Financial Report
As at 30 June 2018

Board of Directors of 25 July 2018

Unofficial translation of the French-language "*Rapport financier au 30 juin 2018*" of SoLocal Group, for information purposes only.

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SoLocal Group
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1. Activity report as at 30 June 2018

1.1. Overview

SoLocal Group is positioned as the trusted and local digital partner supporting business companies to accelerate their growth. SoLocal Group's activities are structured around two axes. First, a range of "full web & apps" digital services on all devices (PCs, mobiles, tablets and personal assistants), offered in the form of packs and subscriptions, ("Digital Presence", "Digital Advertising", "Digital Website"," Digital Solutions" and "Print to Digital"), and integrating a digital coaching service, to support clients success. Second, flagship owned media (PagesJaunes and Mappy) used daily by Frenchs and offering an enriching and differentiating user experience. With more than 460,000 customers across France and 1.2 billion visits on its media for the first half of 2018, the Group generated revenues of €349.8 million for the first half of 2018, 83.8% coming from Internet making it one of the leading European players in terms of online advertising revenue.

1.2. Commentary on the results at 30 June 2018

Consolidated income statement for the periods ended 30 June 2018 and 30 June 2017

Million euros	As at 30 June 2018					As at 30 June 2017 (*)					
	Consolidated	Divested activities	Continued activities	Continued activities		Consolidated	Divested activities	Continued activities	Continued activities		Change Recurring 2018 / 2017
				Recurring	Non recurring				Recurring	Non recurring	
Revenues	**350.7**	**1.0**	**349.8**	**349.8**	**-**	**373.5**	**6.4**	**367.1**	**367.1**	**-**	**-4.7%**
Net external expenses	(98.7)	(0.5)	(98.3)	(96.5)	(1.8)	(101.0)	(4.6)	(96.4)	(96.8)	0.4	-0.3%
Staff expenses	(190.5)	(0.6)	(189.8)	(183.3)	(6.5)	(198.8)	(3.8)	(195.0)	(190.8)	(4.2)	-3.9%
Restructuring costs	(124.9)	-	(124.9)	-	(124.9)	-	-	-	-	-	-
EBITDA	**(63.3)**	**(0.1)**	**(63.2)**	**70.0**	**(133.2)**	**73.7**	**(2.0)**	**75.7**	**79.5**	**(3.8)**	**-11.9%**
As % of revenues				*20.0%*		*19.7%*		*20.6%*	*21.7%*		
Depreciation and amortization	(32.8)	(0.1)	(32.7)	(32.7)	-	(29.7)	(1.4)	(28.3)	(28.3)	-	15.5%
Operating income	**(96.1)**	**(0.2)**	**(95.9)**	**37.3**	**(133.2)**	**44.0**	**(3.4)**	**47.4**	**51.1**	**(3.8)**	**-27.0%**
As % of revenues				*10.7%*		*11.8%*		*12.9%*	*13.9%*		
Net gain from debt restructuring at 13 March 2017	-	-	-	-	-	265.8	-	265.8	-	265.8	-
Other financial income	0.1	-	0.1	0.1	-	-	-	-	-	-	-
Financial expenses	(19.2)	(0.0)	(19.2)	(19.2)	-	(11.0)	(0.0)	(11.0)	(11.0)	-	74.5%
Financial income	**(19.1)**	**(0.0)**	**(19.1)**	**(19.1)**	**-**	**254.8**	**(0.0)**	**254.8**	**(11.0)**	**265.8**	**73.6%**
Income before tax	**(115.2)**	**(0.2)**	**(115.0)**	**18.2**	**(133.2)**	**298.8**	**(3.4)**	**302.2**	**40.2**	**262.0**	**-54.7%**
Corporate income tax	34.8	0.0	34.7	(11.1)	45.9	(2.8)	0.5	(3.3)	(17.1)	13.8	-35.1%
Income for the period	**(80.4)**	**(0.2)**	**(80.2)**	**7.1**	**(87.3)**	**296.0**	**(2.9)**	**298.9**	**23.1**	**275.8**	**-69.3%**

(*) Restated for the impact of the first application of IFRS 15 (see Note 1.2.1 to the condensed consolidated financiale statements) and for the rates of employee turnover for retirement benefits

The table above presents the consolidated income statement for the periods ended 30 June 2018 and 30 June 2017. When presenting its results and in this activity report, SoLocal Group separates the performance of continued activities from that of activities it has sold. The financial performance indicators for the scope of continued activities are detailed below.

During the 2017 financial year and the first half of 2018, the Group divested several of its non-strategic activities ("Divested activities"):

- in 2017, the website avendrealouer.fr, an online real estate classifieds business, and Chronoresto, an online meal ordering service, generated revenues of 4.9 million euros and 0.2 million euros respectively at 30 June 2017, representing total revenues of 5.1 million euros at 30 June 2017. These two activities generated EBITDA of -0.2 million euros and -1.3 million euros respectively at 30 June 2017, i.e. total EBITDA of -1.5 million euros at 30 June 2017;

- in 2018, Netvendeur, Retail Explorer, Effilab Dubaï and Effilab Australie generated revenues of 1.0 million euros and EBITDA of -0.2 million euros. These four companies generated total revenues of 1.3 million euros and EBITDA of -0.5 million euros at 30 June 2017.

The non-recurring items of continued activities are described below in the analysis of other income statement items of continued activities.

Breakdown of revenues and recurring EBITDA (see definitions) of continued activities as at 30 June 2018 and 30 June 2017

SoLocal Group	**Continued activities**		
Million euros	**As at 30 June 2018**	**As at 30 June 2017 (*)**	**Change 2018 / 2017**
Digital	293.1	296.8	-1.2%
Print	56.7	70.4	-19.5%
Revenues	**349.8**	**367.1**	**-4.7%**
Digital revenues as % of total revenues	*83.8%*	*80.8%*	
Digital	59.0	62.5	-5.7%
Print	11.0	16.9	-35.1%
Recurring EBITDA	**70.0**	**79.5**	**-11.9%**
As % of revenues			
Digital	*20.1%*	*21.1%*	
Print	*19.4%*	*24.1%*	
Total	**20.0%**	**21.6%**	

(*) Restated for the impact of the first application of IFRS 15 (see Note 1.2.1 to the condensed consolidated financiale statements) and for the rates of employee turnover for retirement benefits

1.2.1. Analysis of revenues, sales and order backlog of continued activities

	As at 30 June 2018	As at 30 June 2017	Change
In million of euros			
Digital sales	293.0	298.4	-1.8%
Print sales	43.0	61.8	-30.3%
Total sales	**336.0**	**360.2**	**-6.7%**

During the first half of 2018, total sales amounted to €336.0 million, down -6.7% compared to the first half of 2017, with a decrease in Digital sales of €5.4 million, down -1.8% (mainly due to a decrease in Digital sales in the first quarter of 2018), and a decrease in Print sales of -€18.8 million, down -30.3% over the period, in line with the global declining trend of the legacy Print business.

The increase in Digital sales was driven by the success of our Presence products, Booster Contact offering and Websites, in particular the Premium websites. The decrease in Print sales is in line with the trend from previous years.

The SoLocal Group's operational KPIs for the first half of 2018 are as follows:

	As at 30 June 2018	As at 30 June 2017	Change
Evergreen sales (as of % of total sales)	16%	9%	6.7 pts
Number of visits (in million)	1,204.0	1,215.2	-0.9%

Evergreen sales represented 16.0% of total sales in the first half of 2018 compared with 9.3% in the first half of 2017. As at June, 30th 2018, about 40,000 customers of the Group subscribed to evergreen offerings.

The global audience decreased by -0.9% in the first half of 2018 compared with the first half of 2017 with 1.2 billion visits.

	30 June 2018	30 June 2017	Change
In million of euros			
Digital order backlog	376.9	383.8	-1.8%
Print order backlog	45.0	68.3	-34.1%
Total order backlog	**421.9**	**452.1**	**-6.7%**

The order backlog reached 421.9 million euros as at June, 30th 2018, down -6.7%. This decrease is mainly due to the strong decline of the Print business (decrease by -34.1% as of June, 30th 2018 vs. June, 30th 2017).

In million of euros	As at 30 June 2018	As at 30 June 2017 (*)	Change
Digital revenues	293,1	296,8	-1,2%
Print revenues	56,7	70,4	-19,5%
Total revenues	**349,8**	**367,1**	**-4,7%**

(*) Restated for the impact of the first application of IFRS 15 (see Note 1.2.1 to the condensed consolidated financiale statement and for the rates of employee turnover for retirement benefits

The Group recorded revenues of €349.8 million in the first half of 2018, down -4.7% compared with the first half of 2017.

Digital revenues amounted to €293.1 million in the first half of 2018, slightly decreasing by -1.2% compared with the first half of 2017. Revenues from Websites and Booster Contact products recorded a double-digit growth.

Print revenues amounted to €56.7 million in the first half of 2018, down -19.5% compared with the first half of 2017. The Print business represents 16.2% of total revenues in the first half of 2018.

1.2.2. Analysis of recurring EBITDA of continued activities

Net external expenses

Recurring net external expenses are almost unchanged at 96.5 million euros for the first half of 2018, versus 96.8 million euros for the first half of 2017. External expenses represent 27.6% of revenues for the first half of 2018.

Staff expenses

Recurring staff expenses decreased -3.9%, or -7.5 million euros, to 183.3 million euros for the first half of 2018, versus 190.8 million euros for the first half of 2017. Staff expenses represent 52.4% of revenues for the first half of 2018.

Recurring EBITDA of continued activities

Recurring EBITDA stood at 70.0 million euros for the first half of 2018, a decrease of 11.9% compared with the first half of 2017, predominantly due to the decline in revenues partially offset by the decrease in personnel expenses. The EBITDA margin reached 20.0% for the first half of 2018, a reduction of -1.7 point compared with the first half of 2017.

Recurring EBITDA for the Digital segment decreased 3.5 million euros, or -5.7%, to 59.0 million euros for the first half of 2018, versus 62.5 million euros for the first half of 2017. Recurring EBITDA for the Print segment fell -5.9 million euros, or -35.1%, to 11.0 million euros for the first half of 2018, versus 16.9 million euros for the first half of 2017.

1.2.3. Analysis of other income statement items of continued activities

Operating income

The table below shows the Group's operating income from continued activities as at 30 June 2018 and as at 30 June 2017:

SoLocal Group	Continued activities						
in million euros	As at 30 June 2018			As at 30 June 2017 (*)			
	Total	Recurring	Non recurring	Total	Recurring	Non recurring	Change recurring 2018/2017 (*)
EBITDA	**(63.2)**	**70.0**	**(133.2)**	**75.7**	**79.5**	**(3.8)**	**-11.9%**
As % of revenues	*-18.1%*	*20.0%*	-	*20.6%*	*21.7%*	-	
Depreciation and amortization	(32.7)	(32.7)	-	(28.3)	(28.3)	-	15.5%
Operating income	**(95.9)**	**37.3**	**(133.2)**	**47.4**	**51.1**	**(3.8)**	**-27.0%**
As % of revenues	*-27.4%*	*10.7%*	*-38.1%*	*12.9%*	*13.9%*	*-1.0%*	

(*) Restated for the impact of the first application of IFRS 15 (see Note 1.2.1 to the condensed consolidated financiale statements) and for the rates of employee turnover for retirement benefits

Group depreciation and amortisation rose to -32.7 million euros for the first half of 2018, versus -28.3 million euros for the first half of 2017, an increase of +4.4 million euros (+15.5%) , primarily due to the full depreciation of losses from previous years from divested activities.

The Group's recurring operating income fell by -27.0%, to 37.3 million euros, compared to the first half of 2017.

Net income

The table below shows the Group's net income from continued activities as at 30 June 2018 and as at 30 June 2017:

	Continued activities						
in million euros	As at 30 June 2018			As at 30 June 2017 (*)			
	Total	Recurring	Non recurring	Total	Recurring	Non recurring	Change recurring 2018/2017 (*)
Operating income	**(95.9)**	**37.3**	**(133.2)**	**47.4**	**51.1**	**(3.8)**	**-27.0%**
Net gain from debt restructuring at 13 March 2017	-	-	-	265.8	-	265.8	-
Other financial income	0.1	0.1	-	-	-	-	-
Financial expenses	(19.2)	(19.2)	-	(11.0)	(11.0)	-	74.5%
Financial income	**(19.1)**	**(19.1)**	**-**	**254.8**	**(11.0)**	**265.8**	**73.6%**
Income before tax	**(115.0)**	**18.2**	**(133.2)**	**302.2**	**40.2**	**262.0**	**-54.7%**
Corporate income tax	34.7	(11.1)	45.9	(3.3)	(17.1)	13.8	-35.1%
Income for the period	**(80.2)**	**7.1**	**(87.3)**	**298.9**	**23.1**	**275.8**	**-69.3%**

(*) Restated for the impact of the first application of IFRS 15 (see Note 1.2.1 to the condensed consolidated financiale statements) and for the rates of employee turnover for retirement benefits

Recurring net financial income/expense

The Group's net financial expense stood at -19.1 million euros, versus -11.0 million euros as at 30 June 2017. The change is due to financial expenses: as part of the debt financial restructuring in the first quarter of 2017. 2017 interest expenses were only payable for the period between March, 15th to December, 31st 2017, in accordance with the terms negotiated in the financial restructuring. There are no non-recurring financial items in the first half of 2018, whereas in the first half of 2017 the net gain from debt restructuring reached €265.8 million.

Net recurring income/expense for the period

The corporate income tax expense stood at -11.1 million euros for the first half of 2018, a drop of -35.1% compared with the first half of 2017.

The net recurring income from continued activities totalled 7.1 million euros for the first half of 2018, a drop of -69.3% compared with the first half of 2017.

Non-recurring items

Net income from non-recurring items fell to -87.3 million euros for the first half of 2018, versus +275.8 million euros for the first half of 2017.

This drop relates to non-recurring items included in EBITDA for a total amount of -133.2 million euros excluding taxes, comprised of:

- a provision of -124.9 million euros relating to, on the one hand, the implementation of an Employment Protection Plan and, on the other hand, the closure and merging of regional commercial branches (see Note 6 "Provisions and other liabilities" in the notes to the consolidated financial statements);
- personnel expenses relating to the departure costs of non-replaced persons in the amount of -6.5 million euros;
- external expenses linked to the transformation of the Group in the amount of -1.8 million euros.

As a reminder, the non-recurring items for the first half of 2017 essentially correspond to financial revenues of +265.8 million euros excluding taxes (+278.0 million euros net of taxes), which break down as follows:

- non-monetary financial income of +298.0 million euros resulting from the difference between the book value of the debt converted into equity instruments and the fair value amount of these same instruments in application of IFRIC 19 (see Note 5.2 to the consolidated annual financial statements);
- accelerated amortisation of the expenses associated with the issue of previous financing for an amount of -10.5 million euros linked to the debt restructuring in March 2017 which resulted in the extinguishment of the previous debt;
- expenses linked to the financial restructuring that was fully recognised in the income statement for an amount of -23.9 million euros,
- income of +2.2 million euros on the partial repurchase of the bond loan.

Net income for the period

Net income from continued activities amounted to -€80.4 million in the first half of 2018, primarily due to the restructuring costs related to the transformation plan. In the first half of 2017, net income from continued activities amounted to €296.0 million euros.

1.2.4. Presentation of consolidated cash flows with breakdown of "Continued activities" and "Divested activities"

Cash flow statement In million of euros	**As at 30 June 2018**	**As at 30 June 2017 (*)**	**Change**
Recurring EBITDA	**70.0**	**79.5**	**(9.5)**
Non monetary items included in EBITDA and other	5.4	(0.6)	5.9
Net change in working capital	(24.8)	(17.2)	(7.6)
Acquisition of tangible and intangible fixed assets	(21.5)	(25.2)	3.7
Cash financial income	(17.2)	(41.1)	23.9
Non recurring items	(12.2)	(12.3)	0.1
Corporate income tax paid	(11.8)	(27.0)	15.2
Free Cash flow from continued activities	**(12.2)**	**(43.9)**	**31.7**
Free Cash flow from divested activities	(0.0)	(1.7)	1.7
Free cash flow	**(12.2)**	**(45.6)**	**33.4**
Increase (decrease) in borrowings and bank overdrafts	(0.9)	(270.2)	269.3
Capital increase	-	272.7	(272.7)
Other	(0.4)	0.6	(1.1)
Net cash variation	**(13.6)**	**(42.6)**	**29.0**
Net cash and cash equivalents at beginning of period	86.1	91.0	(4.9)
Net cash and cash equivalents at end of period	**72.5**	**48.4**	**24.1**

(*) Restated for the impact of the first application of IFRS 15 (see Note 1.2.1 to the condensed consolidated financiale statements) and for the rates of employee turnover for retirement benefits

1.3. Consolidated liquidities, capital resources and investment expenses

The table below shows the cash flows from the Group's **continued activities** as at 30 June 2018 and as at 30 June 2017:

SoLocal Group	**Continued activities**		
in million euros	**As at 30 June 2018**	**As at 30 June 2017 (*)**	**Change 2018/2017**
Net cash from operations	9.8	(18.7)	28.6
Net cash used in investing activities	(21.9)	(24.4)	2.5
Net cash provided by (used in) financing activities	(1.2)	2.3	(3.5)
Net increase (decrease) in cash position	**(13.2)**	**(40.9)**	**27.7**

(*) Restated for the impact of the first application of IFRS 15 (see Note 1.2.1 to the condensed consolidated financiale statements) and for the rates of employee turnover for retirement benefits

The net cash flows from operations rose to 9.8 million euros for the first half of 2018, versus -18.7 million euros for the first half of 2017, representing an increase of 28.6 million euros due mainly to:

- EBITDA from continued activities of 65.7 million euros in 2018, versus 75.7 million euros for the first quarter of 2017;
- working capital requirements rose by 24.8 million euros in 2018, compared to an increase of 17.2 million euros in 2017. This rise is mainly due to the decline in sales and the change in product mix in favour of products generating less working capital, such as websites. Furthermore, the increase in WCR during the first half of 2018 includes disbursements in employee profit-sharing and variable compensation (commercial and non-commercial) with respect to 2017, offset in part by a drop in supplier expenses associated with savings in external expenses recorded during Q4 2017.a net disbursement of 8.9 million euros in respect of financial interest in 2018, versus 32.4 million euros in 2017 linked to the shift of the payment of interest from the fourth quarter of 2016 to the first quarter of 2017 as part of the financial restructuring (expense of 32 million euros recognized in 2016),
- a disbursement of 7.5 million euros in respect of corporate income tax in 2018, versus 3.4 million euros in 2017.

The net cash used in investment activities represents a disbursement of 21.9 million euros for 2018, down 2.5 million euros from the disbursement recognised in 2017, mainly comprised of:

- 21.5 million euros relating to the acquisition of tangible and intangible fixed assets in 2018, versus 25.2 million euros in 2017; and
- 1.6 million euros in earn-outs in 2018 payable in relation to acquisitions and 0.6 million euros in 2017.

The net cash used in financing activities represents a net disbursement of 1.2 million euros for 2018, compared to a net collection of 2.3 million euros in 2017 relating to the financial restructuring carried out in March 2017 (see details in Note 5.2).

The table below shows **the changes in the Group's consolidated cash position** for the periods ended 30 June 2018 and 30 June 2017:

SoLocal Group	**As at 30 June**	**As at 31 december**	**AS at 30 June**
in million euros	**2018**	**2017**	**2017**
Cash and cash equivalents	72.9	87.5	48.5
Cash	**72.9**	**87.5**	**48.5**
Bank overdrafts	(0.4)	(1.4)	(0.1)
Net cash	**72.5**	**86.1**	**48.4**
Bank borrowing	-	-	-
Bond loan	397.8	397.8	397.8
Revolving credit facility	-	-	-
Loan issue expenses	-	-	-
Capital leases	0.0	0.1	0.1
Fair value of hedging instruments	-	-	-
Earn-outs	1.3	3.7	1.4
Accrued interest not yet due	1.3	1.4	1.2
Other financial liabilities	14.4	14.8	5.3
Gross financial debt	**414.9**	**417.8**	**405.8**
of which current	*5.7*	*9.6*	*7.3*
of wich non current	*409.2*	*408.2*	*398.5*
Net debt	**342.3**	**331.7**	**357.4**
Net debt of consolidated group excluded loan issue expenses	**342.3**	**331.7**	**357.4**

Following the restructuring of the Group's debt on 14 March 2017, the latter was down 765.1 million euros compared to 31 December 2016. Since 30 June 2017, it amounts to 342.3 million euros.

As at 30 June 2018, it is mainly comprised:

- bonds issued as part of the financial restructuring completed in March 2017 for a total amount of 397.8 million euros, repayable in March 2022; and
- net cash flow of 72.5 million euros.

Representing net debt of 342.3 million euros at 30 June 2018.

1.4. Outlook for 2018

The outlook for 2018 is for stable recurring EBITDA (based on the same accounting standards, i.e. IFRS 15).

1.5. Events subsequent to the closing date of 30 June 2018

As at 6 July 2018, the final transaction related to the divestment of AVAL business was signed. This transaction took place at an initial sale price of €19.8 million on November 30th 2017. That price was likely to evolve post-transfer, on the basis of adjustment criteria agreed between the two parties. SoLocal Group announced that the sale price reached €21.3 million, then an extra sale price of €1.5 million.

1.6. Investment expenses

CAPEX from continued activities	As at 30 June 2018	As at 30 June 2017	Variation
In million of euros			
Acquisition of tangible and intangible fixed assets	**21.5**	**25.2**	**-14.6%**
In % of revenues from continued activities	6.2%	6.9%	

Capital expenditure fell -14.6% to 21.5 million euros for the first half of 2018, from 25.2 million euros for the first half of 2017. Capital expenditure represents 6.2% of revenues at 30 June 2018.

Glossary

Order backlog: corresponds to the outstanding portion of revenues still to be recognised as of the closing date from sales orders validated and engaged by our clients. Regarding evergreen contracts, only the current commitment period is taken into account.

Digital revenue: sum of the revenues for the Search local and Digital Marketing activities corresponding to the former perimeter for Internet turnover used until the publication of the statements for financial year 2017.

Print revenue: sum of the revenues stemming on the one hand from the "printed directories" activities involving the publication, distribution and sale of advertising space in printed directories (PagesJaunes, PagesBlanches) and on the other hand from traditional direct marketing activities (logistics, postage, mailing) and the directory enquiry services by telephone and SMS (118 008) as well as the QuiDonc reverse directory. This perimeter corresponding to the former perimeter of the turnover of Print & Voice used until the publication of the statements for financial year 2017.

EBITDA: alternate indicator of performance presented in the income statement in operating income and before taking depreciation and amortization into account.

Recurring EBITDA: EBITDA excluding exceptional events.

Sales: any action that must lead to a service executed by the Group for its customers and materialized by the signing of an order form.

Reach (audience indicator created and published by Nielsen Médiamétrie)

Number of unique visitors to a site: number of Internet users / mobile users / tablet users who have visited a site over a given month.

Reach: this represents the traffic, for unique visitors, of a site or of a group during a given month. This can be expressed in volume (number of unique visitors) or as a ratio (with respect to a reference population for the month in question). The Reach for the Group only concerns its own services. None of the external media partners in "out-portalling" are taken into account in this indicator.

Audiences (visit indicator measured by SoLocal Group)

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

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

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

2. Condensed consolidated financial statements

2.1. Consolidated income statement

(Amounts in thousands of euros, except data relating to shares)	Notes	**As at 30 june 2018**	**As at 30 june 2017(*)**
Revenues	3	350,737	373,477
Net external expenses		(98,739)	(100,998)
Personnel expenses		(190,458)	(198,804)
Restructuring costs		(124,885)	-
EBITDA		**(63,345)**	**73,675**
Depreciation and amortization		(32,773)	(29,682)
Operating income		**(96,118)**	**43,993**
Net gain from debt restructuring at 13 March 2017		-	265,785
Financial income		103	-
Financial expenses		(19,191)	(10,961)
Financial income	5	**(19,088)**	**254,824**
Income before tax		**(115,206)**	**298,818**
Corporate income tax	7	34,769	(2,791)
Income for the period		**(80,437)**	**296,026**
Income for the period attributable to:			
- Shareholders of SoLocal Group		(80,458)	296,069
- Non-controlling interests		21	(42)
Net earnings per share (in euros)			
Net earnings per share of the consolidated group based on a weighted average number of shares			
- basic	8	-0.14	3.19
- diluted		-0.14	3.14
Net earnings per share of the consolidated group based on a year end number of existing shares (as at 30 June)			
- basic		-0.14	0.51
- diluted		-0.14	0.51

(*) Restated for the impact of the first application of IFRS 15 (see Note 1.2.1 to the condensed consolidated financiale statements) and for the rates of employee turnover for retirement benefits

2.2. Statement of consolidated comprehensive income

(Amounts in thousands of euros)	**As at 30 june 2018**	**As at 30 june 2017(*)**
Income for the period report	**(80,437)**	**296,026**
ABO reserves :		
- Gross	6,082	(438)
- Deferred tax	(1,550)	(1,862)
- Net of tax	**4,532**	**(2,300)**
Exchange differences on translation of foreign operations	80	(202)
Other comprehensive income	**4,612**	(2,502)
Total comprehensive income for the period, net of tax	**(75,825)**	**293,525**
Total comprehensive income for the period attributable to:		
- Shareholders of SoLocal Group	(75,869)	293,567
- Non-controlling interests	44	(42)

(*) Restated for the impact of the first application of IFRS 15 (see Note 1.2.1 to the condensed consolidated financiale statements) and for the rates of employee turnover for retirement benefits

2.3. Statement of consolidated financial position

(Amounts in thousands of euros)	Notes	**As at 30 june 2018**	**As at 31 December 2017**	**As at 30 june 2017**
Assets				
Net goodwill		88,870	90,727	95,507
Other net intangible fixed assets		112,181	118,842	127,078
Net tangible fixed assets		22,512	25,482	27,600
Available-for-sale assets		423	426	188
Other non-current financial assets		6,962	6,867	6,447
Net deferred tax assets	7	94,297	57,317	51,150
Total non-current assets		**325,245**	**299,660**	**307,970**
Net trade accounts receivable		255,338	281,863	269,646
Other current assets		47,955	33,703	31,065
Current tax receivable		6,933	2,731	1,263
Prepaid expenses		9,252	6,374	8,505
Other current financial assets		2,111	2,880	42
Cash and cash equivalents		72,930	87,476	48,513
Total current assets		**394,519**	**415,025**	**359,035**
Total assets		**719,764**	**714,686**	**667,005**
Liabilities				
Share capital		58,334	58,244	58,153
Issue premium		743,255	741,551	739,814
Reserves		(1,349,935)	(1,666,933)	(1,662,732)
Income for the period attribuable to shareholders of SoLocal Group		(80,458)	318,188	296,069
Other comprehensive income		(40,213)	(44,745)	(44,907)
Own shares		(5,018)	(5,157)	(5,157)
Equity attributable to equity holders of the SoLocal Group		**(674,036)**	**(598,852)**	**(618,761)**
Non-controlling interests		41	79	60
Total equity		**(673,995)**	**(598,774)**	**(618,701)**
Non-current financial liabilities and derivatives	5	409,160	408,170	398,530
Employee benefits - non-current		97,922	139,391	136,619
Provisions - non-current	6	15,728	17,533	15,247
Other non-current liabilities		-	-	2
Deferred tax liabilities	7	712	74	-
Total non-current liabilities		**523,522**	**565,168**	**550,398**
Bank overdrafts and other short-term borrowings	5.3	4,784	9,555	6,176
Accrued interest		1,324	1,419	1,160
Provisions - current	6	178,711	16,108	19,767
Trade accounts payable		106,640	91,186	83,950
Employee benefits - current		112,580	119,704	103,247
Other current liabilities		71,459	78,237	72,070
Corporation tax	7	348	4,905	1,283
Deferred income		394,391	427,178	447,655
Total current liabilities		**870,237**	**748,291**	**735,308**
Total liabilities		**719,764**	**714,686**	**667,005**

(*) Restated for the impact of the first application of IFRS 15 (see Note 1.2.1 to the condensed consolidated financiale statements) and for the rates of employee turnover for retirement benefits

2.4. Statement of consolidated changes in equity

(Amounts in thousands of euros)	Notes	**Number of shares in circulation**	**Share capital**	**Issue premium**	**Own shares**	**Income and reserves**	**Actuarial differences**	**Translation reserve**	**Group equity**	Non-controlling interests	**Total equity**
Balance as at 1st january 2017 (*)		**38,793,842**	**233,259**	**364,544**	**(4,987)**	**(1,940,891)**	**(42,607)**	**(306)**	**(1,390,989)**	**104**	**(1,390,885)**
Total comprehensive income for the period, net of tax						305,888	-	-	305,888	(42)	305,845
Other comprehensive income, net of tax						-	(9,221)	(200)	(9,420)	(2)	(9,422)
Comprehensive income for the period, net of tax						**305,888**	**(9,221)**	**(200)**	**296,467**	**(44)**	**296,423**
Capital transactions	8	542,654,015	(175,106)	375,270	-	269,861	-	-	470,025	-	470,025
Mandatory Convertible Bond		-	-	-	-	8,804	-	-	8,804	-	8,804
Shares of the consolidating company net of tax effect		(286,967)			(170)				**(170)**	-	**(170)**
Balance As at 30 june 2017		**581,160,890**	**58,153**	**739,814**	**(5,157)**	**(1,356,339)**	**(51,828)**	**(506)**	**(615,863)**	**60**	**(615,803)**
Retroactive impact on Turnover table of pension commitment						*(402)*			*6,519*		*6,519*
Retroactive impact of retention plan						*(668)*			*(668)*		*(668)*
Retroactive impact of IFRS15						*(8,749)*			*(8,749)*		*(8,749)*
Balance As at 1st july 2017		**581,160,890**	**58,153**	**739,814**	**(5,157)**	**(1,366,158)**	**(51,828)**	**(506)**	**(618,761)**	**60**	**(618,701)**
Total comprehensive income for the period, net of tax						30,725			**30,725**	21	**30,746**
Other comprehensive income, net of tax							162	(94)	**69**	(2)	**67**
Comprehensive income for the period, net of tax						**30,725**	**162**	**(94)**	**30,794**	**19**	**30,813**
Capital transactions		914,221	91	1,737	-	(1,825)			**2**		**2**
Mandatory Convertible Bond						-			**-**		**-**
Shares of the consolidating company net of tax effect		(32,585)	-	-	-				**-**		**-**
Balance as at 31 december 2017		**582,042,526**	**58,244**	**741,551**	**(5,157)**	**(1,337,257)**	**(44,745)**	**(600)**	**(587,965)**	**79**	**(587,886)**
Retroactive impact of IFRS15	*1.2.1*					*(8,606)*			*(8,606)*		*(8,606)*
Retroactive impact of IFRS9						*(2,283)*			*(2,283)*		*(2,283)*
Balance As at 1st january 2018		**582,042,526**	**58,244**	**741,551**	**(5,157)**	**(1,348,146)**	**(44,745)**	**(600)**	**(598,854)**	**79**	**(598,775)**
Total comprehensive income for the period, net of tax						(80,458)			**(80,458)**	21	**(80,437)**
Other comprehensive income, net of tax							4,532	78	**4,610**	2	**4,612**
Comprehensive income for the period, net of tax						**(80,458)**	**4,532**	**78**	**(75,848)**	**23**	**(75,825)**
Capital transactions		897,077	90	1,704	-	(1,794)	-	-	**-**	-	**-**
Mandatory Convertible Bond			-	-	-	-	-	-	**-**		**-**
Shares of the consolidating company net of tax effect		162,452			139				**139**	-	**139**
Minority in Dubai Effilab capital										(61)	**(61)**
Balance As at 30 june 2018		**583,102,055**	**58,334**	**743,255**	**(5,018)**	**(1,429,871)**	**(40,213)**	**(522)**	**(674,036)**	**41**	**(673,995)**

(*) Restated for the impact of the first application of IFRS 15 (see Note 1.2.1 to the condensed consolidated financiale statements) and for the rates of employee turnover for retirement benefits

2.5. Consolidated cash flow statement

(Amounts in thousands of euros)	Notes	**As at 30 june 2018**	**As at 30 june 2017(*)**
Income for the period attribuable to shareholders of SoLocal Group		**(80,458)**	**296,069**
Depreciation and amortization of fixed assets		29,085	29,093
Change in provisions		126,371	(9,109)
Share-based payment		527	-
Capital gains or losses on asset disposals		3,688	588
Interest income and expenses	5	19,088	(254,810)
Hedging instruments		-	(14)
Tax charge for the period	7	(34,769)	2,791
Non-controlling interests		21	(42)
Decrease (increase) in inventories		57	98
Decrease (increase) in trade accounts receivable		23,881	47,244
Decrease (increase) in other receivables		(17,597)	(2,732)
Increase (decrease) in trade accounts payable		15,058	(5,120)
Increase (decrease) in other payables		(46,088)	(55,609)
Net change in working capital		**(24,690)**	**(16,119)**
Dividends and interest received		110	14
Interest paid and rate effect of net derivatives		(17,312)	(41,142)
Corporation tax paid		(11,821)	(27,000)
Net cash from operations		**9,840**	**(19,681)**
Acquisition of tangible and intangible fixed assets		(21,552)	(25,951)
Acquisitions / disposals of investment securities and subsidiaries, net of cash acquired / sold and other changes in assets		(1,124)	828
Net cash used in investing activities		**(22,676)**	**(25,123)**
Increase (decrease) in borrowings		(908)	(270,219)
Capital increase net of costs		-	272,650
Other cash from financing activities o/w own shares		169	(168)
Net cash provided by (used in) financing activities		**(739)**	**2,263**
Impact of changes in exchange rates on cash		2	(30)
Net increase (decrease) in cash position		**(13,573)**	**(42,571)**
Net cash and cash equivalents at beginning of period		86,118	91,013
Net cash and cash equivalents at end of period	5	**72,545**	**48,441**

(*) Restated for the impact of the first application of IFRS 15 (see Note 1.2.1 to the condensed consolidated financiale statements) and for the rates of employee turnover for retirement benefits

2.6. Notes to the condensed consolidated financial statements as at 30 June 2018

Note 1 – Basis for preparation of the consolidated financial statements

1.1 Description of the business

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

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

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

This information was approved by the Board of Directors of SoLocal Group on 25 July 2018.

1.2 Context of publication and basis for preparation of the consolidated financial statements as at 30 June 2018

1.2.1 IFRS standards

Pursuant to European regulation 1606/2002 of 19 July 2002 on the application of international accounting standards, the Group has prepared the half-year condensed consolidated financial statements for the period ended 30 June 2018 in accordance with the IFRS standards adopted in the European Union and applicable as of that date.

The summary statements relate to the financial statements prepared in accordance with the IFRS standards as at 30 June 2018 and as at 30 June 2017. The condensed quarterly consolidated financial statements as at 30 June 2018 are prepared in accordance with IAS 34 "Interim Financial Reporting".

The main accounting principles used are consistent with those used in the preparation of the annual consolidated financial statements for the last financial year ended 31 December 2017, with the exception of the changes in accounting method described below resulting from the application of new standards on the recognition of revenues (IFRS 15) and on financial instruments (IFRS 9). The Group has not opted for the early application of new standards, including IFRS 16 "Leases". The application of other amendments and interpretations is mandatory with effect from 1 January 2018 but have no significant impact on the half-year consolidated financial statements.

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 2018, 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.

All of the standards and interpretations adopted by the European Union as at 30 June 2018 are available on the website of the European Commission at the following address:
http://ec.europa.eu/internal_market/accounting/ias/index_fr.htm

Update on the application of standards IFRS 9, IFRS 15 (1 January 2018) and IFRS 16 (1 January 2019)

IFRS 9 "Financial Instruments"
This accounting standard has three phases, classification and measurement, impairment of credit risk and hedge accounting. It is related mainly to hedging instruments and hedge accounting, available-for-sale assets and modification in debt, and impairment of commercial liabilities. The analysis has not highlighted any impact on the first three items, and as such the Group has focused on impacts of the accounting standard on evaluation of impairment on commercial liabilities.

The Group has chosen to apply the simplified method for the trade debtors of all consolidated French entities and has applied §B5.5.35 of IFRS 9 by using a statistical matrix that was already used by two subsidiaries, PJSA and SOMS, for receivables more than 90 days overdue. For the portion not hedged from origination (not yet due and less than 90 days), a Group loss ratio based on the sales and unrecoverable losses of the past three years has been used.

IFRS 15 "Revenue from Contracts with Customers"

Introduction to the standard
The application of IFRS 15 "Revenue from Contracts with Customers" is mandatory for periods beginning on or after 1 January 2018.
IFRS 15 sets out a single model that companies must use to account for the revenue from contracts with customers. According to the basic principle of IFRS 15, the accounting for revenue must reflect the transfer of the control of the goods and services promised to the customer for an amount which represents what the entity expects to receive in exchange for these goods and services.
The new standard also includes recommendations on accounting for contract costs.

Accounting policies used

The offers of SoLocal Group are grouped into 3 major families:
1. sites developed to be made available to customers for a contractual period of 12 or 24 months;
2. search local products available online via the Internet Business Card and its complements intended to increase visibility or audiences or to allow for transactional possibilities, typically offered over a renewable period of 12 months, and the Digital Marketing offers that correspond to one-off services or campaigns; and
3. the Print and Voice offer, which for the most part corresponds to inserts in paper directories for annual publication.

Recognition of revenue by SoLocal Group product range

"Sites" range:

Until 31 December 2017, revenues from sites were recognised as follows:
1. the design and production of sites was measured according to the proportion of costs incurred on total costs, which represented approximately 38% of the total sale price and were recognised at the start of the contract; and
2. online releases and updates were recognised at the residual amount of the sale price on a prorata temporis basis over the duration of the contract.

In application of IFRS 15, two separate performance obligations are retained for the sites offer:
1. design of the intellectual content over the duration of performance (between 1 and 4 months depending on the product); and

2. making available and updating the site during the contractual hosting period.

Applying IFRS15 generates an allocation that is different in value between the first obligation and the second, resulting in a modification in the rate of recognising the revenue. A greater portion of revenues is now spread out over the duration of the online publishing.

Search and Digital Marketing range:

Until 31 December 2017, the main offers were recorded, in accordance with industry practice, by distinguishing between:
1. technical design and production costs of between 20% and 50% of the offer price, recognised at the beginning of the contract; and
2. an online publishing service recognised prorata temporis over the duration of the contract.

Applying IFRS 15 will result in recognising all these offers in a linear manner over the duration of the contracts. Taking revenues into account will as such be delayed with respect to the previous methods.

Print range:

Until 31 December 2017, revenues from the "Print" range were recognised as follows:

Revenues from the sale of advertising space in printed directories were recognised at the time of publication of these printed directories. Technical costs for the manufacturing of the directories were subject to separate billing to the advertisers that were recognised at the beginning of the contract.

Applying IFRS 15 leads to no longer distinguishing the technical costs. Insertions into the directories now represent a single performance obligation for which revenues are recognised in full in the month the directory is distributed.

Revenues generated by the traffic on the 118 008 telephone enquiry service will continue to be recognised as the calls are made based on the gross revenue billed to the user. The advertiser revenue is spread out over the duration of the publication, which is generally 12 months.
Applying IFRS 15 leads to no longer distinguishing the technical costs. Insertions into the directories now represent a single performance obligation for which revenues are recognised in full in the month the directory is distributed.

The application of IFRS 15 is not considered to have a significant impact on the other offers in this range.

Impact of IFRS 15 on the financial statements

SoLocal has opted for the full retrospective method for the application of IFRS 15 on 1 January 2018.

The impact on the financial statements is as follows:

(Amounts in thousands of euros)	**As at 30 June 2017**			**As at 31 December 2017**		
Revenues	**IAS 18**	**IFRS 15**	**Change**	**IAS 18**	**IFRS 15**	**Ecarts**
Digital	323 421	303 116	-20 305	644 940	604 327	-40 613
Print	62 388	70 361	7 973	120 001	134 916	14 915
Revenues	**385 809**	**373 477**	**-12 332**	**764 941**	**739 243**	**-25 698**

Costs of obtaining contracts

- The variable portion of the remuneration of the sales force is not considered as an incremental cost directly linked to the acquisition of contracts identified in terms of IFRS 15.
- These costs are now recognised directly in expenses when they are incurred.
- The annual impact on the 2017 financial statements is 452 thousand euros, corresponding to the difference between the acquisition costs of contracts noted on the balance sheet at 31 December 2017 (35,477 thousand euros) and those at 31 December 2016 (35,025 thousand euros).

Costs of executing contracts

- The application of IFRS 15 has no impact on the recognition of costs of executing contracts that are transferred directly to expenses, with the exception of those relating to directories not yet distributed.

IFRS 16 "Leases"
In January 2016, the IASB published IFRS 16 "Leases" which replaces IAS 17.
This new standard introduces a single recognition model for most leases of which the duration is greater than 12 months, consisting for the beneficiary of the contract, when the asset included in the lease can be identified, and who controls the use of this asset, to recognise as an asset on its balance sheet a right of use offset by the recognition as a liability on the balance sheet of a financial debt.
Moreover, the rents for these leases must be accounted for partly as depreciation in the operating results, and partly as financial expenses in financial income.
This standard will be applicable to financial years commencing from 1 January 2019.
The Group is continuing to examine the impact of this standard in order to determine its impacts on the financial statements and the modifications that it could lead to in the information communicated.
For information, the total amount of off-balance sheet operating lease commitments as at 30 June 2018 is 134.7 million euros.

1.2.2 Accounting judgements and estimates

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.

These notably relate to goodwill, the capitalised production of intangible assets, the assessment of contract performance obligations with clients, restructuring costs and the valuation of pension liabilities. The actual results could differ appreciably from these estimates, if the actual outcome differs.

Finally, where a specific transaction is not covered by any standards or interpretations, the Management of the Group applies judgement to define and apply accounting methods which will provide relevant and reliable disclosures, ensuring that the financial statements:

- present a true and fair view of the financial position, the financial performance and the cash flow of the Group;
- reflect the economic substance of transactions;
- are neutral;
- are prudent;

- and are complete in all material respects.

1.3 Presentation of consolidated financial statements

As permitted under IAS 1 "Presentation of Financial Statements", the Group presents the income statement by type.

Operating income corresponds to net income before:
- financial income;
- financial expenses;
- current and deferred income taxes.

EBITDA is an alternate indicator of performance presented in the income statement in operating income and before taking depreciation and amortisation into account.

The activity report presents the Group's continued activities as well as recurring EBITDA which corresponds to EBITDA before taking account of exceptional items such as restructuring costs. Segment information (Note 2), presents the details of the revenues and recurring EBITDA of "Continued activities" and of "Disposed activities".

1.4 Changes in the scope of consolidation

During the first half of the year, the Group sold the following companies:
- Netvendeur on 9 March 2018;
- Retail Explorer on 31 May 2018;
- Effilab Australia on 28 June 2018; and
- Effilab Dubai on 19 June 2018.

1.5 Note of going concern (Note on the continuity of operation)

Despite the existence of consolidated equity that is still negative, the Group has not identified any elements of a nature to compromise continuity of operation.
After the financial restructuring, which made it possible to bring all of the debt to a bond debt of 398 million euros, the Group feels that it will be able to handle all of its financial commitments (see Note 5.2). Indeed, future cash flows generated by operations, net of investment, as well as available cash will make it possible to ensure continuity of operation in the next twelve months.

Note 2 – Segment information

SoLocal Group is developing its activities in two operating segments, Digital and Print, and has generated revenues of 349.8 million euros during the first half of 2018. Its Digital and Print activities represent 84% and 16% of its total business respectively. The Digital activity is driven by four new service lines: digital presence, digital advertising, websites and digital solutions.

Digital
As at 30 June 2018, SoLocal Group has recorded digital revenues from continued activities of 293.1 million euros, representing 83.8% of total Group revenues (see Section 1.2 of the Activity Report).

Print
This segment includes the Group's activities pertaining to the publishing, distribution and sales of advertising space in the PagesJaunes and PagesBlanches print directories (PagesJaunes,

PagesBlanches), as well as other activities of the Group called "Voice", including telephone directory and reverse directory services.
The Print activity has generated revenues of 56.7 million euros at 30 June 2018, down -19.5% compared with the first half of 2017.

Note 3 – Sales

3.1 Revenues

The Group markets products and local communication services mainly in digital and printed form.
Revenues from the activities of the Group are recognised and presented as follows, in accordance with the principles of IFRS 15 "Revenue from Contracts with Customers".

In million of euros	As at 30 June 2018	As at 30 June 2017 (*)	Change
Digital revenues	294.1	303.1	-3.0%
Print revenues	56.7	70.4	-19.5%
Total revenues	**350.7**	**373.5**	**-6.1%**

(*) Restated for the impact of the first application of IFRS 15 (see Note 1.2.1 to the condensed consolidated financiale statements) and for the rates of employee turnover for retirement benefits

The Group recorded revenues of €350.7 million in the first half of 2018, down -6.1% compared with the first half of 2017.

Digital revenues amounted to €294.0 million in the first half of 2018, decreasing by -3.0% compared with the first half of 2017.

Print revenues amounted to €56.7 million in the first half of 2018, down -19.5% compared with the first half of 2017.

3.2 Deferred income

Deferred income mainly comprises sales of billed advertising products later recognised as revenues according to the online display period (digital products) or the publication period (printed directories).

Deferred income decreased from 427 million euros at 31 December 2017 to 394 million euros at 30 June 2018. This decrease must be considered, on the one hand, in relation to the change in sales figures and, on the other hand, in relation to the type of products sold with specific useful lives.

Note 4 – Non-current asset impairment tests

In the absence of an indication of impairment, it was not necessary to carry out, as at 30 June 2018, impairment tests on goodwill and intangible fixed assets.

Note 5 – Cash, debt and financial instruments

5.1 Net financial income

The net financial income is made up as follows:

(Amounts in thousands of euros)	**As at 30 june 2018**	**As at 30 june 2017**
Gain on debt restructuring through the issuance of equity instruments [3]	-	300 198
Costs related to financial restructuring [4]	-	(24 117)
Accelerated amortization of borrowing costs related to the old debt	-	(10 545)
Net gain from debt restructuring as at 13 March 2017	**-**	**265 536**
Interest and similar items on financial assets	(2)	1
Result of financial asset disposals	(8)	(1)
Dividends received	113	-
Other financial income	**103**	**-**
Interest on financial liabilities	(16 153)	(8 191)
Income / (expenses) on hedging instruments	-	14
Amortisation of loan issue expenses	(932)	224
Change in fair value of financial assets and liabilities	-	25
Other financial expenses & fees [1]	(1 064)	(1 974)
Accretion cost [2]	(942)	(810)
Financial expenses	**(19 091)**	**(10 712)**
Net financial expense	**(18 988)**	**254 824**

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

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

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

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

5.2 Cash and cash equivalents

Net financial debt corresponds to the total gross financial debt less or plus derivative asset and liability cash flow hedging instruments and less cash and cash equivalents.

(in thousands of euros)	**As at 30 june 2018**	**As at 31 December 2017**	**As at 30 june 2017(*)**
Accrued interest not yet due	-	-	10
Cash equivalents	5,347	10,044	10,049
Cash	67,583	77,452	38,454
Gross cash	**72,930**	**87,496**	**48,513**
Bank overdrafts	(384)	(1,358)	(72)
Net cash	**72,546**	**86,138**	**48,441**
Bond loan	397,835	397,835	397,835
Lease liability	33	66	117
Price supplements on acquisition of securities	1,308	3,669	1,388
Accrued interest not yet due	1,324	1,439	1,160
Other financial liabilities	14,384	14,797	5,294
Gross financial debt	**414,884**	**417,806**	**405,794**
of which current	*5,724*	*9,636*	*7,264*
of which non-current	*409,160*	*408,170*	*398,530*
Net debt	**342,338**	**331,668**	**357,353**
Net debt of consolidated group excluded loan issue expenses	**342,338**	**331,668**	**357,353**

(*) Restated for the impact of the first application of IFRS 15 (see Note 1.2.1 to the condensed consolidated financiale statements) and for the rates of employee turnover for retirement benefits

➢ Evolution of liabilities from financing activities

(in thousand euros)			Variations "non cash"					
	As at 31 december 2017	Cash flows	Capital increase by offsetting receivables	Other Variations	Var. of change	Var. of JV (1)	Reclass & changes in scope	As at 30 June 2018
Bank borrwing and Bond loan	397,835	-	-	-	-	-	-	397,835
revolving credit facility	-	-	-	-	-	-	-	-
Other loan	12,897	(785)	-	-	-	-	-	12,112
Current account	1,900	812	-	-	-	-	(440)	2,272
Earn-Out	3,669	(1,649)	-	(713)	-	-	-	1,307
Capital lease	66	-	-	(33)	-	-	-	33
Accrued interest not yet due	1,419	-	-	(95)	-	-	-	1,324
Bank overdrafts	1,358	(974)	-	-	-	-	-	384
Total Liabilities fron financing activities	419,144	(2,596)	-	(841)	-	-	(440)	415,267

(1) recognised in result in accordance with IFRIC 19

➢ Cash and cash equivalents

As at 30 June 2018, cash equivalents amounted to 5.3 million euros and are primarily comprised of UCITS, non-blocked, remunerated, fixed-deposit accounts and own bonds.

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

➢ Issuing of bonds

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

Interest:

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

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

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

Maturity date: 15 March 2022.

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

Early repayment or repurchasing:

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

Financial commitments:

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

In case of accounting standard changes, the bond documentation allows calculating financial leverage according to previous standards (IAS 18 for instance) till the Group decides to apply irrevocably the new standard (IFRS 15 for instance).

The Terms & Conditions of the Notes moreover contain certain prohibitions, which prohibit SoLocal Group and its Subsidiaries, apart from certain exceptions, in particular to:

- take on additional financial debt;
- give pledges;
- pay dividends or make distributions to shareholders; exceptionally, paying dividends or making distributions to shareholders is allowed if the Consolidated Net Leverage Ratio does not exceed 1.0:1.

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

The bond is indirectly secured by a pledge on the securities of PagesJaunes SA held by SoLocal Group.

➢ Price supplements on acquisition of securities

As part of the acquisitions completed in 2014 and 2015, price supplements may be paid in 2018 if certain operating performance conditions are fulfilled. As at 30 June 2018, these were estimated to be 1.3 million euros.

➢ Other financial liabilities

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

➢ Position of financial instruments in balance sheet

Position of financial instruments in balance sheet		Breakdown according to IAS 39					Breakdown by level in IFRS 13		
(in thousands of euros)	Carrying amount in balance sheet	Fair value recognised in profit or loss	Derivative instruments (Fair value recognised in equity)	Available-for-sale assets	Loans and receivables (amortised cost)	Financial liabilities (amortised cost)	Level 1 and Treasury	Level 2	Level 3
Available-for-sale assets	423	-	-	423	-	-	-	423	-
Other non-current financial assets	6,962	-	-	-	6,962	-	-	6,962	-
Derivative financial instruments	-	-	-	-	-	-	-	-	-
Net trade accounts receivable	255,338	-	-	-	255,338	-	-	255,338	-
Other current financial assets	2,111	2,111	-	-	-	-	-	2,111	-
Cash equivalents	5,347	5,347	-	-	-	-	5,347	-	-
Cash	67,583	67,583	-	-	-	-	67,583	-	-
Financial assets	**337,763**	**75,040**	**-**	**423**	**262,300**	**-**	**72,930**	**264,833**	**-**
							-	-	-
Non-current financial liabilities and derivatives	409,160	1,307	-	-		407,853	-	409,160	-
Bank overdrafts and other short-tem borrowing	4,784	1	-	-		4,783	-	4,784	-
Accrued interest	1,324	-	-	-		1,324	-	1,324	-
Trade accounts payable	106,640	-	-	-		106,640	-	106,640	-
Financial liabilities	**521,908**	**1,308**	**-**	**-**		**520,600**	**-**	**521,908**	**-**

Note 6 – Provisions and other liabilities

(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 risks	5,015	-	(54)	(74)	-	4,887
Restructuring provisions (2014 & 2018)	24,507	162,649	-	(3,148)	-	184,008
Other Provision for risks	4,119	2,411	(511)	(448)	(28)	5,543
Total provisions	**33,641**	**165,060**	**(565)**	**(3,670)**	**(28)**	**194,438**
- of which non current	*17,533*	*869*	*(507)*	*(522)*	*(1,645)*	*15,728*
- of which current	*16,108*	*164,191*	*(58)*	*(3,148)*	*1,617*	*178,710*

The allowances for the period amounted to 165.1 million euros and primarily concerned the Group's transformation project as described below.

On 13 February 2018, the Group presented its strategic project entitled "SoLocal 2020". This transformation project, developed to enable the Group to recover sustainable growth with effect from 2019, involves cutting around 1,000 positions over the 2018-2019 period, through the implementation of two Employment Protection Plans.

This transformation project also comprises measures to improve operational efficiency, notably including the grouping of the telesales, customer support and production activities within regional centres. This will lead to the closure or merging of regional commercial branches during 2018 and 2019.

To this end, in February 2018, the company launched an Information-Consultation process with the representative staff bodies as part of the 2018 workforce reduction plan, finalised on 26 June 2018.

As part of this Information-Consultation process, Management and the largest trade unions signed four agreements on 22 June 2018:

- an FCSP (Forward-Looking Careers and Skills Planning) agreement on mobility leave, outlining the external mobility schemes offered to employees working in job categories affected by the reorganization project. This agreement encourages voluntary departures between July and end-September 2018;
- an agreement on the Employment Protection Plan for employees in affected positions, to be launched during the fourth quarter of 2018;
- an agreement on the method;
- an agreement to maintain supplementary pensions.

With regard to accounting standards IAS 19 and IAS 37, a provision for the positions affected by the social aspect of the restructuring plan in 2018 and the closure of regional commercial branches at the end of 2018 was recognised at 30 June 2018 in the amount of 163.0 million euros. This provision was assessed by taking into account voluntary departures approved as at 19 July 2018.

The taxable portion of this provision, corresponding to statutory and contractual redundancy payments, amounts to 97.5 million euros.

The reversal of the provision for retirement benefits and long-service awards in relation to the positions cut in 2018 totalled 39.9 million euros.

Elements of uncertainty that could influence the appropriate valuation of this provision will depend on the personal choices made by the individuals working in the affected categories.

With regard to the positions potentially cut in 2019 and the closure of regional commercial branches in 2019, due to the criteria of IAS 37 not being met as at 30 June 2018, no provision has been made.

Note 7 – Corporate income tax

The corporation tax results from the application of the effective tax rate at the end of the financial year to the pre-tax income.

The reconciliation of the theoretical tax, calculated on the basis of the statutory tax rate in France, and the effective tax is as follows:

Amounts in thousands of euros	**As at 30 june 2018**	**As at 30 june 2017(*)**
Pretax net income from businesses	(115,206)	298,818
Pretax net income from businesses and before Share of profit or loss of an associate	**(115,206)**	**298,818**
Statutory tax rate	34.43%	34.43%
Theoretical tax	**39,669**	**(102,893)**
Loss-making companies not integrated for tax purposes & Foreign subsidiaries	(1,444)	(633)
Share-based payment	(181)	-
Recognition of previously unrecognised tax losses	131	(144)
Corporate value added contribution (after tax)	(1,814)	(2,740)
Difference between the carrying amount of the extinguished financial liability and the fair value of the equity instruments issued	-	102,617
Ceiling of interest expense deductibility	(1,547)	(691)
Adjustment corporation tax of prior years	(487)	(227)
Other non-taxable / non-deductible items	442	1,753
Effective tax	**34,769**	**(2,791)**
of which current tax	*(282)*	*(16,044)*
Of which Coporate value added contribution (after tax)	*(2,767)*	*(4,179)*
of which deferred tax	*37,818*	*17,432*
Effective tax rate	**32.6%**	**-0.5%**
Effective tax rate excluded gain from debt restructuring	**32.6%**	**31.9%**

(*) Restated for the impact of the first application of IFRS 15 (see Note 1.2.1 to the condensed consolidated financiale statements) and for the rates of employee turnover for retirement benefits

Note 8 – Shareholders’ equity and earnings per share

8.1 Share capital

The share capital of SoLocal Group is comprised of 583,341,877 shares each with a par value of 0.10 euro, representing a total amount of 58,334,188 euros (before deduction of treasury shares).

8.2 Earnings per share

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

	As at 30 june 2018	As at 30 june 2017
Share capital (weighted average of quarter)	582,724,683	92,790,427
Treasury shares from liquidity contract (weighted average)	(196,458)	(91,858)
Number of basic shares	582,528,225	92,698,569
Additional information		
Number diluted Equity	585,637,598	94,291,331
Number of existing basic shares as of December 31	583,102,055	581,160,890
Number of existing diluted shares as of December 31	588,196,561	582,753,652

Note 9 – Information on related parties

There were no new significant transactions or changes with related parties during the first half of 2018.

Note 10 – Disputes and other contractual commitments

10.1 Disputes – significant changes over the period

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

With the exception of the proceedings described below, the Group is not party to any legal or arbitration procedures that could reasonably be believed to 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.

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 French Council of State (*Conseil d'État*) rejected the recourse of PagesJaunes and of the French Minister of Labour, on the same argument of pure form.

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

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

As at 30 June 2018, 177 decisions have been rendered based on merit. For a large majority, these decisions reject the requests concerning the nullity of the redundancy and the fixed compensation consequences that stem from this, observing that the redundancy is based on a real and serious cause and rejecting the requests concerning the challenging of the economic reason, (in fact no industrial tribunal has to date invalidated employee redundancy) but pronouncing sentences for payment based on article L1235-16 of the Labour Code at a level close to the compensation floor provided by this text, i.e. between six and seven months wages.

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

The Company recognised in the consolidated financial statements 2015 the exceptional impact linked to the court decisions that cancelled the validation by the DIRECCTE of the job safeguarding plan. This additional provision is 35 million euros and is recognised in the consolidated financial statements as at 31 December 2015. It corresponds to a prudent hypothesis in a context of high legal uncertainty, recently reinforced by contradictory decisions of employee claims courts. As at 30 June 2018, the remaining provision in the financial statements was 23.4 million euros.

A request for claims for the prejudice caused by the State to PagesJaunes due to incorrect validation of its PSE is underway. PagesJaunes initially requested compensation from the State for its loss resulting from the payment of compensation following the cancellation of the DIRECCTE decision, then approached the Cergy-Pontoise Administrative Court in July 2017 to obtain a conviction for the State to pay this sum to it.

In 2016, PagesJaunes was the subject of an inspection by the French social security agency (URSSAF) in respect of the 2013, 2014 and 2015 financial years. The Company was in particular notified of an adjustment for an amount of 2.0 million euros concerning the amount of the employer contributions on the AGA. The Company filed, on 14 November 2017, with the Social Security Affairs Court of Bobigny for recourse against the decision to maintain the adjustment, rendered by the URSSAF Arbitration Committee of Ile-de-France on 11 September 2017. A decision handed down on 29 March 2018 by the Social Security Affairs Court of Bobigny confirmed this adjustment. PagesJaunes filed an appeal to this decision on 23 May 2018. As the employer contributed claimed

by the URSSAF was settled on 12 January 2017, the provision was reversed in the statements as at 31 December 2017. Income will be recognised in the event of a reimbursement.

The entities concerned in the group referred to the URSSAF arbitration committee on 28 March 2017, as a safeguard measure, in the hypothesis where the priority questions on constitutionality, concerning the employer contribution paid in terms of non-acquired AGA, were to give rise to a decision of unconstitutionality, in order to obtain reimbursement of the employer contributions that were paid in terms of free shares allocated in 2013, 2014 and 2015.
On 28 April 2017, the Council validated the constitutionality of the text but added a reservation on the interpretation by indicating that "the provisions disputed cannot form an obstacle to the restitution of this contribution when the conditions to which the allocation of the free shares were subjected to were not satisfied".
Having proceedings in progress should allow the companies in Group to be reimbursed for the 2013, 2014 and 2015 amounts (herein including the adjusted amounts) for a total amount of 6.6 million euros.

On 19 June 2018, the 2014 plan matured. Since the performance conditions were not met, no free shares were granted to the employees. In accordance with the recommendation of the Arbitration Committee, new requests relating to the entirety of the employer contribution paid with respect to the 2014 plan (amounting to 6.3 million euros) were filed at the end of June 2018 for the relevant group entities (PagesJaunes, SoLocal, Mappy, Fine Media and Clic RDV).
With effect from 9 February 2019, we may request the reimbursement of the 2015 plan due to it coming to the end of its vesting period (0.27 million euros).

PagesJaunes is undergoing a tax audit concerning financial years 2010 to 2013 and has received proposals for an adjustment concerning the Research Tax Credit. The company considered the adjustments as unfounded and has challenged them with the tax administration. A hierarchical recourse took place on 19 July 2016 and departmental intervention on 28 November 2016. The departmental contact then abandoned a part of the adjustments. The Company sent a dispute claim in the month of February 2018 in order to obtain partial reimbursement for the remaining reassessments. It has booked a provision in order to cover the risks. As the amounts that are not eligible for the research tax credit were settled on 18 April 2017, the provision was reversed in the statements as at 31 December 2017. Income will be recognised in the event of a favourable outcome to this recourse.

In 2016, the AMF (*Autorité des marchés financiers*) initiated an investigation relating to the financial communication of SoLocal Group as of 1 January 2014. So far, no grievance has been made against SoLocal Group. In the case of any grievance made by the disciplinary Commission of the AMF to SoLocal Group, a pecuniary sanction could be pronounced.

10.2 Unrecognised contractual commitments

There were no new significant commitments during the first half of 2018.

Note 11 – Events subsequent to the closing date of 30 June 2018

None

3. Declaration of the person responsible

I certify that to the best of my knowledge, the condensed consolidated financial statements for the first half of the 2018 financial year have been prepared in accordance with the applicable accounting standards and present a true picture of the assets, financial situation and results of the Company and all of the companies included within the consolidation, and that the half-year management report is a true reflection of the major events that have occurred during the first six months of the financial year, of their impact on the half-year financial statements and of the main transactions between related parties, as well as a description of the main risks and main uncertainties for the last six months of the financial year.

Boulogne-Billancourt, 25 July 2018
Chief Executive Officer
Eric Boustouller

4. Statutory Auditors' Report on the half-year financial information 2018

To the Shareholders,

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

- a limited examination of the condensed consolidated half-year financial statements for SoLocal Group, concerning the period from 1 January to 30 June 2018, as provided with this report; and
- verification of the information provided in the half-year management report.

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

I- Conclusion on the financial statements

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

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

Without questioning the opinion expressed above, we draw your attention to Note 1 – Basis for preparation of the condensed consolidated financial statements which presents the impact of the first application of IFRS 15 « Revenue from Contracts with Customers » and IFRS 9 « Financial Instruments »

II- Specific verification

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

Paris-La Défense, 27 July 2018
The Statutory Auditors,

Auditex
Vincent de la Bachelerie

BEAS
Jean-François Viat