reasonable.

24.2 – Movements in stock option and free share plans during the year

	Closing balance as at 31 December 2015	Granted	Exercised	Cancelled/ lapsed	Closing balance as at 31 December 2016	Exercise price
Subscription share plans	**236,789**	**-**	**-**	**(17,219)**	**219,570**	
July 2010	50,179	-	-	(6,322)	43,857	€ 127.20
December 2010	5,736	-	-	-	5,736	€ 105.09
July 2009	45,086	-	-	(4,589)	40,497	€ 99.39
December 2009	2,700	-	-	-	2,700	€ 115.86
December 2007	133,088	-	-	(6,308)	126,780	€ 214.20
Free share plans	**1,475,238**	**-**	**-**	**(102,045)**	**1,373,193**	**Final vesting date**
February 2015	16,665	-	-	-	16,665	09/02/2017
February 2015	16,665	-	-	-	16,665	09/02/2018
February 2015	36,665	-	-	-	36,665	09/02/2019
June 2014	314,980	-	-	(18,610)	296,370	19/06/2016
June 2014	314,980	-	-	(18,610)	296,370	19/06/2017
June 2014	755,070	-	-	(44,612)	710,458	19/06/2018
December 2013	20,212	-	-	(20,212)	-	31/12/2015

Remplacer £ par € dans le tableau
As at 31 December 2016, the options of all of the stock option plan can be exercised.

24.3 - Description of the valuation models

There was no new granting in 2016 of performance shares or stock options.

24.4 – Expense relating to stock option and free grants of shares

The impact of the stock option plans and free grants of shares on the 2016 income statement amounts to 2.3 million euros, given the evolution of the probability rate of performance criteria, compared to 3.1 million euros in 2015. These amounts include the social charges relating to the employer's contribution based on the fair value of the options granted, i.e. 30%.

These plans are expected to be settled through equity instruments.

Note 25 – Cash and cash equivalents, net financial debt

Net financial debt corresponds to the total gross financial debt plus or minus the fair value of derivative asset and/or liability hedging instruments and minus cash and cash equivalents.

(in thousands of euros)	**As at 31 December 2016**	**As at 31 December 2015**
Accrued interest not yet due	27	122
Cash equivalents	10,172	36,602
Cash	80,870	16,971
Gross cash	**91,069**	**53,695**
Bank overdrafts	(56)	(365)
Net cash	**91,013**	**53,330**
Bank loan	783,638	800,483
Bond loan	337,846	350,000
Revolving credit facility drawn	38,395	-
Loans issue expenses	(10,545)	(18,385)
Lease liability	277	708
Price supplements on acquisition of securities	1,988	2,759
Accrued interest not yet due	32,137	4,061
Other financial liabilities	4,045	4,242
Gross financial debt	**1,187,781**	**1,143,868**
of which current	*1,186,440*	*25,603*
of which non-current	*1,341*	*1,118,265*
Net debt	**1,096,768**	**1,090,538**
Net debt of consolidated group and loan issue expenses	**1,107,313**	**1,108,923**

Cash and cash equivalents
As at 31 December 2016, cash equivalents amounted to 10.2 million euros and are primarily comprised of UCITS and non-blocked, remunerated, fixed-deposit accounts.

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

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

- the ratio of consolidated net debt over consolidated EBITDA (the "**Leverage Ratio**") must be less than or equal to 4.00 at the end of each calendar quarter over the residual term of the agreement (EBITDA and consolidated net debt as defined in the agreement with the financial institutions, note that the definition of EBITDA when calculating covenants is different from that of EBITDA reported in these financial statements);
- the ratio of consolidated EBITDA over consolidated net interest expense must be greater than or equal to 3.0 at the end of each calendar quarter over the residual term of the agreement (EBITDA and consolidated net expense such as defined in the agreement with the financial institutions);

- if the Leverage Ratio is higher than 3.50, a maximum amount of investments of 70 million euros during the following financial year.

The Company's syndicated credit agreement also includes compulsory early repayment clauses benefiting Tranches A7 and B3 including in particular:

- a compulsory early repayment clause applicable in the case of a change in the control in the company resulting from the acquisition of shares of the Company (i.e. the act for one or several persons acting in concert to take control (in terms of article 233-3 of the Commercial Code) of the company as a consequence of the acquisition of Company shares); 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 and to the benefit of Tranches A7 and B3, 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 to the benefit of Tranches A7 and B3 (in particular in cases of payment default, non-compliance with financial covenants of the Company's commitments (including the commitments mentioned hereinabove), cross-default (in particular a default with the Bond Loan) 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.

These commitments in case of default, as well as the compulsory early repayment clause of the Company's syndicated credit agreement in the event of a change in control do not apply to the Tranche C1.

As at 31 December 2016, bank debt (excluding Tranche C1) 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* subject to the partial repayments described hereinabove; and

- B3 revolving credit line: at a nominal of 38.4 million euros and fully drawn as at 31 December 2016, depreciable by 2.7 million euros every quarter a final maturity in March 2018 with a faculty to extend it to March 2020.

The interest of Tranche A7 and the B3 revolving credit line are calculated as follows:

- Rate: Margin plus EURIBOR or LIBOR 1,2,3 or 6 months rate as opted by the company (the "Interest periods", payable in arrears of each period of interest:
- Late payment interest: 1% increase in the interest rate appliers if the Company does not make payment of the entire amount due in terms of the syndicated credit (excluding Tranche C1), on its due date,

- Margin: Percentage per year according to the level of the Leverage Ratio at the end of the most recent reference period *(Accounting Period*), such as indicated in the table hereinbelow:

Leverage Ratio	**Margin**
Greater than or equal to 3.0:1	4.00%
Less than 3.0:1 but greater than or equal to 2.5:1	3.25%
Less than 2.5:1	2.50%

Bond Loan and Tranche C1
Moreover, SoLocal Group has, via PagesJaunes Finance & Co SCA, a non-affiliated and consolidated entity, a 350 million euro bond loan of which the 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. This loan has a fixed rate of 8.875% and Tranche C1 has a fixed rate of 8.895%, it is repayable on 1 June 2018. As at 31 December 2016, the consolidated amount was 337.8 million euros following the partial repurchase of a portion of the bonds by the group (for a value of 12.2 million euros).

Bank and bond loans are pledged as collateral on PagesJaunes shares held by SoLocal Group.

As at 30 June 2016, the leverage covenant in SoLocal Group's syndicated credit facilities has been breached. As a result, all of the debt (Tranche A7, RCF line B3 and Bond debt) has been reclassified as current debt.

Refer to the note on continued operation (cf. note 2) which includes the latest developments concerning the financial restructuring.

PagesJaunes Finance & Co SA 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 and to the benefit of Tranche C1, including in particular commitments concerning the same subjects as those provided for in the Company's aforementioned syndicated credit agreement and the following commitments:

- Restrictions concerning the financial debt that can be incurred by the company and its subsidiaries; and
- Prohibition to carry out certain payments in particular with regards to distributing dividends, acquisitions and granting loans.

In the event of a change in the control of the company such as defined in the bond documentation, the Company will have to pay PagesJaunes Finance & Co SCA (who is to date 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.

According to the terms of the Bonds, the following constitute a case of a change in the control:

i. The selling, in one operation or in a series of linked operations, of all or substantially all of the Company's assets,
ii. the adopting of a liquidation plan for the Company,
iii. the case where one or several persons acting in concert were to hold shares representing more than 50% of the Company's voting rights, or
iv. the replacing of most of the members of the Board of Directors of the Company with non-co-opted directors or not approved by the Board of Directors (measured over a sliding period of 24 months)

<u>In case of a change in Control:</u>

i. the issuer, PagesJaunes Finance & Co SCA, has the obligation to propose to the bond holder to repurchase their Bonds at a price equal to 101% of their nominal; and
ii. the share of Tranche C1 that corresponds to 101% of the nominal amount of the Bonds for which repurchasing is requested by the bond holders becomes due (i.e. a maximum amount of 101% of 350

million euros)

Loans issue expenses
Loans issue expenses are 10.5 million euros as at 31 December 2016 and will be fully amortized to the extinguishment of the debt to be expected at the effective implementation of the financial restructuring plan. This will represent an expense before deferred taxes of 10.5 million euros without any cash impact.

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 31 December 2016, these were estimated to be 2.0 million euros.

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

Note 26 – Deferred income

Deferred income decreased from 483.3 million euros as at 31 December 2015 to 408.3 million euros as at 31 December 2016. This drop must be examined with the significant drop in the level of the "Print & Voice" business, a deformation in the product mix towards products with a shorter lifespan and, to a lesser degree, a prospecting rate that continues to change slightly following the transformation phase of the Group's commercial activity.

Note 27 – Financial instruments

27.1 – Financial Instruments in the balance sheet

(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)	Others
Available-for-sale assets	188	-	-	188	-	-	-
Other non-current financial assets	6,263	-	-	-	6,263	-	-
Net trade accounts receivable	320,900	-	-	-	320,900	-	-
Other current financial assets	21,408	21,408	-	-	-	-	-
Cash equivalents	10,172	10,172	-	-	-	-	-
Cash	80,897	80,897	-	-	-	-	-
Financial assets	**439,828**	**112,477**	**-**	**188**	**327,163**	**-**	**-**
Non-current financial liabilities and derivatives	1,341	1,240	-	-		101	-
Bank overdrafts and other short-term borrowing	1,154,359	748	-	-		1,153,611	-
Accrued interest	32,137	-	-	-		32,137	-
Trade accounts payable	98,889	-	-	-		98,889	-
Financial liabilities	**1,286,726**	**1,988**	**-**	**-**		**1,284,738**	**-**

As at 31 December 2016, the market value of the bank and bond loans was 717.2 million euros, compared to a carrying value of 1,159.9 million euros:

(in thousands of euros)	Carrying value	Quotes as at 31/12/2013	Market value
Bank borrowing - facility A7	783,638	61.8%	484,288
Senior secured notes PagesJaunes Finance & Co SCA	337,846	62.0%	209,465
Revolving credit - facility RCF 3	38,395	61.0%	23,421
Loans	**1,159,879**	**61.8%**	**717,174**
Other debts incl. debt costs	(6,167)	-	(6,167)
Current financial liabilities and derivatives	**1,153,712**	**61.6%**	**711,007**

The Group has classified the valuations at fair value according to a hierarchy of fair values reflecting the importance of the data used to carry out the valuations. The hierarchy of fair values is made up of the following levels:

- Level 1: prices (non-adjusted) listed on active markets with identical assets or liabilities;
- Level 2: data other than the listed prices referred to in Level 1, which are observable for the asset or liability concerned, either directly (i.e. prices) or indirectly (i.e. derivative price data); and
- Level 3: data relating to assets or liabilities not based on observable market data (non-observable data)

In the 2016 financial year, there were no transfers between levels 1 and 2 in the hierarchy of fair values, nor any transfers to or from level 3.

27.2 – Effect of financial instruments on income

Effect in result of financial instruments		Breakdown according to IAS 39					
(in thousands of euros)	Impact in profit and loss	Fair value recognised in profit or loss	Derivative instruments	Available-for-sale assets	Loans and receivables (amortised cost)	Financial liabilities (amortised cost)	Others
Interest income	1,425	1,425	-	-	-	-	-
Interest expenses	(73,340)	25	-	-	-	(73,365)	-
Gain (loss) on foreign exchange	(25)	-	-	-	(25)	-	-
Net gains / (net losses)	**(71,940)**	**1,450**	**-**	**-**	**(25)**	**(73,365)**	**-**
Accretion cost	(1,907)						
Net financial income (cf. note 8)	**(73,847)**						

Note 28 – Financial risk management and capital management policy objectives

The Group's objective is to optimise its financial structure, the principal assessment criterion being the financial leverage (ratio of net debt to gross operating margin), in order to reduce the cost of its capital while maintaining financial flexibility enabling the Group to meet its development plan.

The two main financial management objectives are as follows:

- SoLocal Group, and the consolidated Groupe SoLocal, are net borrowers and, in this context, the prime objective of SoLocal Group is to secure and thus limit the cost of its debt;
- Since the Group generates a substantial cash flow in line with the rate of the sales prospecting cycle and pays interest on its debt according to a different timescale, the Groupe SoLocal produces cash surpluses and may find itself in a situation of temporary cash flow surplus. Since these surpluses are not long-lasting, the Group's objective is to invest them at the best possible interest rate with a very limited level of risk.

The Group also ensures that the commitments made in its banking and bond documentation are respected, including certain default and prepayment clauses. These clauses are linked, in particular, to compliance with operational and financial covenants such as the minimum level of coverage of the net consolidated interest charge by consolidates EBITDA and the maximum leverage, measured by the relationship between the consolidated net debt and consolidated EBITDA. Note that the EBITDA used in calculating these bank covenants differs from that used in these financial statements.

The Group has set a goal to reduce its financial leverage. As at 31 December 2016, this ratio was higher than the maximum of 4.00 times specified in the bank documentation.

With a net debt of 1,096.8 million euros as at 31 December 2016 (cf note 1.3), the financial leverage covenant of the Group comes out at more than 4.00 times the consolidated EBITDA as defined in the contract concluded with the financial institutions. Consequently the Group is not observing its bank covenant on financial leverage as at 31 December 2016. However it is observing all the other bank covenants. This confers on the creditors the right to pronounce at any time (subject to the essential provisions of the French Commercial Code) the immediate payability of SoLocal Group'sentire financial debt, i.e. 1,172.0 million euros (as at 31 December 2016, own debt not deducted detailed below and excluding accrued interest not yet due).

(Amounts in thousands of euros)	**As at 31 December 2016**
Bank borrowing	(783,638)
Bond loan	(350,000)
Repurchase of bond loan [1]	12,154
Revolving credit facility	(38,395)
Borrowing & revolving credit facility	**(1,159,879)**
Financial debt of Solocal Group, own debt not deducted	**(1,172,033)**

[1] Own debt (Cf. note 25)

However the adoption of the second project of the amendment to the "plan de sauvegarde financière accélérée" by the Nanterre Commercial Court on 22 December 2016 in accordance with the decision of the Nanterre Commercial Court of 9 May 2014, creditors have decided not to trigger the immediate payability of the financial debt.

A financial restructuring plan was finalised at the end of 2016 leading to a drastic reduction in the Group's debt and the setting up of a new credit agreement. This plan will be implemented in the 1st quarter of 2017. Refer to the note on continued operation (cf. note 2) which includes the latest developments concerning the financial restructuring.

In view of its financial structure, the Group is exposed to interest rate risk, liquidity risk and credit risk.

Exchange rate risk
SoLocal Group considers that the exchange rate risk is not significant as far as its activity is concerned, insofar as it is exercised mainly in the eurozone.

Interest rate risk
SoLocal Group is exposed to the risk of interest rate fluctuations insofar as all of the bank debt is at a variable rate.

In an environment of low rates, the Group feels that it is not in its best interest to hedge this short-term interest rate risk.

The main features of the Group's banking debt are stated in note 25 (Cash and Cash equivalents, net financial debt).

Following the non-compliance as at 30 June, of the bank covenant on financial leverage for the syndicated credit, all of the debts (tranche A7, B3 RCF line and bond debt) was reclassed as current debt.
Refer to the note on continued operation (cf. note 2) which includes the latest developments concerning the financial restructuring.

In this context, the sensitivity tests are not pertinent.

Liquidity risk
The Group SoLocal has established a centralised cash management system with cash pooling including all its French subsidiaries and organised around a SoLocal Group pivot. This method of managing liquidities associated with an internal reporting system enables the Group to anticipate and estimate future cash flows linked to the operational activities of its various subsidiaries and thus to optimise drawings on its credit lines when cash is required, and investments in the case of cash surpluses.
In the context of the financial restructuring, the constraints that apply to cash pooling were reinforced especially with the capping of cash from PagesJaunes to SoLocal Group.

Credit risk
SoLocal Group is generally exposed to credit risk essentially in its investments and interest rate hedging instruments. SoLocal Group limits credit risk by selecting counterparties having a long-term rating higher than AA- (Standard & Poor's and/or Fitch IBCA) or Aa3 (Moody's). As at 31 December 2016, SoLocal Group was exposed to an extent of 10.2 million euros in respect of its investment operations (cf. note 25 – Cash equivalents).

Furthermore, the management procedure for SoLocal Group's financial operations involves the drawing up of a limited list of authorised signatures, outside of which the Chief Executive Officer's authorisation is compulsory. The banking documentation also limits the list of counterparties for interest rate hedging operations.

Equity risk
SoLocal Group considers that the equity risk is not significant insofar as the amount invested in own shares particularly under the liquidity contract remains limited and the investment of its cash surpluses is not exposed to equity market risk.

Note 29 – Information on related parties

29.1 – Remuneration of executive committee and board of directors members

The table below shows the remuneration of persons who were members of SoLocal Group's Board of Directors and Executive Committee during or at the end of each financial year. It also includes the directors representing employees and sitting on the SoLocal Group Board of Directors.

(in thousands of euros)	**31 December 2016**	**31 December 2015**
Short-term benefits (1)	6.700	5.503
of which employer charges	*1.928*	*1.561*
Post-employment benefits (2)	49	37
Other long term benefits (3)	1	1
End-of-contract benefits (4)	-	-
Equity benefits (5)	(1.035)	495
Total	**5.716**	**6.036**

(1) Salaries, remuneration, profit-sharing and bonuses paid and social security contributions, paid holidays, directors' fees and non-monetary benefits entered in the accounts.

(2) Pensions, annuities, other benefits, …

(3) Seniority leave, sabbatical leave, long-term benefits, deferred remuneration, profit-sharing and bonuses (if payable 12 months or more after the closing date).

(4) Severance pay, non-competition clause compensation, including social charges.

(5) Share-based payment including social charges relating to free grants of shares and stock options.

In 2016, the charge in respect of defined-contribution pension plans amounted to 0.4 million euros (0.3 million euros in 2015).

29.2 – Transactions with related parties

The Board of Directors of SoLocal Group, meeting on 17 May 2009, appointed Jean-Pierre Remy Chief Executive Officer of the company effective 25 May 2009. Since Jean-Pierre Remy does not benefit from an employment contract, the Board of Directors decided to implement severance pay in the event of forced departure from the company in connection with a change in control or strategy or implementation, the sum of which will be equal to his gross annual remuneration (fixed and variable in accordance with the targets met), subject to the performance obligation

A non-competition obligation will be applied in the event of termination of Jean-Pierre Remy's mandate as Chief Executive Officer for any reason and in any form whatsoever. This competition prohibition shall be limited to a period of 24 months commencing on the day on which his duties actually come to an end, and shall cover 100% of French territory. The relevant compensation will be equal to 12 months of remuneration based on the total gross monthly average of remuneration over the 12 months of activity preceding the date of termination. SoLocal Group will have the ability to release Jean-Pierre Remy of this non-competition obligation (in that case the compensation will not have to be paid)

The accumulation of the severance pay and non-competition obligation cannot exceed two years of remuneration, fixed and variable.

Christophe Pingard was appointed Deputy Chief Executive Officer by the Board of Directors on 26 October 2011.

Since Christophe Pingard does not benefit from an employment contract, the Board of Directors decided to provide severance pay in the event of his forced departure from the Company due to a change in the Company's control or strategy or its implementation (irrespective of the form of departure: dismissal, non-renewal or resignation), subject to fulfilment of the performance condition. The amount of this severance pay shall equal 12 months of remuneration calculated based on the average monthly total gross remuneration paid during the 12 months of activity preceding the date of cessation of duties.

A non-competition obligation will be applied in the event of termination of Christophe Pingard's term of office as Deputy Chief Executive Officer for any reason and in any form whatsoever. This competition prohibition shall be limited to a period of 24 months commencing on the day on which his duties actually come to an end, and shall cover 100% of French territory. The corresponding compensation shall amount, based on a non-competition period of 24 months, to 12 months' remuneration calculated on the basis of the monthly average of his total gross pay for the 12 months prior to the date on which the term of office was terminated. On termination of the term of office, the Company may renounce the benefit of the non-competition agreement (in which case it will not have to pay the corresponding compensation).

The bank and bond loans are indirectly guaranteed by a pledge of the securities of PagesJaunes SA held by SoLocal Group.

Note 30 – Contractual obligations and off-balance-sheet commitments

Significant off-balance-sheet commitments are as follows:

Contractual obligations (in thousands of euros)	2016				2015
		Payments due per period			
	Total	Less than 1 year	In 1 to 5 years	In more than 5 years	Total
Operating leases	**141 179**	**22 984**	**59 666**	**58 529**	**152 406**
Paper, printing, distribution (1)	1 601	1 601	-	-	1 629
Other services (2)	13 051	8 621	4 430	-	6 356
Commitments for purchases of goods and services	**14 652**	**10 222**	**4 430**	**-**	**7 985**
Total	**155 831**	**33 206**	**64 096**	**58 529**	**160 391**

(1) See details in the table below

(2) The "Other services" section includes all firm orders placed as at 31 December 2016 for goods and services

Leases

PagesJaunes has leased land, buildings, vehicles and equipment. These leases are due to expire on different dates over the next six years.

The Management considers that these leases will be renewed or replaced on expiry by other leases under normal operating conditions.

The rental charge recorded in the income statement in respect of operating leases amounted to 19.9 million euros in 2016 (18.1 million euros in 2015).

In 2014 and 2015, SoLocal Group subscribed to commercial lease contracts for future completion signed with two separate investors, for premises located in the towers of a real estate complex currently being rehabilitated called Citylights, located in Boulogne Billancourt.

The lease contracts for future completion were irrevocably signed for a firm period of 10 years, as SoLocal Group has renounced its 3-year termination faculty until the end of the firm period of the lease contracts. The lease contracts took effect on 9 May 2016, with an expiry date for each one of the lease contracts set to 8 May 2026.

These leased premises have a surface area of 35,702 m², for a commitment for these contracts over the remaining period starting on 1 January 2017, of 117.8 million euros (excluding expenses and rent indexing).

Security deposits for an amount of 4.1 million were paid subsequent to moving into the premises at Boulogne-Billancourt.

As at 31 December 2016, the Group's commitment under all leases amounted to 141.2 million euros, of which 23.0 million euros is payable in under one year.

Commitments for purchases of goods and services
Production of directories

For the production and distribution of its printed directories, the Group entities enter into contracts with their paper suppliers, printers and distributors. These contracts may be annual or multi-annual.

A contract has been concluded with an exclusive printer covering the editions of the years 2014 to 2016. This contract does not entail any volume commitment.

A twelve-month contract effective 1 February 2016 was signed with a paper supplier, specifying the rates payable for the supply by the printer of directory paper, with no volume commitment.
The printer obtains his supply and his purchases of paper following these conditions.

Only firm orders placed as at 31 December 2016, both with paper suppliers and with printers and distributors, were reported as off-balance-sheet commitments at that date, for a total amount of 1.6 million euros, as detailed in the table below:

Contractual obligations (in thousands of euros)	2016				2015
		Payments due per period			
	Total	Less than 1 year	In 1 to 5 years	In more than 5 years	Total
Paper	665	665	-	-	1,286
Printing	463	463	-	-	343
Distribution	473	473	-	-	-
Total	**1,601**	**1,601**	**-**	**-**	**1,629**

Other commitments given
The bank and bond loans are indirectly guaranteed by a pledge of the securities of PagesJaunes SA held by SoLocal Group.

Other commitments received
SoLocal Group has a revolving credit facility of 38.4 million euros to cover the Group's cash flow requirements (working capital, investments and refinancing) resulting from its operational activities. This line was drawn as at 31 December 2016.

The other significant off-balance-sheet commitments received are as follows:

Contractual obligations (in thousands of euros)	2016				2015
		Payments due per period			
	Total	Less than 1 year	In 1 to 5 years	In more than 5 years	Total
Operation leases - lessor	-	-		-	23
Other services	6,020	6,020	-	-	2,433
Total	**6,020**	**6,020**	**-**	**-**	**2,456**

Special purpose vehicles
In 2011, SoLocal Group issued a bond loan amounting to 350 million euros through PagesJaunes Finance & Co SCA, an entity specifically dedicated to this transaction (cf. note 25). This entity is fully consolidated.
The Group did not create any deconsolidation structures during the reporting periods.
It has no contractual obligations towards special purpose vehicles.

Note 31 – Disputes and litigation

In the ordinary course of business, the 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 likely 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, the entities of the Group 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.

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 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. In this framework, a set of proceedings are currently in progress with the administrative as well as judicial courts. To date, 4 administrative proceedings are in progress (3 at the initiative of employees with the Cergy-Pontoise *tribunal administratif* for cancellation of the decisions for redundancy authorisations, and recourse at the initiative of PagesJaunes with this same court 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 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, 103 decisions were rendered based on merit. For a very 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, 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. More precisely 21 decisions pronouncing a sentencing for six months and 67 decisions pronouncing a sentencing for seven months and 2 decisions pronouncing sentencing for 9 and 10 months of wages, also based on L1235-16 of the Labour Code.

Furthermore, certain decisions give rights to related requests: some relating to particular situations, others concern the payment of a supplement to the conventional redundancy compensation paid in the final settlement for all accounts.

A few judgements have different positions: one judgement pronounced the nullity of the redundancy and ordered stiffer compensation convictions, 2 judgements pronounced the legal cancellation of the employment contracts of the employees (this is a particular case who had initiated legal action before they were made redundant) and 6 judgements concerned the requests of the redundant employee were entirely rejected concerning the compensation for their redundancy or declared their requests as inadmissible.

The decisions concerning the other requests initiated with the courts will be pleaded during the year 2017.

Finally, a certain number of dossiers are currently being appealed either at the initiative of PagesJaunes or at the initiative of the employees, dossiers for which no calendar concerning the proceedings has been set.

The company recognised in the consolidated financial statements 2015 the exceptional impact linked to the court decisions that cancelled the validation by the DIRECCTE of the job safeguarding plan. This additional provision is 35 million euros and recognised in the consolidated financial statements as at 31 December 2015. It corresponds to a prudent hypothesis in a context of high legal uncertainty, recently reinforced by contradictory decisions of the employee claims courts. Many actions of legal recourse have been initiated by SoLocal Group to dispute these decisions. As at 31 December 2016, the remaining provision on the statements was 27.8 million euros.

The company continued with the deployment of its reorganisation and therefore relaunched a PSE (Job Safeguard Procedure) procedure for the employees that were not able to be made redundant due to this invalidation. Among the employees concerned by this plan, 4 employees still under employment, formed before the Cergy-Pontoise Tribunal administratif an application for annulment of the approval decision of the DIRECCTE (in the absence of an agreement, a unilateral document was drawn up by the company and approved by the DIRECCTE on 22 April 2016). These 4 employees furthermore filed claims for compensation in the framework of legal proceedings for the judicial cancellation of their employment contracts brought before the employee claims court of Boulogne Billancourt and Nantes. The proceedings initiated before the Cergy Pontoise Tribunal administratif and the employee claims court of Boulogne Billancourt and of Nantes have come to an end and the employees have withdrawn.

Eleven advertising agencies have referred to the French Competition Authority for abuse of a dominant position (particularly for withdrawing the 5% trade discount granted to advertisers using advertising agencies on the Internet and 118 008 platforms), requesting the pronouncement of interim measures based on article L.464-1 of the Commercial Code. In a ruling of 22 November 2012, the French Competition Authority accepted the commitments proposed by PagesJaunes, which closes this dispute. These commitments came to an end on 31 March 2016.

A former distributor commenced legal proceedings against PagesJaunes for sudden break of established business relationships on 7 July 2016 before the Tribunal de Commerce de Paris. PagesJaunes, which formally challenged all of the requests presented, recorded in its accounts for 2016 a provision according to the requirements and the criteria usually retained and was classed as a non-recurring item. The next hearing to be held on 17 March 2017 will be dedicated to submissions to PagesJaunes.

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 in the framework of recourse initiated by PagesJaunes. PagesJaunes filed to appeal this ruling with the Paris *Cour d’appel* for a balance of 1.4 million euros.

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 notified of an adjustment for an amount of 3 million euros. Disputing this adjustment in part, the risk was provisioned as at 31 December 2016.

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 abandoned a part of the reassessments. The company is going to initiate a dispute in order to challenge the remaining reassessments. According to this background, it has booked a provision in order to cover the risks.

On 23 December 2016, Mr Benjamin Jayet commenced legal proceedings against the Company for urgent application with the President of the Tribunal de commerce of Nanterre by soliciting the suspension of the implementation of resolutions 1 to 7 submitted to vote to the Company's general assembly of 15 December 2016 (concerning the financial restructuring). By order of the President of the Tribunal de commerce of Nanterre of 13 January 2017, Mr Benjamin Jayet's request was rejected. The latter appealed the ruling on 18 January 2017.

On 3 January 2017, Mr Benjamin Jayet corrected a declaration within which third parties may enter objection with the Tribunal de commerce of Nanterre against the judgement of 22 December 2016 that had ruled on the modification of the Company's accelerated financial safeguard procedure plan. In a ruling of 31 January 2017, the Tribunal de commerce of Nanterre pronounced the inadmissibility of the third-party opposition formed by Mr Benjamin Jayet and all of his requests were rejected.

On 17 January 2017, Mr Benjamin Jayet commenced proceedings against the Company before the Tribunal de commerce of Nanterre in order obtain a decision based on merit on the validity of the decisions taken during the general assembly of 15 December 2016.

Moreover, in common with the other companies in the sector, the Company is frequently the subject of court proceedings brought in relation to errors in the publication of directories and other media. Generally the financial risk represented by each of these proceedings is relatively limited. However, an increase in their number may constitute a significant risk for the Company. As at 31 December 2016, there were nine, representing total claims about 0.5 million euros. In these proceedings, the Group entities endeavour to negotiate out-of-court compensation, which significantly reduces the final total cost of these proceedings. However, no guarantee can be given that these proceedings will not have an adverse impact on the Group’s financial position.

Note 32 - Informations on continued and disposed activities, as at 31 December 2016

(Amounts in thousands of euros)	As at 31 December 2016				As at 31 December 2015			
	Consolidated	Divested activities	Continued activities		Consolidated	Divested activities	Continued activities	
			Recurring	Non recurring			Recurring	Non recurring
Revenues	812,277	-	812,277	-	877,959	5,317	872,642	-
Net external expenses	(214,817)	-	(214,817)	-	(217,051)	(8,818)	(208,232)	-
Staff expenses	(368,455)	-	(368,455)	-	(400,051)	(5,966)	(394,085)	-
Recurring EBITDA	**229,005**	**-**	**229,005**	**-**	**260,858**	**(9,467)**	**270,325**	**-**
Non recurring items	(5,130)	-	-	(5,130)	(49,730)	(630)	-	(49,100)
EBITDA	**223,875**	**-**	**229,005**	**(5,130)**	**211,128**	**(10,097)**	**270,325**	**(49,100)**
Depreciation and amortization	(60,643)	-	(60,643)	-	(68,325)	(16,166)	(52,159)	-
Operating income	**163,232**	**-**	**168,362**	**(5,130)**	**142,803**	**(26,263)**	**218,166**	**(49,100)**
Financial income	1,425	-	1,425	-	1,923	-	1,923	-
Financial expenses	(75,247)	-	(75,247)	-	(85,535)	(2)	(85,533)	-
Gain (loss) on foreign exchange	(25)	-	(25)	-	-	-	-	-
Net financial expense	**(73,847)**	**-**	**(73,847)**	**-**	**(83,612)**	**(2)**	**(83,610)**	**-**
Share of profit or loss of an associate	-	-	-	-	107	-	107	-
Income before tax	**89,384**	**-**	**94,514**	**(5,130)**	**59,298**	**(26,265)**	**134,663**	**(49,100)**
Corporate income tax	(40,428)	-	(42,195)	1,766	(32,649)	10,386	(62,103)	19,068
Income for the period	**48,956**	**-**	**52,320**	**(3,364)**	**26,649**	**(15,879)**	**72,560**	**(30,032)**

Consolidated cash flow statement

(Amounts in thousands of euros)	As at 31 December 2016			As at 31 December 2015		
	Consolidated	**Divested**	**Continued**	**Consolidated**	**Divested**	**Continued**
Recurring EBITDA	**229,005**	**-**	**229,005**	**260,858**	**(9,467)**	**270,325**
Non monetary items included in EBITDA	8,150	-	8,150	9,703	(48)	9,751
Net change in working capital	(56,282)	-	(56,282)	(7,760)	2,787	(10,547)
Acquisition of tangible and intangible fixed assets	(69,055)	-	(69,055)	(76,075)	(543)	(75,532)
Recurring operational cash flow	**111,818**	**-**	**111,818**	**186,726**	**(7,271)**	**193,997**
Cash financial income	(35,997)	-	(35,997)	(79,440)	(1)	(79,439)
Cash non recurring items	(32,581)	-	(32,581)	(28,955)	(1,084)	(27,871)
Corporation tax paid	(12,578)	-	(12,578)	(20,024)	(104)	(19,920)
Free cash flow	**30,662**	**-**	**30,662**	**58,306**	**(8,460)**	**66,766**
Increase (decrease) in borrowings and bank overdrafts	1,726			(33,777)		
Capital increase net of costs	0			2,411		
Others	5,295			(17,188)		
Net cash variation	**37,683**			**9,752**		
Net cash and cash equivalents at beginning of period	53,330			43,578		
Net cash and cash equivalents at end of period	**91,013**			**53,330**		

Note 33 – Auditors' fees

(amounts in thousands of euros)	Beas / Deloitte & Associates				Auditex / Ernst & Young			
	Amount		In % of fees		Amount		In % of fees	
	2016	2015	2016	2015	2016	2015	2016	2015
Audit								
Audit, statutory audit, certification and inspection of individual and consolidated accounts	**339**	**386**	**55%**	**83%**	**308**	**393**	**41%**	**79%**
- Including Solocal Group	125	133	20%	29%	125	133	17%	27%
- Including fully consolidated subsidiaries	214	253	35%	55%	184	259	24%	52%
Other procedures and services in relation to the mission of the Company Auditors	**281**	**77**	**45%**	**17%**	**445**	**104**	**59%**	**21%**
- Including Solocal Group	272	77	44%	17%	440	96	58%	19%
- Including fully consolidated subsidiaries	9	-	1%	0%	5	8	1%	2%
Subtotal	**619**	**463**	**100%**	**100%**	**753**	**497**	**100%**	**100%**
Other services provided by the networks to fully consolidated subsidiaries								
Legal, tax and social security -related	-	-			-	-		
Others	-	-			-	-		
Subtotal	**-**	**-**			**-**	**-**		
TOTAL	**619**	**463**	**100%**	**100%**	**753**	**497**	**100%**	**100%**

Note 34 – Scope of consolidation

		As at 31 December 2016		As at 31 December 2015	
Entities	**Country**	**Interest**	**Control**	**Interest**	**Control**
Fully consolidated companies					
SoLocal Group (consolidating)	France	100%	100%	100%	100%
PagesJaunes	France	100%	100%	100%	100%
QDQ Media	Spain	100%	100%	100%	100%
Optimizaclick	Spain	100%	100%	100%	100%
Trazada	Spain	100%	100%	100%	100%
Euro Directory	Luxembourg	100%	100%	100%	100%
SOMS	France	100%	100%	100%	100%
Mappy	France	100%	100%	100%	100%
Retail Explorer	France	100%	100%	100%	100%
Leadformance	France	100%	100%	100%	100%
Net Vendeur	France	100%	100%	100%	100%
Digital To Store	United Kingdom	100%	100%	100%	100%
Horyzon Worldwide (1)	Spain	-	-	100%	100%
Yelster Digital	Autria	100%	100%	100%	100%
ClicRDV	France	100%	100%	100%	100%
Fine Media	France	100%	100%	100%	100%
PagesJaunes Resto	France	100%	100%	100%	100%
Orbit Interactive	Morocco	100%	100%	100%	100%
PagesJaunes Finance & Co	Luxembourg	-	-	- (*)	- (*)
Effilab	France	100%	100%	100%	100%
Effilab Australie (3)	Australia	51%	51%	-	-
Effilab Dubaï (2)	United Arab Emirates	51%	51%	-	-

(1) Merger with QDQ Media retroactively on 1 January 2016

(2) Created on 1 January 2016

(3) Created on 7 March 2016
(*) Material misstatement in the consolidate financial statements as at 31 December 2015, consolidation based on sole control as indicated in "Note 26 - Cash and cash equivalents, net financial debt" and "Note 31 - Contractual obligations and off-balance-sheet commitments" in the consolidate financial statements for 2015.

Note 35 – Events subsequent to the closing date

None

20.2 Annual activity report as of 31 December 2016

1.1. Overview

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

Within the scope of continued activities, Solocal Group generated revenues of 812.3 million euros in 2016, of which revenues from its Internet activities represented 80% and revenues from its Print & Voice activities represented 20%. Internet business is driven by two primary business lines: Local Search and Digital marketing.

Internet
In 2016, SoLocal Group recorded 648.7 million euros Internet revenues, representing 80% of Group revenues.

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

o First, we offer digital services and solutions to clients which enable them to enhance their visibility and develop their local contacts. In 2016, this Local Search activity posted revenues of 490.6 million euros thanks to a sustainable and highly qualitative audience generated through our own brands (PagesJaunes, Mappy, Ooreka) and our privileged partners (Google, Bing (Microsoft), Yahoo!, Apple and Facebook).

o Second, we create and provide Internet users with the best local and customised content about professionals. In 2016, this Digital Marketing activity represented revenues of 158.1 million euros. These highly differentiating technologies have been created over the last five years and have generated rapid growth (+10% in 2016 compared to 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, the launching of Booster Contact product (adwords), and more recently the launching of the “Tract Digital” product with Facebook. 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 163.5 million euros in 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 2016 full-year results

During 2015 the Group announced it was disposing of a certain number of non-profitable and no-growth activities ("divested activities").

The accounts published by the Group as at 31 December 2016 are made up as follows:

Consolidated, Continued activities, Divested activities.

in million euros	As at 31 December 2016				As at 31 December 2015			
	Consolidated	**Divested activities**	**Continued activities**		**Consolidated**	**Divested activities**	**Continued activities**	
			Recurring	**Non recurring**			**Recurring**	**Non recurring**
Revenues	812.3	-	**812.3**	**-**	878.0	5.3	**872.6**	**-**
Recurring EBITDA	229.0	-	**229.0**	**-**	260.9	(9.5)	**270.3**	**-**
EBITDA	223.9	-	**229.0**	**(5.1)**	211.1	(10.1)	**270.3**	**(49.1)**
Operating income	163.2	-	**168.4**	**(5.1)**	142.8	(26.3)	**218.2**	**(49.1)**
Income before tax	89.4	-	**94.5**	**(5.1)**	59.3	(26.3)	**134.7**	**(49.1)**
Income for the period	49.0	-	**52.3**	**(3.4)**	26.6	(15.9)	**72.6**	**(30.0)**

In the presentation of its results since the 3rd quarter of 2015, and in this activity report, SoLocal Group isolates the momentum of the continued activities from that of the activities that it is disposing of. The comments on the financial performance indicators concern the scope of continued activities.

As at 31 December 2016, net income for divested activities is 0 compared to -15,9 million euros as at 31 December 2015.

Consolidated income statement for continued activities, as at 31 December 2016 and 2015

SoLocal Group	Continued activities						
in million euros	As at 31 December 2016			As at 31 December 2015			Change recurring 2016/2015
	Total	Recurring	Non recurring	Total	Recurring	Non recurring	
Revenues	**812.3**	**812.3**	**-**	**872.6**	**872.6**	**-**	**-6.9%**
Net external expenses	(214.8)	(214.8)	-	(208.2)	(208.2)	-	3.2%
Staff expenses	(368.5)	(368.5)	-	(394.1)	(394.1)	-	-6.5%
Recurring EBITDA	**229.0**	**229.0**	**-**	**270.3**	**270.3**	**-**	**-15.3%**
As % of revenues	*28.2%*	*28.2%*	-	*31.0%*	*31.0%*	-	
Non recurring items	(5.1)	-	(5.1)	(49.1)	-	(49.1)	-
EBITDA	**223.9**	**229.0**	**(5.1)**	**221.2**	**270.3**	**(49.1)**	**-15.3%**
As % of revenues	*27.6%*	*28.2%*	-	*25.3%*	*31.0%*	-	
Depreciation and amortization	(60.6)	(60.6)	-	(52.2)	(52.2)	-	16.1%
Operating income	**163.2**	**168.4**	**(5.1)**	**169.1**	**218.2**	**(49.1)**	**-22.8%**
As % of revenues	*20.1%*	*20.7%*	-	*19.4%*	*25.0%*	-	
Financial income	1.4	1.4	-	1.9	1.9	-	-26.3%
Financial expenses	(75.2)	(75.2)	-	(85.5)	(85.5)	-	-12.0%
Net financial expense	**(73.8)**	**(73.8)**	**-**	**(83.6)**	**(83.6)**	**-**	**-11.7%**
Share of profit or loss of an associate	-	-	-	0.1	0.1	-	-100.0%
Income before tax	**89.4**	**94.5**	**(5.1)**	**85.6**	**134.7**	**(49.1)**	**-29.8%**
Corporate income tax	(40.4)	(42.2)	1.8	(43.0)	(62.1)	19.1	-32.0%
Income for the period	**49.0**	**52.3**	**(3.4)**	**42.5**	**72.6**	**(30.0)**	**-28.0%**

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

SoLocal Group	Continued activities		
in million euros	As at 31 December 2016	As at 31 December 2015	Change 2016/2015
Internet	648.7	640.2	1.3%
Print & Voice	163.5	232.5	-29.7%
Revenues	**812.3**	**872.6**	**-6.9%**
Internet revenues as % of total	*79.9%*	*73.4%*	
Internet	185.6	199.0	-6.7%
Print & Voice	43.4	71.3	-39.1%
Recurring EBITDA [1]	**229.0**	**270.3**	**-15.3%**
As % of revenues			
Internet	*28.6%*	*31.1%*	
Print & Voice	*26.5%*	*30.7%*	

[1] The split between Internet and Print & Voice EBITDA was slightly revised for 2015 data compared to consolidated financial information as at 30 December 2015 so that indicators should be established according consistent principles

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

In 2016, revenues stood at 812.3 million euros, down -6.9% compared to 2015:

- Internet revenues grew by +1.3%, mainly driven by the acceleration of the Digital marketing business (+9.9%) thanks to local programmatic and websites & contents, and the growth of Local search ARPA, partially offset by reduced investments in client acquisition.

- Print & Voice revenues were down by -29.7% over the period and now accounted for less than 20% of total revenues.

Recurring EBITDA was 229.0 million euros in 2016, down to -15.3% versus 2015, mainly due to the -39.1% decline of the Print & Voice EBITDA partially offset by a stabilization of the Internet EBITDA.

The EBITDA to revenue margin was 28.2% in 2016, a limited decrease of 2.8 points versus 2015, thanks to a decrease of expenses by -3.2% in the context of financial constraints and a rigorous cost management.

1.2.2. Analysis of operating income for continued activities

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

SoLocal Group	**Continued activities**						
in million euros	**As at 31 December 2016**			**As at 31 December 2015**			**Change recurring 2016/2015**
	Total	**Recurring**	**Non recurring**	**Total**	**Recurring**	**Non recurring**	
Recurring EBITDA	**229.0**	**229.0**	**-**	**270.3**	**270.3**	**-**	**-15.3%**
Non recurring items	(5.1)	-	(5.1)	(49.1)	-	(49.1)	-
EBITDA	**223.9**	**229.0**	**(5.1)**	**221.2**	**270.3**	**(49.1)**	**-15.3%**
Depreciation and amortization	(60.6)	(60.6)	-	(52.2)	(52.2)	-	16.1%
Operating income	**163.2**	**168.4**	**(5.1)**	**169.1**	**218.2**	**(49.1)**	**-22.8%**
As % of revenues	*20.1%*	*20.7%*	*-0.6%*	*19.4%*	*25.0%*	*-5.6%*	

Depreciation and amortization for the Group stands at -60.6 million euros in 2016 compared to -52.2 million euros in 2015, an increase of +8.4 million euros (+16.1%) due to the investment linked to revamping the IT tools.

The Group's recurring operating income at 168.4 million euros decreased by -22.8% compared to 2015. This decrease stems from the -41.3 million euro drop in recurring EBITDA and from the increase in depreciation and amortisation of -8.4 million euros.

1.2.3. Analysis of the results for continued activities

The table below shows the Group's results for continued activities in 2015 and in 2016:

SoLocal Group	**Continued activities**						
in million euros	**As at 31 December 2016**			**As at 31 December 2015**			**Change recurring 2016/2015**
	Total	**Recurring**	**Non recurring**	**Total**	**Recurring**	**Non recurring**	
Operating income	**163.2**	**168.4**	**(5.1)**	**169.1**	**218.2**	**(49.1)**	**-22.8%**
Financial income	1.4	1.4	-	1.9	1.9	-	-26.3%
Financial expenses	(75.2)	(75.2)	-	(85.5)	(85.5)	-	-12.0%
Net financial expense	**(73.8)**	**(73.8)**	**-**	**(83.6)**	**(83.6)**	**-**	**-11.7%**
Share of profit or loss of an associate	-	-	-	0.1	0.1	-	-100.0%
Income before tax	**89.4**	**94.5**	**(5.1)**	**85.6**	**134.7**	**(49.1)**	**-29.8%**
Corporate income tax	(40.4)	(42.2)	1.8	(43.0)	(62.1)	19.1	-32.0%
Income for the period	**49.0**	**52.3**	**(3.4)**	**42.5**	**72.6**	**(30.0)**	**-28.0%**

1.2.2.1 Net financial expenses

Net financial expenses of Group amounted -73.8 million euros in 2016, in reduction of -11.7%, mainly due to the maturing of hedging instruments in September 2015. The average interest rate of debt decreased from 6.37% in 2015 to 5.44% in 2016, i.e. a 93 basis points.

Net financial expenses also includes the amortisation of loan issue expenses amounting to 7.8 million euros as at 31 December 2016 compared to 7.4 million euros as at 31 December 2015.

1.2.2.2 Recurring results for the period for continued activities

Corporate income tax was a charge of -42.2 million euros in 2016, in reduction of -32.0% compared to 2015, in accordance with the result before tax.

Recurring income amounted to +52.3 million euros in 2016 in reduction of -28.0% compared to 2015.

1.2.2.3 Result for continued activities

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

The Group's net income was 49.0 million euros in 2016, up +15.3% compared to 2015.

1.2.2.4 Presentation of the results and the consolidated cash flows with the detail for “Continued activities” and “ Divested activities”

1.2.2.4.1 Income statement

(Amounts in thousands of euros)	As at 31 December 2016				As at 31 December 2015			
	Consolidated	Divested activities	Continued activities		Consolidated	Divested activities	Continued activities	
			Recurring	Non recurring			Recurring	Non recurring
Revenues	812,277	-	812,277	-	877,959	5,317	872,642	-
Net external expenses	(214,817)	-	(214,817)	-	(217,051)	(8,818)	(208,232)	-
Staff expenses	(368,455)	-	(368,455)	-	(400,051)	(5,966)	(394,085)	-
Recurring EBITDA	**229,005**	**-**	**229,005**	**-**	**260,858**	**(9,467)**	**270,325**	**-**
Non recurring items	(5,130)	-	-	(5,130)	(49,730)	(630)	-	(49,100)
EBITDA	**223,875**	**-**	**229,005**	**(5,130)**	**211,128**	**(10,097)**	**270,325**	**(49,100)**
Depreciation and amortization	(60,643)	-	(60,643)	-	(68,325)	(16,166)	(52,159)	-
Operating income	**163,232**	**-**	**168,362**	**(5,130)**	**142,803**	**(26,263)**	**218,166**	**(49,100)**
Financial income	1,425	-	1,425	-	1,923	-	1,923	-
Financial expenses	(75,247)	-	(75,247)	-	(85,535)	(2)	(85,533)	-
Gain (loss) on foreign exchange	(25)	-	(25)	-	-	-	-	-
Net financial expense	**(73,847)**	**-**	**(73,847)**	**-**	**(83,612)**	**(2)**	**(83,610)**	**-**
Share of profit or loss of an associate	-	-	-	-	107	-	107	-
Income before tax	**89,384**	**-**	**94,514**	**(5,130)**	**59,298**	**(26,265)**	**134,663**	**(49,100)**
Corporate income tax	(40,428)	-	(42,195)	1,766	(32,649)	10,386	(62,103)	19,068
Income for the period	**48,956**	**-**	**52,320**	**(3,364)**	**26,649**	**(15,879)**	**72,560**	**(30,032)**

1.2.2.4.2 Cash flow statement

In million of euros	As at 31 December 2016	As at 31 December 2015	Change
Recurring EBITDA	**229.0**	**270.3**	**-15.3%**
Non monetary items included in EBITDA and other	8.2	9.8	-16.3%
Net change in working capital	(56.3)	(10.5)	-436.2%
Acquisition of tangible and intangible fixed assets	(69.1)	(75.5)	8.5%
Cash financial income	(36.0)	(79.4)	54.7%
Non recurring items	(32.6)	(27.9)	-16.8%
Corporate income tax paid	(12.6)	(19.9)	36.7%
Net Cash flow from continued activities	**30.7**	**66.8**	**-54.0%**
Net Cash flow from divested activities	-	(8.5)	
Net cash flow	**30.7**	**58.3**	**-47.3%**
Increase (decrease) in borrowings and bank overdrafts	1.7	(33.8)	105.0%
Capital increase	0.0	2.4	
Other	5.3	(17.2)	130.8%
Net cash variation	**37.7**	**9.8**	**284.7%**
Net cash and cash equivalents at beginning of period	53.3	43.6	22.2%
Net cash and cash equivalents at end of period	**91.0**	**53.3**	**70.7%**

1.2.2.5 Revenue and key indicators by vertical

	As at 31 December		
SoLocal Group	**2016**	**2015**	**Change 2016 /2015**
Internet revenues	**648.7**	**640.2**	**1.3%**
Local Search	**490.6**	**496.3**	**-1.1%**
Number of visits (in million)	*2432*	*2238*	*8.7%*
ARPA (in €)	*992*	*940*	*5.6%*
Number of clients (in thousand)	*494*	*528*	*-6.3%*
Digital marketing	**158.1**	**143.9**	**9.9%**
Penetration rate (in number of clients)	*24%*	*22%*	*1.6 pt*
Print & Voice revenues	**163.5**	**232.5**	**-29.6%**
Revenues	**812.3**	**872.6**	**-6.9%**

The split by vertical of the French operations of the Group is as follows:

Home	As at 31 December		
	2016	2015	Change 2016/2015
Internet revenues	**188.6**	**182.7**	**3.2%**
Local Search	**148.4**	**147.8**	**0.4%**
ARPA (in €)	*1363*	*1272*	*7.2%*
Number of clients (in thousand)	*109*	*116*	*-6.4%*
Digital marketing	**40.2**	**34.9**	**15.3%**
Penetration rate (in number of clients)	*26%*	*24%*	*1.5 pt*
Print & Voice revenues	**59.1**	**80.6**	**-26.7%**
Revenues	**247.6**	**263.3**	**-6.0%**

Retail	As at 31 December		
	2016	2015	Change 2016/2015
Internet revenues	**125.6**	**130.4**	**-3.7%**
Local Search	**96.8**	**101.6**	**-4.7%**
ARPA (in €)	*728*	*696*	*4.6%*
Number of clients (in thousand)	*133*	*146*	*-8.9%*
Digital marketing	**28.8**	**28.8**	**0.2%**
Penetration rate (in number of clients)	*17%*	*16%*	*0.5 pt*
Print & Voice revenues	**23.5**	**35.9**	**-34.5%**
Revenues	**149.2**	**166.3**	**-10.3%**

Health & Public	As at 31 December		
	2016	2015	Change 2016/2015
Internet revenues	**75.9**	**71.4**	**6.4%**
Local Search	**64.2**	**61.3**	**4.7%**
ARPA (in €)	*769*	*741*	*3.8%*
Number of clients (in thousand)	*83*	*83*	*0.9%*
Digital marketing	**11.7**	**10.1**	**16.3%**
Penetration rate (in number of clients)	*16%*	*11%*	*5.1 pts*
Print & Voice revenues	**26.7**	**34.9**	**-23.6%**
Revenues	**102.6**	**106.3**	**-3.5%**

Services	As at 31 December		
	2016	2015	Change 2016/2015
Internet revenues	**123.8**	**124.1**	**-0.2%**
Local Search	**93.0**	**94.4**	**-1.5%**
ARPA (in €)	*1304*	*1231*	*5.9%*
Number of clients (in thousand)	*71*	*77*	*-7.0%*
Digital marketing	**30.8**	**29.7**	**3.9%**
Penetration rate (in number of clients)	*25%*	*24%*	*1.2 pt*
Print & Voice revenues	**34.0**	**50.4**	**-32.6%**
Revenues	**157.8**	**174.5**	**-9.6%**

BtoB	As at 31 December		
	2016	2015	Change 2016/2015
Internet revenues	**111.7**	**110.3**	**1.2%**
Local Search	**88.3**	**91.2**	**-3.1%**
ARPA (in €)	*1131*	*1053*	*7.4%*
Number of clients (in thousand)	*78*	*87*	*-9.8%*
Digital marketing	**23.3**	**19.2**	**21.7%**
Penetration rate (in number of clients)	*20%*	*18%*	*1.5 pt*
Print & Voice revenues	**20.3**	**30.6**	**-33.7%**
Revenues	**131.9**	**140.9**	**-6.4%**

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 December 2016 and 2015:

SoLocal Group	**Continued activities**		
in million euros	**As at 31 December 2016**	**As at 31 December 2015**	**Change 2016/2015**
Net cash from operations	99.7	141.9	(42.1)
Net cash used in investing activities	(63.8)	(83.0)	19.2
Net cash provided by (used in) financing activities	1.9	(34.6)	36.5
Impact of changes in exchange rates on cash	(0.1)	(0.0)	(0.1)
Net increase (decrease) in cash position	**37.7**	**24.2**	**13.5**

The net cash from operations amounted to 99.7 million euros in 2016 compared to 141.9 million euros in 2015, representing a decrease of 42.1 million euros due mainly to:

- recurring EBITDA for continued activities of 229.0 million euros in 2016, down 41.3 million euros compared to 2015,
- a decrease of 4.7 million euros in exceptional disbursements (including restructuring costs),
- an increase in the working capital requirement of 56.3 million euros in 2016 compared to an increase of 10.5 million euros in 2015, representing a unfavourable change of 45.8 million euros between the two periods, due especially during the second part of the year to clients and suppliers pressures reacting to uncertainty on the Group financial restructuring.
- a net disbursement of 36.0 million euros in respect of net financial interest in 2016 compared to 79.4 million euros in 2015 representing a positive variation of 43.4 million euros between the two periods. This is partly due to the postponing of interest rate payment to 2017 first quarter (around 28 million euros) and to the maturing of hedging instruments in September 2015. (11 million euros),
- a disbursement of 12.6 million euros in respect of corporation tax in 2016 compared to 19.9 million euros in 2015.

The net cash used in investing activities represents a disbursement of 63.8 million euros in 2016, a decrease compared to a disbursement of 83.0 million euros recorded in 2015, mainly comprising:

- 69.1 million euros in respect of acquisitions of tangible and intangible fixed assets in 2016 compared to 76.1 million euros in 2015,
- 4.1 million euros paid in 2016 for the security deposit for the CityLights premises in Boulogne, offset by 1.6 million euros linked to the reimbursement of the security deposit for Sèvres,
- 0.9 million euros in earn-out disbursement in 2016, compared to a disbursement of 13.3 million euros including an acquisition of net price supplements of the cash flow in 2015,

- 9.0 million euros in terms of the restitution in 2016 of the cash collateral paid in 2014 as a guarantee for two commercial lease contracts for future completion.

The net cash used in financing activities amounted to 1.9 million euros in 2016 compared to a disbursement of 34.6 million euros in 2015, representing a decrease of 36.5 million euros due mainly to:

- The drawing of the revolving credit line for a net amount of 38.4 million euros as at 31 December 2016 compared to a repayment of the same line for 20.0 million euros as 31 December 2015,

- The contractual repayment of the « Excess cash-flow » of the tranche A7 of the bank loan for an amount of 15.2 million euros,

- the repayment of a loan for an amount of 1.7 million euros,

- the treating as a decrease in debt (no longer as a cash equivalent) the partial repurchase of a bond loan for an amount of 12.2 million euros in 2015.

- The payment of refinancing expenses of 7.0 million euros in 2016.

The table below shows **the consolidated Group's cash position** in the year's ending on 31 December 2016 and 2015:

SoLocal Group	**As at 31 Décember**	**As at 31 Décember**
in million euros	**2016**	**2015**
Accrued interest not yet due	0.0	0.1
Cash and cash equivalents	91.0	53.6
Cash	**91.1**	**53.7**
Bank overdrafts	(0.1)	(0.4)
Net cash	**91.0**	**53.3**
Bank borrowing	783.6	800.5
Bond loan	337.8	350.0
Revolving credit facility	38.4	-
Loan issue expenses	(10.5)	(18.4)
Capital leases	0.3	0.7
Earn-outs	2.0	2.8
Accrued interest not yet due	32.1	4.1
Other financial liabilities	4.0	4.2
Gross financial debt	**1,187.8**	**1,143.9**
of which current	*1,186.4*	*25.6*
of wich non current	*1.3*	*1,118.3*
Net debt	**1,096.8**	**1,090.5**
Net debt of consolidated group and loan issue expenses	**1,107.3**	**1,108.9**

The Group net debt is up 6.3 million euros compared to 31 December 2015. It stood at 1,096.8 million euros as at 31 December 2016 compared to 1,090.5 million euros as at 31 December 2015.

As at 31 December 2016, it mainly comprised:

- of a tranche A7 bank loan, for a total amount of 783.6 million euros,
- a revolving credit line fully drawn for 38.4 million euros as at 31 December 2016,
- a bond loan amounting to a total of 337.8 million euros at a fixed rate of 8.875%

Excluding loan issue expenses of 10.5 million euros as at 31 December 2016, the net debt amounted to 1,107.3 million euros as at 31 December 2016.

1.4 Off-balance-sheet commitments, disputes and related parties

See notes 29 to 31 of the consolidated financial statements.

1.5 Risks and uncertainties relating to the 2017 financial year

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

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

  With net debt amounting to 1,096.8 million euros as at 31 December 2016 (cf. note 1.3), the Group's covenant on financial leverage stands at 4.00 times greater than consolidated EBITDA such as defined in the agreement with the financial institutions. Consequently, the Group is not complying with its bank covenant on the financial leverage as at 31 December 2016. On the other hand, it is compliant with all of the other bank covenants. This grants to the creditors the faculty to pronounce at any time (subject to imperative stipulations of the Commercial Code) the immediate prepayment of all of the financial debt of SoLocal Group, i.e. 1,172.0 million euros (as at 31 December 2016, own debt not deducted detailed below and excluding accrued interest not yet due).

(Amounts in thousands of euros)	**As at 31 December 2016**
Bank borrowing	(783,638)
Bond loan	(350,000)
Repurchase of bond loan [1]	12,154
Revolving credit facility	(38,395)
Borrowing & revolving credit facility	**(1,159,879)**
Financial debt of Solocal Group, own debt not deducted	**(1,172,033)**

[1] Own debt (Cf. note 25)

However, due to the ratification by the Tribunal de commerce of Nanterre on 22 December 2016 of the modification to the accelerated financial safeguard procedure plan implemented in application of the judgement of the Tribunal de commerce of Nanterre of 9 May 2014, the creditors renounced this right ("Renunciation to Prepayment").

The carrying out of the restructuring operations, such as described in chapter 4 of the Second Update to the "Document de Référence", remains subject to the carrying out of the capital increase with preferential subscription rights of the shareholders of a maximum amount of about 400 million euros (including the issue premium), able to be increased to a maximum of about 460 million euros in case of the full exercise of the extension clause, at a price of one (1) euro per share, i.e. the issuing of a maximum of about 400 million shares, guaranteed by all of the creditors and which can be increased to a maximum of about 460 million shares in the case of the full exercise of the extension clause. The settlement of all various equity operations planned could take place before 15 March 2017. However, this calendar is subject to changes, in particular in connection with the period for obtaining the visa of the Autorité des Marchés Financiers on the prospectus related to the Rights Issue

In the event the restructuring operations of the Group's debt in terms of the Exiting Credit Agreement are not carried out, the Amended Plan will not take effect. Furthermore, the Renunciation to Prepayment (such as defined hereinabove) would lose its effects and the Group would not have enough net consolidated working capital requirement to handle its cash flow requirements and the dates of maturity of its debt over the next twelve months starting from the date of this update to the "Document de Référence".

In the hypothesis where this plan would not be implemented in the scheduled timeframe, SoLocal Group could find itself in a state of cession of payments. And the creditors could avail themselves, in the very short term, of various fault that have occurred or that will occur, to render their debt immediately payable and exercise the guarantees that they hold on the securities of the subsidiary PagesJaunes SA. Indeed, the loans taken out by SoLocal Group each contain clauses that allow for the acceleration in repayment in particular in the case (i) of the nomination of an ad hoc agent or of a mediator, (ii) the financial covenants are broken and (iii) non-payment of interest.

SoLocal Group may no longer be in a position to realise its assets and to settle its debts in the normal framework of its activity.

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

- Market risks: in view of its financial structure, the Group is exposed to interest rate risk, liquidity risk and credit risk (Cf. note 28). The company indicated that it was preparing a plan to drastically reduce its debt. The absence of carrying out this plan could hamper the company's ability to return to solid fundamentals, implement its strategy and come back to growth.

- Note on going concern : please refer to going concern note 2 which is updated with the latest developments on financial restructuring.

1.6 Events subsequent to the closing date of 31 December 2016

None

1.7 Research and development

At the cutting edge of its sector, the SoLocal Group conducts high-performance research and innovation thanks to its teams and numerous partnerships. These teams bring together the best specialists in their respective fields with the aim of promoting innovation and excellence.

1.8 Quaterly financial data

Revenues by Quarter

In million of euros	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016
Internet revenues	**157.9**	**167.3**	**151.8**	**163.2**	**157.1**	**164.6**	**156.1**	**171.0**
Local search	**126.3**	**126.4**	**118.7**	**124.9**	**117.6**	**125.8**	**119.8**	**127.4**
Number of visits (in million)	*555*	*553*	*568*	*560*	*595*	*611*	*616*	*610*
ARPA[1] (in €)	*234*	*237*	*226*	*243*	*232*	*253*	*245*	*265*
Number of clients (in thousand)	*539*	*534*	*525*	*515*	*506*	*496*	*490*	*481*
Digital marketing	**31.6**	**40.9**	**33.1**	**38.3**	**39.6**	**38.7**	**36.3**	**43.6**
Penetration rate (in number of clients)[2]	*22%*	*22%*	*22%*	*22%*	*23%*	*23%*	*23%*	*24%*
Print & Voice revenues	**49.0**	**72.0**	**60.5**	**51.0**	**32.8**	**50.2**	**41.1**	**39.4**
Revenues from continued activities	**206.9**	**239.3**	**212.3**	**214.2**	**190.0**	**214.8**	**197.2**	**210.4**
Revenues from divested activties	2.4	1.7	0.9	0.3	-	-	-	-
Consolidated revenues	**209.2**	**241.0**	**213.2**	**214.6**	**190.0**	**214.8**	**197.2**	**210.4**

[1] Average Revenue Per Advertiser

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

Recurring EBITDA by Quarter [1]

In million of euros	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016
Internet recurring EBITDA	42.8	56.2	56.3	43.8	43.0	46.5	47.1	49.0
EBITDA / revenue margin	27%	34%	37%	27%	27%	28%	30%	29%
Print & Voice recurring EBITDA	14.0	25.8	22.0	9.5	8.5	13.6	12.4	8.9
EBITDA / revenue margin	29%	36%	36%	19%	26%	27%	30%	23%
Recurring EBITDA from continued activities	**56.8**	**82.0**	**78.3**	**53.3**	**51.5**	**60.0**	**59.5**	**57.9**
EBITDA / revenue margin	27%	34%	37%	25%	27%	28%	30%	28%
Recurring EBITDA from divested activities	(2.6)	(2.4)	(2.8)	(1.7)	-	-	-	-
Consolidated recurring EBITDA	**54.2**	**79.6**	**75.5**	**51.6**	**51.5**	**60.0**	**59.5**	**57.9**
EBITDA / revenue margin	26%	33%	35%	24%	27%	28%	30%	28%

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

Income Statement by Quarter

In million of euros	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016
Group revenues	**206.9**	**239.3**	**212.2**	**214.2**	**190.0**	**214.8**	**197.2**	**210.4**
Net external expenses	(47.6)	(50.6)	(51.0)	(59.0)	(50.5)	(55.0)	(50.9)	(58.4)
Personnel expenses	(102.5)	(106.7)	(83.0)	(101.9)	(87.9)	(99.7)	(86.7)	(94.1)
Recurring EBITDA	**56.8**	**82.0**	**78.3**	**53.3**	**51.5**	**60.0**	**59.5**	**57.9**
Non recurring items	(0.4)	(1.8)	(1.8)	(45.0)	(0.3)	(1.7)	(0.5)	(2.6)
EBITDA from Continued activities operations	**56.4**	**80.1**	**76.5**	**8.3**	**51.2**	**58.3**	**59.1**	**55.3**
Depreciation and amortisation	(11.4)	(10.4)	(13.0)	(17.3)	(14.1)	(14.7)	(15.2)	(16.6)
Operating income	**44.9**	**69.7**	**63.4**	**(9.0)**	**37.1**	**43.6**	**43.8**	**41.3**
Net financial expense	(22.1)	(20.9)	(21.2)	(19.5)	(18.2)	(18.6)	(18.9)	(18.1)
Share of the result from associated companies	0.1	-	-	-	-	-	-	-
Income before tax	**23.0**	**48.9**	**42.3**	**(28.6)**	**18.9**	**25.0**	**24.9**	**23.2**
Corporate income tax	(7.9)	(22.4)	(19.9)	7.1	(7.5)	(11.2)	(11.3)	(10.5)
Corporate income tax rate	*34.2%*	*45.8%*	*47.0%*	*N/A*	*39.4%*	*45.0%*	*45.2%*	*45.1%*
Net income from continued activities	**15.1**	**26.5**	**22.4**	**(21.5)**	**11.4**	**13.7**	**13.6**	**10.1**
Net income from divested activities	(2.7)	(4.9)	(5.5)	(2.8)	-	-	-	-
Net income	**12.4**	**21.6**	**16.9**	**(24.2)**	**11.4**	**13.7**	**13.6**	**10.1**

Cash flow Statement by Quarter

In million of euros	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016
Recurring EBITDA	**56.8**	**82.0**	**78.3**	**53.3**	**51.5**	**60.0**	**59.5**	**57.9**
Non monetary items included in EBITDA and other	2.9	1.9	4.5	0.5	(0.9)	0.8	3.8	3.8
Net change in working capital	(4.5)	(2.8)	(24.4)	21.1	(9.0)	(9.6)	(33.7)	(4.0)
Acquisition of tangible and intangible fixed assets	(15.9)	(18.3)	(18.6)	(22.8)	(18.9)	(16.7)	(13.2)	(20.2)
Cash financial income	(12.4)	(30.1)	(12.8)	(24.2)	(2.6)	(15.9)	(16.8)	(0.8)
Non recurring items	(5.1)	(7.8)	(7.2)	(7.8)	(3.1)	(11.6)	(6.5)	(10.9)
Acquisition costs of shares	-	-	-	-	-	-	-	-
Corporate income tax paid	0.1	(0.7)	(7.9)	(11.3)	0.3	10.2	(8.2)	(14.9)
Net Cash flow from continued activities	**21.9**	**24.2**	**11.8**	**8.8**	**17.5**	**17.2**	**(15.1)**	**10.9**
Net Cash flow from divested activities	(1.2)	(1.7)	(2.5)	(3.1)	-	-	-	-
Net cash flow	**20.7**	**22.5**	**9.3**	**5.7**	**17.5**	**17.2**	**(15.1)**	**10.9**
Increase (decrease) in borrowings and bank	(18.6)	(1.3)	(10.4)	(3.5)	12.0	3.0	(3.5)	(9.7)
Capital increase	-	2.6	-	(0.1)	-	-	(0.0)	0.0
Other	(3.7)	6.6	(2.1)	(17.9)	(1.2)	5.9	1.1	(0.4)
Net cash variation	**(1.6)**	**30.3**	**(3.2)**	**(15.8)**	**28.3**	**26.1**	**(17.5)**	**0.8**
Net cash and cash equivalents at beginning of period	43.6	42.0	72.3	69.2	53.3	81.6	107.7	90.2
Net cash and cash equivalents at end of period	**42.0**	**72.3**	**69.2**	**53.3**	**81.6**	**107.7**	**90.2**	**91.0**

20.3 Verification of the historical financial information

Auditex 1/2, place des Saisons 92400 Courbevoie - Paris-La Défense 1 S.A.S. à capital variable	BEAS 195, avenue Charles-de-Gaulle 92524 Neuilly-sur-Seine Cedex S.A. au capital de € 960
Commissaire aux Comptes Membre de la compagnie régionale de Versailles	Commissaire aux Comptes Membre de la compagnie régionale de Versailles

SoLocal Group
Société Anonyme
204, Rond-Point du Pont de Sèvres
92100 Boulogne-Billancourt

Statutory Auditors' report on the consolidated financial statements

Year ended December 31, 2016

This is a free translation into English of the statutory auditors' report issued in French and is provided solely for the convenience of English speaking users. The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not.
This information is presented below the opinion on the consolidated financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the consolidated financial statements.
This report also includes information relating to the specific verification of information given in the management report.
This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

In compliance with the assignment entrusted to us by your Annual General Meeting, we hereby report to you, for the year ended December 31, 2016, on:

- the audit of the accompanying consolidated financial statements of SoLocal Group;
- the justification of our assessments;
- the specific verification required by law.

These consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these consolidated financial statements based on our audit.

I. Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2016 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

- Without qualifying the opinion expressed above, we bring to your attention the context of the financial debt restructuring described in the “Note on the going concern principle” set forth in Note 2 “to the consolidated financial statements.

II. Justification of our assessments

In accordance with the requirements of Article L. 823-9 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we bring to your attention the following matters:

As specified in Note 2 to the consolidated financial statements, your Company’s management makes estimates and assumptions that impact the amounts presented in the financial statements and the accompanying notes. Note 2 also indicates that results may differ significantly from these estimates since actual business conditions may differ from expectations. As part of our audit of the consolidated financial statements for the year ended December 31, 2016, we estimated that the accounts that involved the most significant estimates and required a justification of our assessments were goodwill, provisions for risks and contingencies, your Company’s reorganization, salesmen remuneration debt, contract acquisition costs and employee benefits.

In accordance with the professional guidelines governing the assessment of accounting estimates, we have primarily focused on the following points:

- with respect to goodwill: the data and assumptions on which the estimates are based and in particular, the definition of cash-generating units and the projected cash flows estimated by your Company’s operational departments. We reviewed your Company’s calculations and the sensitivity of the main values in use and assessed the principles and methods used to determine fair values.
- with respect to the disputes brought by the former employees: following invalidation of the employment protection plan by the Council of State, the legal arguments leading to the recognition of a provision in the accounts as well as the data and assumptions on which the estimates are based, in particular, the estimated number of months of compensation to be paid and the average unit costs.
- with respect to the salesmen remuneration debts: the data and assumptions on which the estimates are based, in particular the attainment of performance targets and the reliability of the underlying information systems.
- with respect to contract acquisition costs: the type of costs capitalized and whether their capitalization is justified, and the data and assumptions on which the estimates are based.
- with respect to personnel benefits: the method used to determine provisions. Our work consisted in examining the data used, assessing actuarial assumptions, reviewing calculations and verifying that Notes 3.16 and 23 to the consolidated financial statements provide appropriate disclosure.

As indicated in the first part of this report, the Note on the going concern principle set forth in Note 2 to the consolidated financial statements describes the debt restructuring currently being carried out at the Company. We examined the measures implemented or to implement during the first quarter of 2017 in respect thereto. Based on our procedures and the information which has been provided to us as of the date hereof and, in the context of our appreciation of the accounting policies adopted by your Company, we believe that the “Going concern” note and Note 25 “Cash and cash equivalents, net borrowings” in the consolidated financial statements provide appropriate disclosures regarding the company’s position in terms of the going concern principle and the consequences of the financial restructuring on the loan issue costs included in its debt at the closing date.

These assessments were made in the context of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III. Specific verification

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

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

Paris-La Défense and Neuilly-sur-Seine, February 6, 2017

The Statutory Auditors

French original signed by

AUDITEX Member of the Ernst & Young Global Limited network	**BEAS**
Vincent de La Bachelerie	Joël Assayah

20.4 Additional note to the consolidated financial statements as at 31 December 2016

Introductory note

This additional note has for purpose to supplement and clarify the elements presented in the audited consolidated financial statements pertaining to the period ended 31 December 2016. These ad hoc supplements do not question the true and fair view of the financial position, the financial performance and the cash flow of the Group. The paragraphs hereinafter are presented with the same numbering as those of the notes to the consolidated financial statements of the SoLocal Group as at 31 December 2016 to which the additional information provided relates.

Note 7 - Non-recurring items

In 2016, non-recurring items represent an amount of 5.1 million euros. These primarily concern restructuring costs (0.9 million euros), a supplier dispute in the framework of restructuring the costs of printed directories (1.5 million euros) and exceptional personnel expenses for securing the continuity of the business in a context of high uncertainty in line with the financial restructuring (2.7 million euros).

In 2015, non-recurring items pertain to restructuring costs (49.4 million euros). They include the costs concerning the voluntary departure plan less the reversal of the provision linked to retirement commitments and long-term benefits for 8.4 million euros, a provision concerning disputes with the PSE (job safeguarding plan) for 35 million euros and for the balance, to other restructuring costs among which those concerning divested activities.

Note 10 - Earnings per share

In 2016, net income amounted to 49.0 million euros. The average number of ordinary shares in circulation was 38.8 million, after deduction of own shares. Net earnings per share for the consolidated group therefore amounted to 1.26 euro.
As the probability of achieving the performance criteria for the current plans is considered to be zero (cf. note 24) and the stock option outside of the money, there is no need to consider potentially dilutive shares in calculating the diluted earnings per share for 2016; the latter is therefore also 1.26 euro per share.

Note 17 – Trade debtors

As at 31 December, trade debtors were due as follows:

(in thousands of euros)	**Total (1)**	**Not due (1)**	**Overdue and not impaired (1)**					
			< 30 days	**between 31 and 60 days**	**between 61 and 90 days**	**between 91 and 180 days**	**between 181 and 360 days**	**> 360 days**
2016	**323,819**	299,702	7,720	6,182	3,961	2,507	2,270	1,477
2015	**353,641**	327,930	8,664	6,056	4,512	3,247	2,963	269

(1) Excluding statistical impairment provisions totalling 2,919 thousand euros as at 31 December 2016 and
1,018 thousand euros as at 31 December 2015

Note 23 - Personnel benefits, provisions and other liabilities

Movements in provisions for risks were as follows:

(in thousands of euros)	**Opening balance**	**Charge for the year**	**Reversal of the year (unused)**	**Reversal of the year (utilised)**	**Changes in the scope of consolidation, reclassifications and others**	**Closing balance**
Provisions for social and fiscal litigations	56,401	7,751	(2,000)	(14,479)	411	48,084
Other Provision for risks	10,221	1,457	(189)	(8,221)	198	3,466
Total provisions	**66,622**	**9,208**	**(2,189)**	**(22,700)**	**609**	**51,550**
- of which non current	*33,654*	*9,179*	*(2,189)*	*(19,765)*	*198*	*21,077*
- of which current	*32,968*	*29*		*(2,935)*	*411*	*30,473*

Other provisions for risks are primarily comprised as at 31 December 2016 of costs for putting the old premises back into condition and double rents as well as supplier disputes.

Changes in provisions for social and fiscal disputes can be explained primarily by:

- the PSE / PDV reversals corresponding to the amounts paid,
- the allowances mainly concerning an additional provision on various URSSAF controls.

Changes in the other provisions for risks can be explained primarily by:

- the appreciation of a risk in the context of a dispute,
- the reversal for €8 million in the provision on the premises following the transfer of the head office and the grouping together of the various subsidiaries of the Group at Boulogne Billancourt in 2016.

Note 25 – Cash and cash equivalents, net financial debt

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 31 December 2016, these were booked as financial debt for an estimated amount of 2.0 million euros and primarily concern an acquisition made at the end of 2015 (Effilab). For this acquisition, there are two performance conditions. They concern the development and the sale of products. The theoretical maximum for these price supplements over the period from 2016 to 2018 is 5.0 million euros. The debt recognised takes account of the actual performance recorded in 2016, and of a completion rate estimated at 37% for the performance for financial periods 2017 and 2018.

Note 27.1 - Financial instruments in the balance sheet

(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 cash	Level 2	Level 3
Available-for-sale assets	188	-	-	188	-	-	-	188	-
Other non-current financial assets	6,263	-	-	-	6,263	-	-	6,263	-
Net trade accounts receivable	320,900	-	-	-	320,900	-	-	320,900	-
Other current financial assets	21,408	21,408	-	-	-	-	-	21,408	-
Cash equivalents	10,172	10,172	-	-	-	-	10,172	-	-
Cash	80,897	80,897	-	-	-	-	80,897	-	-
Financial assets	**439,828**	**112,477**	**-**	**188**	**327,163**	**-**	**91,069**	**348,759**	**-**
Non-current financial liabilities and derivatives	1,341	1,240	-	-		101	-	1,341	-
Bank overdrafts and other short-term borrowing	1,154,359	748	-	-		1,153,611	1,159,879	(5,520)	-
Accrued interest	32,137	-	-	-		32,137	-	32,137	-
Trade accounts payable	98,889	-	-	-		98,889	-	98,889	-
Financial liabilities	**1,286,726**	**1,988**	**-**	**-**		**1,284,738**	**1,159,879**	**126,847**	**-**

As at 31 December 2016, the market value of the loans and revolving credit was 717.2 million euros, compared to a carrying value of 1,159.9 million euros:

(in thousands of euros)	Carrying value	Quotes as at 31/12/2016	Market value
Bank borrowing - facility A7	783,638	61.8%	484,288
Senior secured notes PagesJaunes Finance & Co SCA	337,846	62.0%	209,465
Revolving credit - facility RCF 3	38,395	61.0%	23,421
Loans	**1,159,879**	**61.8%**	**717,174**
Accrued interest not yet due	32,137		
Price supplements on acquisition of securities	1,988		
Other debts incl. debt costs	(6,223)		
Current financial liabilities and derivatives	**1,187,781**		

The ratings used to determine the market values come from Markit for the bank loan (tranche A7 and RCF) and from Bloomberg for the bond loan.

Note 30 - Contractual obligations and off-balance-sheet commitments

Other commitments given

The bank and bond loans are guaranteed by a pledge of the securities of PagesJaunes SA held by SoLocal Group. The pledge directly benefits bank lenders and indirectly the bond lenders via the receivable that PagesJaunes Finance & Co SCA has on SoLocal Group for an amount of 350 million euros as at 31 December 2016. Recall that PagesJaunes Finance & Co SCA is an ad hoc entity without any capital links with SoLocal Group and is fully consolidated into the Group's financial statements.

21 ADDITIONAL INFORMATION

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

On 2 February 2017, the board of directors acknowledged the completion of the share capital reduction by the Company by decreasing the nominal value of the shares from €6 to €0.10 per share (i.e. €3,887,656.40 divided into 38,876,564 shares with a nominal value of €0.10 per share).

Section 21.1.4 “History of the share capital and voting rights” is updated as follows:

Month	Lowest price *(in euros)*	Highest price *(in euros)*	Last price *(in euros)*	Volume of securities exchanged	Capital *(in euros)*
January 2015	17.400	23.100	22.410	9,040,754	182,813,063
February 2015	18.300	23.580	20.040	6,885,300	144,044,604
March 2015	17.160	20.310	18.540	5,048,618	93,837,089
April 2015	14.790	19.890	15.000	6,429,985	113,505,446
May 2015	13.530	15.450	13.650	4,396,737	63,827,259
June 2015	10.530	14.070	13.350	8,451,149	104,877,278
July 2015	12.000	14.310	12.300	4,166,526	54,190,638
August 2015	9.000	12.390	9.870	4,489,159	48,223,326
September 2015	6.420	10.500	6.840	9,697,330	76,719,777
October 2015	6.780	9.210	7.411	7,702,467	65,057,319
November 2015	6.922	9.490	7.557	8,849,677	71,721,495
December 2015	6.402	7.550	6.900	5,199,479	35,975,218
January 2016	5.651	6.995	6.220	4,047,929	25,125,445
February 2016	3.435	6.483	3.730	8,581,980	36,539,304
March 2016	3.765	5.740	4.502	8,352,221	40,723,308
April 2016	4.082	5.630	5.200	4,959,603	24,046,273
May 2016	2.862	5.380	3.253	8,300,959	31,120,290
June 2016	2.001	3.350	2.159	5,286,215	14,497,454
July 2016	2.073	3.500	3.399	7,035,628	19,461,225
August 2016	2.350	3.585	2.610	6,868,733	19,324,950
September 2016	2.100	4.248	3.813	12,579,251	36,653,549
October 2016	3.010	4.277	3.612	10,890,248	37,982,939
November 2016	2.910	3.700	3.100	6,699,156	21,647,247
December 2016	2.741	3.628	3.084	11,673,131	37,500,948
January 2017	2.320	3.144	2.390	6,096,819	16,032,622

Source: Euronext

24 DOCUMENTS MADE AVAILABLE TO THE PUBLIC

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

25 RECENT DEVELOPMENTS

25.1 Main press releases subsequent to the registration of the Second Update to the Reference Document

The main press releases published by the Group since 1st December 2016 are reproduced thereafter:

Boulogne-Billancourt, 13 December 2016

Independent expert report concerning the plan of Mr. Benjamin Jayet

SoLocal Group shareholders are informed of the availability of the supplementary report written by the firm Didier Kling & Associés.

As a reminder, in the first instance, the firm has worked at the initiative of the Company as an independent expert, with the mission to provide a fairness opinion of the proposed subscription prices for the reserved issuances of shares in the context of the revised financial restructuring plan of the Group, is now available. Accordingly, this first report of independent expertise as of 30 November 2016 has been made available to the shareholders on the SoLocal Group corporate site on that same date.

In a second instance, the **Board of Directors of SoLocal Group has requested to extend the mission of the independent expert to review the resolutions transmitted by Mr. Benjamin Jayet and to amend the terms of the revised financial restructuring plan.**

Accordingly, **the supplementary report of the Didier Kling & Associés is made available on the SoLocal Group corporate site at the following address** : **http://www.solocalgroup.com/en/finances**

The report in its comparative analyses states that "the proposal to grant more action without any financial compensation leads to assign extra value to shareholders, who can be estimated at 248 M€" and concludes as follows:

« The resolutions tabled by Mr Benjamin Jayet aiming at changing the consequences of the financial restructuring plan relate to free shares and warrants allocations to all of SoLocal's shareholders.

It is clear from the comparative analyses above that Mr Benjamin Jayet's proposals in his draft resolutions offer shareholders more favourable conditions owing to the granting of a much larger number of free shares. However, this would:

- come with the risk of not encouraging a shareholder to invest in SoLocal's equity;
- make the position of creditors less attractive with an effort to which they would have to agree (estimated in a range from €42 to €216 million, depending on the subscription assumptions).

In our report dated 30 November 2016, we concluded: *" In summary and in light of the foregoing, the terms of the various issues seem to us to be fair to the shareholders from a financial point of view as they will ensure the company's continuity "* We are of the opinion that nothing has happened to change the conclusion of our report.

It should be emphasized that the amendments proposed by Mr Benjamin Jayet are not part of the revised plan approved by the Board of Directors and by the Creditors' Committee. The company has indicated that adoption of the restructuring plan is:

- urgent, in light of recent developments in its business;
- critical, in order to guarantee continuity of the business, preserve its corporate structure and secure its long-term future.

The arrangements proposed by Mr Benjamin Jayet in his draft resolutions would require discussions with the creditors to be re-opened. This would mean having to adopt an amended plan and the company believes that this would put the roll-out of its "Conquérir 2018" strategic plan at risk. This would then affect SoLocal's post-restructuring value in proportions that it appears impossible to quantify. »

Boulogne-Billancourt, 14 December 2016

Suspension of share cotation

SoLocal Group has requested from Euronext Paris the suspension of trading in its shares (LOCAL FR0012938884) which is immediately effective, in the perspective of the publication of a press release.

Boulogne-Billancourt, 14 December 2016

Share quotation resumes

SoLocal Group has requested from Euronext Paris that the trading of its shares (LOCAL FR0012938884) resumes **from the opening of the Paris Stock Exchange on Thursday, 15 December 2016**.

Boulogne-Billancourt, 14 December 2016

Notification of the automatic acceleration of debt in case of rejection of the revised financial restructuring plan by the Extraordinary General Meeting

I. Notification of the automatic acceleration of debt

SoLocal Group was notified today by a representative of the members of the ad hoc group of creditors, the "Majority Holders" (creditors representing at least two thirds of the A7 and B3 debt tranches) voted for the automatic acceleration of the entire debt (excluding C1 debt tranche) (i.e. principal and interests of about €835M) of the Company on Friday 16 December 2016, in case of the rejection of the revised financial restructuring plan by the Extraordinary General Shareholders' Meeting to be held on Thursday 15 December 2016.
According to this notification, the acceleration of debt by creditors is based on three cases of default:

- breach of bank covenants as of 30 June 2016 and 30 September 2016, as communicated by the Company respectively on 1 August and 25 November 2016;

- crossed default with the € 350M 8.875% Senior Secured Notes due 2018 issued by PagesJaunes Finance & Co S.C.A in title of (i) the cessation of payments of the Company, (ii) the procedures and votes related to the modification of the Plan de sauvegarde financière accélérée and (iii) the mandat ad hoc and the conciliation;

- the existence of a major event that adversely impacts the financial situation of the Group SoLocal ("Material Adverse Effect") related to the rejection of the financial restructuring plan by the Combined General Meeting of 19 October 2016, and if need be the rejection of the revised plan by the Extraordinary General Shareholders' Meeting of 15 December 2016.

As a reminder, these cases of default are raised by creditors pending the vote of the Extraordinary General Shareholders' Meeting of 15 December 2016.

The Company took note of this notification, it will examine appropriate measures in the event of the rejection of the plan and in the light of this notification, could consider the opening of collective proceedings according to some terms that are not yet determined.

As a reminder: bonds issued by PagesJaunes Finance & Co SCA are already accelerated and the C1 tranche (which corresponds to these bonds) is in default of payment since early December 2016 as a result of the no interest payments.

II. Extraordinary General Meeting

The President of the Commercial Court of Nanterre dismissed today the order of D&P Finance and D&P Croissance which had introduced an application for interim relief of postponement of the Extraordinary General Shareholders' Meeting convened for 15 December 2016.

SoLocal Group therefore confirms its Extraordinary General Meeting 15 December 2016 at 4 p.m. at Espace Grande Arche de La Défense.

III. Thresholds crossing

Furthermore, SoLocal Group took note of the following threshold crossings by the Company and the *Autorité des Marchés Financiers* :

- As of 14 December 2016, the company JMPI Limited declared to no longer be a shareholder in SoLocal Group.

- As of 14 December 2016, Benjamin Jayet, acting in concert with the people mentioned below, declared a threshold crossing on 13 December 2016 of 10% of the capital and the voting rights of the company SoLocal Group and holding 3 910 573 shares of SoLocal Group representing 3 910 573 voting rights, or 10.06% of the capital and 10.007% of the voting rights of the Company.

	Shares	**% capital**	**Voting rights**	**% voting rights**
Benjamin Jayet	411 130	1,06	411 130	1,05
BJ Invest	1 469 822	3,78	1 469 822	3,76
Philippe Besnard	0	0	0	0
Pentagram Media	188 306	0,48	188 306	0,48
D&P Finance	276 775	0,71	276 775	0,71
D&P Croissance	59 500	0,15	59 500	0,15
Benoît Marzloff	15 000	0,04	15 000	0,04
Christian-Louis Victor	13 905	0,04	13 905	0,04
Philippe Astruy	140 000	0,36	140 000	0,36
Gilles Brenier	470 000	1,21	470 000	1,20
Chakibel Associates	271 354	0,70	271 354	0,69
Baudoin de Pimodan	4 100	0,01	4 100	0,01
Loïc de la Cochetière	6 000	0,02	6 000	0,02
Christophe Deshayes	6 000	0,02	6 000	0,02
Pierre-Henry Leroy	9 000	0,02	9 000	0,02
Philippe Losappio	142 681	0,37	142 681	0,37
Valger LP	250 000	0,64	250 000	0,64
Association Actionnaires de Solocal Group	177 000	0,46	177 000	0,45
Total concert	**3 910 573**	**10,06**	**3 910 573**	**10,007**

- As of 13 December 2016, the RegroupementPPLocal association declared threshold crossing of 4% of the capital of the Company on 13 December 2016;

- As of 9 December 2016, Boussard & Gavaudan Partners Limited declared threshold crossing on 13 December 2016 of 2.24% of the capital of SoLocal Group by holding 871 071 shares;

- As of 8 December 2016, M. Gilles Brenier declared threshold crossing of 1% of the capital of SoLocal Group by holding 470 000 shares and voting rights of the Company.

Boulogne-Billancourt, 15 December 2016

Suspension of share cotation

SoLocal Group has requested from Euronext Paris the suspension of trading in its shares (LOCAL FR0012938884) **from Thursday 15 December 2016 at 3:00 PM** (Paris time) **until the opening of the Paris Stock Exchange on Monday 19 December 2016**, in the perspective of the holding of the Extraordinary Sareholders' meeting of 15 December 2016 and the hearing at the Commercial Court of Nanterre of 16 December 2016.

Boulogne-Billancourt, 16 December 2016

Share quotation resumes

SoLocal Group has requested from Euronext Paris that the trading of its shares (LOCAL FR0012938884) resumes **from the opening of the Paris Stock Exchange on Monday, 19 December 2016**.

Boulogne-Billancourt, 16 December 2016

Approval of the financial restructuring plan by the Extraordinary General Shareholders' Meeting of SoLocal Group on 15 December 2016

The Extraordinary General Shareholders' Meeting of SoLocal Group which met on 15 December 2016 has approved all the resolutions required for the implementation of the revised financial restructuring plan presented by the Company.

As announced, the Board of Directors of the Company will meet in the coming weeks to decide on the appointment by way of cooptation of a Director and the appointment of a non voting member, both of them representing the creditors.

However, the draft resolutions presented by shareholders including Mr. Benjamin Jayet and D&P Finance represented by Mr. Calmels, and not approved by the Board of Directors, have been rejected.

The results of the vote on each of the resolutions will be online on the corporate website of SoLocal Group on Monday 19 December (http://solocalgroup.com).

As envisaged, the financial restructuring plan having now been approved by the shareholders and creditors of SoLocal Group, the Company has presented at a hearing at the Commercial Court of Nanterre on 16 December 2016 a request of amendement for the *plan de sauvegarde financière accélérée* in which the Company is engaged. The upcoming decision of the Commercial Court of Nanterre is the last prior approval necessary for the implementation of the plan. Futhermore the creditors of the ad hoc group acting in concert (funds managed or advised by Amber Capital UK Holdings Ltd, Monarch Alternative Capital (Europe) Ltd and Paulson & Co., Inc.) indicated to have obtained the derogation from the *Autorité des Marchés Financiers* to launch a takeover bid in the event of the acquisition of control of 30% of the Company's capital post Rights Issue.

According to the estimated schedule, the operations of Rights Issue would be realised in Q1 2017.

Jean-Pierre Remy, Chief Executive Officer of SoLocal Group declared: "*The support provided by the shareholders to the financial restructuring plan gives now a new future to SoLocal Group and its 4,400 employees. Freed up from its debt burden, SoLocal Group has today a new room for maneuver to invest, accelerate its growth and develop innovative and creative communication solutions for its 500,000 clients.*"

Boulogne-Billancourt, 22 December 2016

Amendment to the *plan de sauvegarde financière accélérée* of SoLocal Group approved by the Commercial Court of Nanterre

The Commercial court of Nanterre has approved the amendment to the *plan de sauvegarde financière accélérée* of SoLocal Group in accordance with the terms of the revised financial restructuring plan approved by the creditors committee on 30 November 2016 and the Extraordinary General Shareholders' Meeting on 15 December 2016.

This Court's decision was the last prior approval necessary for the implementation of the revised financial restructuring plan.

According to the estimated schedule, the operations of Rights Issue should thus be realised in Q1 2017.

Boulogne-Billancourt, 6 January 2017

Half-year SoLocal Group liquidity contract statement entered into with Natixis

Under the liquidity contract entered into between SOLOCAL GROUP and NATIXIS, the following resources were listed in the liquidity account as at 31 December 2016:

- 82,722 SOLOCAL GROUP shares
- €478,283.67

At the last half-year SOLOCAL GROUP liquidity contract statement as at 30 June 2016, the following resources were listed in the liquidity account:

- 136,492 SOLOCAL GROUP shares
- €229,455

It is specified that at the implementation of the said contract the following resources were listed in the liquidity account:

- 1,574,551 SOLOCAL GROUP shares
- €1,342,268.00

Boulogne-Billancourt, 9 January 2017

Evolution of the composition of SoLocal Group Board of Directors

The Board of Directors of SoLocal Group at its meeting of 5 January 2017 took note of the resignation of Mr. Rémy Sautter as Director and thanked him for his very active contribution to the work of the board over the past 12 years. For the replacement of the latter, the Board of Directors has decided to co-opt Mr John Slater, Partner at Paulson. Moreover, Mr Matthew Glowasky, Managing Principal at Monarch Alternative Capital, was appointed as non-voting member.

The entry of creditors' representatives in the Board of Directors was planned with the revised financial restructuring plan announced early November 2016.

Boulogne-Billancourt, 13 January 2017

Precisions concerning the financial restructuring plan

SoLocal Group brings the following precisions concerning the financial restructuring plan voted in the Extraordinary General Shareholders' Meeting of 15 December 2016 and which now allows the implementation of the "Conquer 2018" plan:

- The full year 2016 results of SoLocal Group will be published on Friday 3 February 2017 (before market opening);

- The Company's intent is that the subscription period for the Rights Issue of an amount of about €400 million planned with the financial restructuring plan be quickly launched after the publication of the full year 2016 results, so that the settlement of all various equity operations planned takes place before 15 March 2017.

This calendar is subject to changes, in particular in connection with the period for obtaining the visa of the *Autorité des Marchés Financiers* on the prospectus related to the above mentioned Rights Issue.

The President of the Commercial Court of Nanterre, by an order issued on the date hereof, has dismissed Mr Benjamin Jayet of its application for interim measures to suspend the implementation of the resolutions number 1 to 7 submitted to the vote of the General Shareholders' Meeting of SoLocal Group on 15 December 2016 (related to the financial restructuring). Moreover, Mr Jayet formed third party opposition against the judgment of the Commercial Court of Nanterre dated 22 December 2016, approving the change of the accelerated financial safeguard plan.

Boulogne-Billancourt, 3 February 2017

Press release regarding the filing of consolidated financial information as of 31 December 2016

SoLocal Group has made available to the public and filed with French financial markets authority (AMF) its consolidated financial information as of 31 December 2016.

The consolidated financial information is available on the company website at www.solocalgroup.com, in the heading "Finance Area".

Boulogne-Billancourt, 3 February 2017

Q4 2016: Strong improvement of Internet growth and profitability reflecting strong Internet order growth in the first 9 months 2016

Q4 2016 results:

- Internet revenues: €171 million, +5%[7]
- EBITDA[8]: €58 million, +9%[1], EBITDA/revenue margin[9] of 28%

2016 full year results in line with announced outlook:

- Internet revenue growth: +1%
- EBITDA/revenue margin[3]: 28%

Outlook for 2017:

- Internet revenue growth: +3% to +5%
- EBITDA[2]: €210 million to €225 million

The financial restructuring plan approved by creditors, shareholders and the Commercial Court of Nanterre will be implemented in Q1 2017 and enables the implementation of the "Conquer 2018" plan.

When releasing the 2016 full year results, Jean-Pierre Remy, Chief Executive Officer of SoLocal Group, stated: *"The 4th quarter shows a point of inflexion in our result which reflects the strong new order performance until last September. The uncertainties which weighed on the achievement of the financial restructuring plan have slowed down the last quarter new order performance, which will restrain our mid-year 2017 revenue growth. However, recent new order performance seems to indicate that this slowdown was only temporary."*

[7] In Q4 2016 versus Q4 2015 (scope: continued activities)
[8] Total (Internet + Print & Voice) recurring EBITDA
[9] Total (Internet + Print & Voice) recurring EBITDA to revenue margin

I. Revenues and EBITDA

The Board of Directors approved the Group's consolidated accounts as of 31 December 2016. The audit procedures have been conducted and the certification audit report is being issued.

In millions of euros	Q4 2015	Q4 2016	Change	12M 2015	12M 2016	Change
Internet revenues	**163**	**171**	**+5%**	**640**	**649**	**+1%**
Local Search	**125**	**127**	**+2%**	**496**	**491**	**-1%**
Number of visits (in million)	*560*	*610*	*+9%*	*2,238*	*2,432*	*+9%*
ARPA (in €)	*243*	*265*	*+9%*	*940*	*992*	*+6%*
Number of clients (in thousand)	*515*	*481*	*-6%*	*528*	*494*	*-6%*
Digital Marketing	**38**	**44**	**+14%**	**144**	**158**	**+10%**
Penetration rate (in number of clients)	*22%*	*24%*	*+2pts*	*22%*	*24%*	*+2pts*
Print & Voice revenues	**51**	**39**	**-23%**	**232**	**164**	**-30%**
Revenues	**214**	**210**	**-2%**	**873**	**812**	**-7%**

Note: Chart concerning the continued activities

The Group recorded revenues of €210 million in Q4 2016, down -2% versus Q4 2015.

Internet revenues of €171 million in Q4 2016 were **up +5% over Q4 2015,** reflecting the strong order growth in the first 9 months of 2016:

- **Audience growth**: Internet visits recorded a growth of +9% in Q4 2016 versus Q4 2015 of which +18% for mobile audience (representing 45% of total audience).
- **Local search revenues:** +2% in Q4 2016 versus Q4 2015:
  - **Local Search ARPA[10]:** +9% in Q4 2016 versus Q4 2015 thanks to a sustainable audience monetisation, resulting in annual growth of +6% in Local Search ARPA
  - **Client base:** -6% in Q4 2016 versus Q4 2015, due to the fact that the positive trend in field sales customer acquisition could not offset lower investments in telesales customer acquisition for several quarters

- **Digital Marketing revenues:** Revenues increased by +14% in Q4 2016 versus Q4 2015 owing to the success of the Group's various innovative offerings (high-value sites, local programming, PagesJaunes Doc online scheduling). Digital Marketing revenues account for 21% of total revenues, and now overpass Print & Voice revenues.

Print & Voice revenues of €39 million in Q4 2016 **decreased by -23%** in Q4 2016 versus Q4 2015.This business now accounts for less than 20% of total revenues.

In millions of euros	Q4 2015	Q4 2016	Change	12M 2015	12M 2016	Change
Internet recurring EBITDA	**44**	**49**	**+12%**	**199**	**186**	**-7%**
EBITDA / revenue margin	27%	29%	*+2pts*	31%	29%	*-2 pts*
Print & Voice recurring EBITDA	**10**	**9**	**-6%**	**71**	**43**	**-39%**
EBITDA / revenue margin	19%	23%	*+4pts*	31%	27%	*-4 pts*
Recurring EBITDA	**53**	**58**	**+9%**	**270**	**229**	**-15%**
EBITDA / revenue margin	25%	28%	*+3pts*	31%	28%	*-3 pts*

Note:
(1) Internet EBITDA and Print & Voice EBITDA for 2015 quarterly data have been adjusted to have indicators computed on comparable methods between 2015 and 2016
(2) Chart concerning the continued activities

Recurring EBITDA was **€58 million** in Q4 2016, up +9% versus Q4 2015. The slight decrease in revenues (-2%) was offset by a decrease in expenses (-5%), primarily sales expenses in the context of financial constraints and a rigorous cost management.

[10] *Average Revenue Per Advertiser*

The **EBITDA to revenue margin** was **28%** in Q4 2016, an increase of +3 points compared to Q4 2015 (-3 points over the period 2016 vs 2015).

II. Net income and financial structure

In millions of euros	Q4 2015	Q4 2016	Change	12M 2015	12M 2016	Change
Recurring EBITDA	**53**	**58**	**+9%**	**270**	**229**	**-15%**
Depreciation and amortisation	(17)	(17)	-4%	(52)	(61)	+16%
Net financial expense	(20)	(18)	-7%	(84)	(74)	-12%
Corporate income tax	(10)	(11)	+9%	(62)	(42)	-32%
Recurring income from continued activities	**6**	**12**	**+97%**	**73**	**52**	**-28%**
Contribution to net income from non recurring items	(28)	(2)	-94%	(30)	(3)	-89%
Net income from divested activities	(3)	-	na	(16)	-	na
Net income	**(24)**	**10**	**nm**	**27**	**49**	**+84%**

Depreciation and amortisation amounted to **-€17 million** in Q4 2016.

Net financial expense was **-€18 million** in Q4 2016**,** a drop of -7% compared to Q4 2015, as the hedging instruments matured at the end of September 2015.

Corporate income tax amounted to -€11 million in Q4 2016, an increase of +9% compared to Q4 2015.

Recurring income from continued activities amounted to **€12 million** in Q4 2016, up +97% compared to Q4 2015.

Net income from divested activities was nil in Q4 2016 due to the fact that the divestment of non-growing and unprofitable Internet businesses has been fully completed in 2015.

The Group's **net income** totalled **€10 million** in Q4 2016, compared to net income of -€24 million in Q4 2015, which included non-recurring provisions, net of taxes, of €28 million that had been booked in respect of the voluntary departure plan and the litigations relative to the employment safeguard plan adopted in late 2013.
Net debt[11] totalled €1,107 million as of 31 December 2016.
The financial leverage covenant was at 3.79x as of 31 December 2015, and at 4.72x as of 31 December 2016 and at about 1.5x pro forma post financial restructuring[12].

The accounting consequences of the debt extinguishment will be accounted for at the effective implementation of the financial restructuring plan, in particular the full amortization through P&L of the issuing expenses representing 11M€ before deferred taxes, without any cash impact.

The Group's **net cash flow from continued activities** was **€11 million** in Q4 2016, up +€2 million compared to Q4 2015: the deferral of the interest payment to the closing date of the financial restructuring is partially offset by the negative impact on customer and supplier working capital requirements of the uncertainty surrounding the financial restructuring.

As of 31 December 2016, the Group had a net cash position of €91 million[13].

Note, that as per the financial restructuring plan and as announced in the press release of 21 November 2016, interest payments on the bank debt and notes accrued till 31 December 2016 have been deferred to the financial restructuring plan closing date, and will occur no later than 15 March 2017.

[11] Net debt is the gross financial debt plus or minus the fair net asset value of asset and/or liability derivative instruments used for cash flow hedging purposes, minus cash and cash equivalents.
[12] Computation as defined in the bond documentation and which is based on FY 2016 EBITDA and a net debt taking into account a reinstated debt of €398m as envisaged in the financial restructuring plan presented at the EGM of 15 December 2016
[13] Net of bank overdrafts

Furthermore, as per the financial restructuring plan the interests on debt and note of the Company will cease to accrue as from 1 January 2017.

III. Outlook

The achievement of financial restructuring in Q1 2017 enables the implementation of “Conquer 2018”.

The expected outlook for 2017 is as follows:

	2016	2017
Internet revenue growth	+1%	+3% to +5%
Recurring EBITDA (in €m)	229	210 - 225

IV. Long-term ambition

The financial restructuring will enable the implementation of the “Conquer 2018” plan and aims to generate:

	2016	2017	2018 [14] [15]	CAGR 2018-2020[8]
Internet revenue growth	+1%	+3% to +5%	+9%	High single-digit
EBITDA growth	-15%	-8% to -2%	+5%	High single-digit

Note: Recurring EBITDA growth for the entire Group (Internet + Print & Voice), CAGR: Compound Annual Growth Rate, scope: continued activities

V. Additional information relative to the financial restructuring plan

The financial restructuring plan approved by the creditors, the shareholders and the Commercial Court of Nanterre will be implemented in Q1 2017 and enables the deployment of “Conquer 2018”.

The Commercial Court of Nanterre, by an order issued on 31 January 2017, has dismissed Mr Benjamin Jayet who formed third party opposition against the judgment of the Commercial Court of Nanterre dated 22 December 2016 approving the change of the accelerated financial safeguard plan, and has also dimissed all of Mr. Benjamin Jayet’s requests in this instance.

Furthermore, Mr. Jayet appealed to the Court of Appeal of Versailles the decision of the President of the Commercial Court of Nanterre on 13 January 2017, dismissing Mr Jayet's application for interim measures to suspend the implementation of the resolutions number 1 to 7 submitted to the vote of the General Shareholders’ Meeting of SoLocal Group on 15 December 2016 (related to the financial restructuring). Mr. Jayet also took legal action at the Commercial Court of Nanterre against the Company for a substantive decision to set aside those decisions.

The timing of these proceedings, and in particular the decision of the courts concerned, is not known to date.

[14] From 2018 onwards, the indicators of financial performance will concern the consolidated scope corresponding to the continued activities. The forward-looking statements in this press release are not forward-looking forecasts within the meaning of Regulation (EC) No. 809/2004. Forward-looking statements are based on the current beliefs, assumptions and expectations of the Company and take into account all information currently available. They do not guarantee the future performance and are subject to various risks and uncertainties, including those detailed in the "risk factors" of the document reference and its updates.

[15] Internet revenue and EBITDA growth rates in line with the targets of revised Conquer 2018 plan released on 25 November 2016

Furthermore, SoLocal Group took note of the upward threshold crossing dated 25 January 2017 from Credit Suisse Securities (Europe) Limited, which declares to hold 1,633,297 shares of the Company, representing 4.20% of SoLocal Group’s capital.

Appendices

In financial year 2015, the Group disposed of four businesses that were unprofitable and not growing (the Horyzon Media Internet display advertising representative, the ZoomOn local social network, the Lookingo “daily deals” and the Sotravo online home improvement price quotation service).

The financial statements published by the Group as of 31 December 2016 break down as follows: consolidated figures for discontinued operations and for continued operations.

Since 2015, SoLocal Group separates the results from continued operations from those of businesses it has divested. Comments on financial performance indicators apply to the scope of continued operations. Recurring EBITDA excluding items such as restructuring and integration costs.

Consolidated Income Statement

In millions of euros	Q4 2016				Q4 2015			
	Consolidated	Divested activities	Continued activities		Consolidated	Divested activities	Continued activities	
			Recurring	Non recurring			Recurring	Non recurring
Revenues	210	-	210	-	215	0	214	-
Net external expenses	(58)	-	(58)	-	(60)	(1)	(59)	-
Personnel expenses	(94)	-	(94)	-	(103)	(1)	(102)	-
Recurring EBITDA	**58**	**-**	**58**	**-**	**52**	**(2)**	**53**	**-**
Non recurring items	(3)	-	-	(3)	(41)	4	-	(45)
EBITDA	**55**	**-**	**58**	**(3)**	**11**	**2**	**53**	**(45)**
Depreciation and amortization	(17)	-	(17)	-	(23)	(6)	(17)	-
Operating income	**39**	**-**	**41**	**(3)**	**(13)**	**(4)**	**36**	**(45)**
Financial income	1	-	1	-	0	-	0	-
Financial expenses	(19)	-	(19)	-	(20)	-	(20)	-
Net financial expense	**(18)**	**-**	**(18)**	**-**	**(20)**	**-**	**(20)**	**-**
Share of profit or loss of an associate	-	-	-	-	-	-	-	-
Income before tax	**21**	**-**	**23**	**(3)**	**(32)**	**(4)**	**16**	**(45)**
Corporate income tax	(10)	-	(11)	1	8	1	(10)	17
Effective tax rate	*-51%*	-	*-49%*	*-34%*	*-25%*	-	*-61%*	*-38%*
Income for the period	**10**	**-**	**12**	**(2)**	**(24)**	**(3)**	**6**	**(28)**

In millions of euros	12M 2016				12M 2015			
	Consolidated	Divested activities	Continued activities		Consolidated	Divested activities	Continued activities	
			Recurring	Non recurring			Recurring	Non recurring
Revenues	812	-	812	-	878	5	873	-
Net external expenses	(215)	-	(215)	-	(217)	(9)	(208)	-
Personnel expenses	(368)	-	(368)	-	(400)	(6)	(394)	-
Recurring EBITDA	**229**	**-**	**229**	**-**	**261**	**(9)**	**270**	**-**
Non recurring items	(5)	-	-	(5)	(50)	(1)	-	(49)
EBITDA	**224**	**-**	**229**	**(5)**	**211**	**(10)**	**270**	**(49)**
Depreciation and amortization	(61)	-	(61)	-	(68)	(16)	(52)	-
Operating income	**163**	**-**	**168**	**(5)**	**143**	**(26)**	**218**	**(49)**
Financial income	1	-	1	-	2	-	2	-
Financial expenses	(75)	-	(75)	-	(86)	(0)	(86)	-
Net financial expense	**(74)**	**-**	**(74)**	**-**	**(84)**	**(0)**	**(84)**	**-**
Share of profit or loss of an associate	-	-	-	-	0	-	0	-
Income before tax	**89**	**-**	**95**	**(5)**	**59**	**(26)**	**135**	**(49)**
Corporate income tax	(40)	-	(42)	2	(33)	10	(62)	19
Effective tax rate	*-45%*		*-45%*	*-34%*	*-55%*	*-40%*	*-46%*	*-38%*
Income for the period	**49**	**-**	**52**	**(3)**	**27**	**(16)**	**73**	**(30)**

Consolidated Cash Flow Statement

In millions of euros	Q4 2015	Q4 2016	Change	12M 2015	12M 2016	Change
Recurring EBITDA	**53**	**58**	**9%**	**270**	**229**	**-15%**
Non monetary items included in EBITDA and other	0	4	695%	10	8	-16%
Net change in working capital	21	(4)	-119%	(11)	(56)	434%
Acquisition of tangible and intangible fixed assets	(23)	(20)	-11%	(76)	(69)	-9%
Cash financial income	(24)	(1)	-97%	(79)	(36)	-55%
Non recurring items	(8)	(11)	39%	(28)	(33)	17%
Acquisition costs of shares	-	-	na	-	-	na
Corporate income tax paid	(11)	(15)	32%	(20)	(13)	-37%
Net Cash flow from continued activities	**9**	**11**	**24%**	**67**	**31**	**-54%**
Net Cash flow from divested activities	(3)	-	-100%	(8)	-	-100%
Net cash flow	**6**	**11**	**91%**	**58**	**31**	**-47%**
Increase (decrease) in borrowings and bank overdrafts	(3)	(10)	179%	(34)	2	-105%
Capital increase	(0)	0	-100%	2	0	-100%
Other	(18)	(0)	-98%	(17)	5	-131%
Net cash variation	**(16)**	**1**	**-105%**	**10**	**38**	**286%**
Net cash and cash equivalents at beginning of period	69	90	30%	44	53	22%
Net cash and cash equivalents at end of period	**53**	**91**	**71%**	**53**	**91**	**71%**

Consolidated Balance Sheet

In million of euros

ASSETS	31-Dec-15	31-Dec-16
Total non-current assets	**251**	**264**
Net goodwill	95	96
Other net intangible fixed assets	123	128
Net tangible fixed assets	28	33
Other non-current assets of which deferred tax assets	4	7
Total current assets	**508**	**506**
Net trade accounts receivable	353	321
Acquisition costs of contracts	38	35
Prepaid expenses	9	6
Cash and cash equivalents	54	91
Other current assets	54	53
TOTAL ASSETS	**759**	**769**

LIABILITIES		
Total equity	**(1,328)**	**(1,286)**
Total non-current liabilities	**1,244**	**127**
Non-current financial liabilities and derivatives	1,118	1
Employee benefits (non-current)	85	88
Other non-current liabilities	41	38
Total current liabilities	**843**	**1,928**
Bank overdrafts and other short-term borrowings	26	1,186
Deferred income	483	408
Employee benefits (current)	121	116
Trade accounts payable	95	99
Other current liabilities	117	118
TOTAL LIABILITIES	**759**	**769**

A APPENDICES

Glossary

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

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

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

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

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

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

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

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

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

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

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

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

- Number of unique visitors of a website: number of Internet users / mobile users / tablet users over a given month

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

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

Audiences (visits indicator measures by SoLocal Group):

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

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

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

Concordance table

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