



Consolidated financial information as at 31 December 2013

Board of Directors of 12 February 2014

Unofficial translation of the French-language "Informations financières consolidées au 31 décembre 2013" of Solocal Group, for information purposes only.

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Solocal Group

Public limited company with a Board of Directors with capital of 56,196,950.80 euros

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Commercial and Companies Register Nanterre 552 028 425

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1. Annual activity report as of 31 December 2013

1.1. Overview

The Group's core business activity is the provision of local information, principally in France, through the publication of online and printed directories, and the publication of editorial content to assist users in making searches and choices. Through its subsidiaries, Solocal Group (ex – PagesJaunes Groupe) conducts three complementary businesses: the provision of content and services, media and advertising representation. Its offering comprises a diversified range of products and services associated with this activity for the general public and businesses.

The Group's business model is based on that of the media: i.e. offering quality content which generates an audience and then monetising this audience, either as a whole or in segments, among businesses.

The Group's activities are organised in three segments:

- Internet:

These are the activities carried out through the Internet. The main products are the creation and marketing of content and advertising space, listing, targeted advertising and the provision of advertising space for local and national advertisers (often referred to as display), as well as a complete range of products and services for the provision and distribution of information with local content. The Group's Internet activity is mainly carried out in France, but also in Spain (QDQ Media), Luxembourg (Editus, until September 2012). Through Yelster Digital, specialised in metasearch activities (including 123people, e-reputation and 123pages), the group markets its products and services in many other countries.

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

The Group is one of the key European players in making and hosting sites. It offers its clients web optimisation and visibility solutions through Search Engine Optimisation ("SEO") or Search Engine Marketing ("SEM", paid listing).

This segment includes routes, geolocation and reservation services of the Mappy and UrbanDive brands, and couponing from 123deal and digital promotion.

Online people and profile search with 123people, online quotation requests and contact establishment with players of the construction industry from Sotravo, the themed content site ComprendreChoisir.com published by Fine Media, the online ordering of meals on Chronorest.fr from locally-listed restaurants (in 2013) and the Direct Marketing (emailing type) services are also included this segment.

- Printed Directories:

This is the Group historical activity, involving the publication, distribution and sale of advertising space in printed directories (PagesJaunes, *l'Annuaire*, and the directories of QDQ Media in Spain until 2012 and Editus in Luxembourg until September 2012).

- Other businesses:

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

1.2. Commentary on the 2013 full-year results

Solocal Group in million euros	As at 31 December		
	2013	2012	Change 2013/2012
Revenues	998.9	1,066.2	-6.3%
Net external expenses	(222.1)	(228.2)	2.7%
Salaries and charges	(352.5)	(373.5)	5.6%
Gross Operating Margin	424.3	464.5	-8.7%
<i>As % of revenues</i>	<i>42.5%</i>	<i>43.6%</i>	
Legal employee profit-sharing	(15.4)	(14.7)	-4.8%
Share-based payment	(1.5)	(2.3)	na
Depreciation and amortisation	(40.7)	(36.7)	-10.9%
Other income and expenses	(37.4)	(2.8)	na
Operating income	329.2	408.0	-19.3%
<i>As % of revenues</i>	<i>33.0%</i>	<i>38.3%</i>	
Financial income	2.9	4.6	-37.0%
Financial expenses	(135.2)	(140.6)	3.8%
Net financial income	(132.3)	(136.1)	2.8%
Share of profit or loss of an associate	(0.2)	(0.9)	77.8%
Income before tax	196.7	271.0	-27.4%
Corporate income tax	(81.9)	(112.4)	27.1%
Income for the period	114.8	158.5	-27.6%
of which attributable to:			
- Shareholders of Solocal Group	114.8	158.6	-27.6%
- Non-controlling interests	0.1	(0.1)	

* Change 2013 : reassignment of temporary work charges from to salaries and charges (external purchases until 31December 2012)

Excluding 123 people, the number of visits to the Group's websites as a whole totalled 1,825.4 million in 2013, up 8.6% compared to 2012 on a like-for-like basis, with a number of visits on mobile up 48.4%. Mobile represents 25.5% of the Group's internet audience.

In an advertising market that is still on a downward trend in France, consolidated revenues for Solocal Group stand at 998.9 million euros in 2013, down 5.8% on a like-for-like basis compared to 2012 (6.3% drop based on published figures). Internet revenues are up 1.7% in 2013 on a like-for-like basis (up 1.6% based on published figures) and represent 63.3% of the Group's revenues in 2013 compared to 58.4% in 2012. Revenues from Printed directories are down 15.8% compared to

2012 (17.3% drop based on published figures, including the impact of the discontinuation of the Printed directories in Spain at the end of 2012, and the sale of Editus – Luxembourg – at the end of September 2012).

The Group's gross operating margin amounts to 424.3 million euros in 2013, down 8.0% on a like-for-like basis compared to 2012 (8.7% drop based on published figures). In a context of a decrease in revenues, the control of commercial costs and the decrease in the costs of production of the printed directories allowed the Group to maintain a high gross operating margin of 42.5% in 2013, slightly down 1.1 point compared to 2012.

The Group's operating income decreased by 19.3% compared to 2012 at 329.2 million euros. The 78.8 million euro decrease in operating income results from the decrease in the gross operating margin for 40.2 million euros, from the increase in other operating expenses and income for 34.6 million euros primarily due to the partial depreciation in the assets of Yelster and to the provision for the restructuring of PagesJaunes SA, as well as from the increase in the depreciation and amortisation charge amounting to 4.0 million euros, following the increase in Internet investments since 2010.

The Group financial income represents a net expense of 132.3 million euros which decreased 2.8% between 2012 and 2013. The average interest rate of the debt increased 103 basis points, changing from 5.80% in 2012 to 6.83% in 2013 (143 basis points with the RCF drawing in January 2012). The 103 basis point increase is the result of the new conditions coming from the refinancing in autumn 2012.

The effective tax rate is 41.6% in 2013, stable compared to the rate of 41.3% in 2012. This stability can be explained by the 1.9 point increase in the Corporate Tax rate (increasing from 36.1% to 38.0% introduced by the Finance Law of 2013), a more unfavourable impact in 2013 compared to 2012 of the partial deductibility of financial interest for 1.0 point (base effect) and by the higher non-deductible losses on foreign subsidiaries in 2013 (impact of 1.2 point). These increases are offset by a favourable impact of 5.1 points linked to a favourable response to a tax claim concerning the non-capitalisation of the fixed remuneration for the sales force that took place in 2012.

Income for the period amounted to 114.8 million euros, down 27.6% compared to 2012.

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

Solocal Group in million euros	As at 31 December		
	2013	2012	Change 2013/2012
Internet	632.5	622.7	1.6%
Printed directories	344.7	416.6	-17.3%
Other businesses	21.7	26.9	-19.3%
Revenues	998.9	1,066.2	-6.3%
<i>Internet revenues as % of total revenues</i>	<i>63.3%</i>	<i>58.4%</i>	
Internet	267.4	269.6	-0.8%
Printed directories	150.9	184.8	-18.3%
Other businesses	6.0	10.1	-40.6%
Gross Operating Margin	424.3	464.5	-8.7%
<i>As % of revenues</i>	<i>42.5%</i>	<i>43.6%</i>	

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

The following table shows the revenues and gross operating margin of the Internet segment in 2012 and 2013:

Internet in million euros	As at 31 December		
	2013	2012	Change 2013/2012
Revenues	632.5	622.7	1.6%
Gross Operating Margin	267.4	269.6	-0.8%
<i>As % of revenues</i>	<i>42.3%</i>	<i>43.3%</i>	

Internet segment revenues rose 1.7% on a like-for-like basis (up 1.6% based on published figures) in 2013 to 632.5 million euros. The continued drop in the Display activity and the more marked slowdown in the growth of the Search activity affected growth in Internet business.

The gross operating margin of the Internet segment amounts to 267.4 million euros in 2013, stable on a like-for-like basis (down 0.8% based on published figures). The gross operating margin shows a moderate decrease of 1.0 point and dropped from 43.3% in 2012 to 42.3% in 2013, primarily affected by the slowdown in the Display activity, and also by the absence of non-recurring income (such as the income from the Research Tax Credit 2008 and 2009 recognised in 2012).

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

The following table shows the revenues and gross operating margin of the Printed Directories segment in 2012 and 2013:

Printed directories in million euros	As at 31 December		
	2013	2012	Change 2013/2012
Revenues	344.7	416.6	-17.3%
Gross Operating Margin	150.9	184.8	-18.3%
<i>As % of revenues</i>	<i>43.8%</i>	<i>44.4%</i>	

The revenues of the Printed directories segment decreased by 17.3% in 2013 to 344.7 million euros. In France, revenue is down 15.8%. The discontinuation of the Paper business in Spain at the end of 2012 and the sale of Editus in September 2012 affected the decrease in the growth of the segment by 1.5 point. The decline in printed directories remains contained, in particular thanks to an adapted pricing policy.

The gross operating margin for the Printed directories segment amounts to 150.9 million euros in 2013, down 17.5% on a like-for-like basis compared to 2012 (down 18.3% based on published figures). The gross operating margin rate has declined very slightly by 0.5 point, to 43.8% in 2013. The preservation of the margin rate reflects the continuation of sustained efforts to reduce the production, printing and distribution costs of Printed directories, which declined significantly by 19% in 2013 (in France). The definitive discontinuation of the Printed directories in Spain and the sale of Editus had no significant impact on the margin rate.

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

The following table shows the revenues and gross operating margin of the Other businesses segment in 2012 and 2013:

Other businesses in million euros	As at 31 December		
	2013	2012	Change 2013/2012
Revenues	21.7	26.9	-19.3%
Gross Operating Margin	6.0	10.1	-40.6%
<i>As % of revenues</i>	<i>27.6%</i>	<i>37.5%</i>	

The revenues of the Other businesses segment decreased by 19.3% in 2013 to 21.7 million euros. This was due to the sharp decrease in revenues from telephone directory enquiry services, and in revenues from advertisers and from calls made by users of this service.

The gross operating margin of the Other businesses segment amounts to 6.0 million euros in 2013, down 40.6% compared to 2012. The gross operating margin rate decreased from 37.5% in 2012 to 27.6% in 2013. The drop in the margin rate stems directly from the drop in revenue. As the advertising expenses to promote the telephone directory enquiry services (118 008) were discontinued in 2012, efforts in optimising the margin are now based primarily on controlling production costs and continuous initiatives to save on call processing costs.

1.2.4. Analysis of consolidated operating income

The table below shows the Group's consolidated operating income in 2012 and 2013:

Solocal Group in million euros	As at 31 December		
	2013	2012	Change 2013/2012
Gross Operating Margin	424.3	464.5	-8.7%
Legal employee profit-sharing	(15.4)	(14.7)	-4.8%
Share-based payment	(1.5)	(2.3)	34.8%
Depreciation and amortisation	(40.7)	(36.7)	-10.9%
Other income and expenses	(37.4)	(2.8)	na
Operating income	329.2	408.0	-19.3%
<i>As % of revenues</i>	<i>33.0%</i>	<i>38.3%</i>	

1.2.4.1. Employee profit-sharing and share-based payment

The employee profit-sharing in the Group amounted to 15.4 million in 2013, up 4.8% compared to 2012.

The expense for share-based payments amounted to 1.5 million euros in 2013 compared to 2.3 million euros in 2012. The expense in 2012 resulted from the stock option plans implemented in 2009 and 2010 as well as from free grants of shares carried out in October 2011, December 2011 and in December 2012, that of 2013 results from the same plans as well as from the free grants of shares carried out in December 2013.

1.2.4.2. Depreciation and amortisation

The Group's depreciation and amortisation charges amounted to 40.7 million euros in 2013, compared to 36.7 million euros in 2012, an increase of 10.9%. This increase reflects the ongoing investments carried out by the Group in order to support its digital transformation, with in particular a revamping of the sales tools, the enhancements to the functionalities of the Group's fixed and mobile websites.

1.2.4.3. Other income and expenses

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

Impairment on goodwill and on fixed assets amount to 10.0 million euros in 2013 (primarily on the Yelster assets) compared to 5.8 million euros in 2012.

The changes in fair value in price supplements resulted in income of 1.6 million euros in 2013 and 4.3 million euros in 2012.

The net restructuring costs generated by the commercial and marketing reorganisation of PagesJaunes amount to 28.1 million euros in 2013 of which 27.5 million euros relating to commercial and marketing organisation of PagesJaunes.

1.2.4.4. Operating income

The Group's operating income for 2013 amounted to 329.2 million euros, down 19.3% compared to 2012. The rate of the Group's operating margin as a proportion of revenues decreased from 38.3% in 2012 to 33.0% in 2013.

1.2.5. Analysis of income for the period

The table below shows the Group's income for the period in 2012 and 2013:

Solocal Group in million euros	As at 31 December		
	2013	2012	Change 2013/2012
Operating income	329.2	408.0	-19.3%
Financial income	2.9	4.6	-37.0%
Financial expenses	(135.2)	(140.6)	3.8%
Gain (loss) on foreign exchange	-	-	-
Net financial income	(132.3)	(136.1)	2.8%
Share of profit or loss of an associate	(0.2)	(0.9)	77.8%
Income before tax	196.7	271.0	-27.4%
Corporate income tax	(81.9)	(112.4)	27.1%
Income for the period	114.8	158.5	-27.6%
of which attributable to:			
- Shareholders of Solocal Group	114.8	158.6	-27.6%
- Non-controlling interests	0.1	(0.1)	

1.2.5.1. Financial result

The Group financial income represents net expense of 132.3 million euros in 2013 compared to 136.1 million euros in 2012. The financial income is primarily composed of interest expense relating to the bank loan, amounting to 1,297.4 million euros as at 31 December 2013 (1,368.0 million euros as at 31 December 2012), and relating to the bond loan issued in 2011 for an amount of 350.0 million euros.

As at December 2013, the bank debt is hedged 62% by forward swaps and a collar. Taking scheduled repayments into account, this hedging rate will be about 72% between now and the maturity in September 2015.

The total interest expense is stable and amounts to 119.9 million euros in 2013, compared to 120.2 million euros in 2012. The average interest rate on the debt rose from 5.80% in 2012 (excluding RCF drawing) to 6.83% in 2013, which is an increase of 103 basis points associated particularly with the refinancing operations conducted in autumn 2012. The drop in debt allowed the increase in the cost of the debt to be offset almost entirely.

The financial income also includes the amortisation of loan issue expenses amounting to 12.2 million euros in 2013 compared to 13.5 million euros in 2012. Investment income amounted to 1.1 million euros in 2013 compared to 4.1 million euros in 2012 which had benefited from the income on the investment of the liquidities from drawing on the RCF. The change in the fair value of hedging instruments (portion recognised in profit or loss) represented non-cash income of 1.7 million euros in 2013 compared to net expense of 3.6 million euros in 2012.

1.2.5.2. Corporate tax

The Group recorded a corporate tax charge of 81.9 million euros, down 27.1% compared to 2012. The effective tax rate is 41.6% in 2013, stable compared to the rate of 41.3% in 2012. This stability can be explained by the 1.9 point increase in the CIT rate (increasing from 36.1% to 38.0% introduced by the Finance Law of 2013), an impact that was more unfavourable in 2013 than in 2012 of the partial deductibility of financial interest for 1.0 point (base effect) and by the non-deductible losses on foreign subsidiaries that were higher in 2013 (impact of 1.2 point). These increases are partially offset by a favourable impact of 5.1 points linked to a favourable response to a tax claim concerning the non-capitalisation of the fixed remuneration for the sales force that took place in 2012.

1.2.5.3. Income for the period

The Group's income for the period amounted to 114.8 million euros in 2013, compared to 158.5 million euros in 2012, a decrease of 27.6% between the two periods.

1.3. Consolidated liquidities, capital resources and investment expenses

The table below shows the consolidated Group's cash position in the years ending on 31 December 2012 and 31 December 2013:

Solocal Group	As at 31 December 2013	As at 31 December 2012
in million euros		
Accrued interest not yet due	0.0	0.0
Cash and cash equivalents	75.5	111.5
Cash	75.6	111.5
Bank overdrafts	(2.5)	(19.6)
Net cash	73.1	91.9
Bank borrowing	1,297.5	1,368.2
Bond loan	350.0	350.0
Revolving credit facility	-	75.8
Loan issue expenses	(25.4)	(37.6)
Capital leases	0.0	0.1
Fair value of hedging instruments	20.2	54.6
Accrued interest not yet due	6.3	16.7
Earn-outs	3.3	4.9
Other financial liabilities	0.8	0.8
Gross financial debt	1,652.7	1,833.6
<i>of which current</i>	<i>136.4</i>	<i>147.0</i>
<i>of which non current</i>	<i>1,516.2</i>	<i>1,686.6</i>
Net debt	1,579.6	1,741.7
Net debt excl. fair value of hedging instruments and loan issue expenses	1,584.8	1,724.7

The Group's net debt amounted to 1,579.6 million euros on 31 December 2013 compared to 1,741.7 million euros on 31 December 2012. It is down 162.1 million euros compared to 31 December 2012.

As at 31 December 2013, it mainly comprised:

- a bank loan, for a total amount of 1,297.4 million euros, comprised of 2 tranches:
 - Tranche A3 for an amount of 954.5 million euros of which 71.7 million euros maturing in 2014 (including the cash sweep) and the balance, which is 882.8 million euros, maturing in 2015,
 - Tranche A5 for an amount of 342.8 million euros of which 54.3 million euros maturing in 2014 and the balance, which is 288.5 million euros, maturing in 2015.
- the fair value of hedging instruments which represents a debt of 20.2 million euros as at 31 December 2013. As at December 2013, the bank debt is hedged 62% by forward swaps. Taking scheduled repayments into account, this hedging rate will be about 72% between now and the maturity in September 2015.

- of a revolving credit line not drawn as at 31 December 2013, the total amount available is 71.0 million euros.
- a bond loan amounting to a total of 350.0 million euros at a fixed rate of 8.875% repayable in mid-2018.
- of net cash flow of 73.1 million euros.

As at 31 December 2013, the revolving credit line was not drawn, the amount available as such amounts to 71.0 million euros. Including the cash flow as at 31 December 2013, available cash thus amounts to 144.0 million euros.

Excluding the fair value of interest rate hedging instruments, representing a liability of 20.2 million euros as at 31 December 2013, compared to a liability of 54.6 million euros as at 31 December 2012, and excluding loan issue expenses of 25.4 million euros as at 31 December 2013, compared to 37.6 million euros as at 31 December 2012, the net debt amounted to 1,584.8 million euros as at 31 December 2013, compared to 1,724.7 million euros as at 31 December 2012.

The table below shows the cash flows of the consolidated Group for the years ending on 31 December 2012 and 31 December 2013:

Solocal Group	As at 31 December		
	2013	2012	Change 2013/2012
in million euros			
Net cash from operations	191.4	226.5	(35.1)
Net cash used in investing activities	(59.9)	(40.2)	(19.7)
Net cash provided by (used in) financing activities	(150.2)	(172.4)	22.2
Impact of changes in exchange rates on cash	-	0.0	(0.0)
Net increase (decrease) in cash position	(18.8)	13.8	(32.6)
Net cash and cash equivalents at beginning of period	91.9	78.1	13.8
Net cash and cash equivalents at end of period	73.1	91.9	(18.8)

Net cash and cash equivalents amounted to 73.1 million euros as at 31 December 2013, compared to 91.9 million euros as at 31 December 2012.

The net cash from operations amounted to 191.4 million euros in 2013 compared to 226.5 million euros in 2012, representing a decrease of 35.1 million euros due mainly to:

- a gross operating margin of 424.3 million euros in 2013, down 40.2 million euros compared to 2012,
- neutralisation of non-monetary items included in GOM amounting to 6.5 million euros in 2013 compared to 0.4 million euros in 2012,
- an increase in the working capital requirement of 2.5 million euros in 2013 compared to a decrease of 6.0 million euros in 2012, representing a greater resource of 3.5 million euros between the two periods,
- a net disbursement in 2013 of 128.4 million euros in respect of net financial interest compared to 107.2 million euros as at 30 September 2012, of which about 10 million euros is

linked to a shift in the payment in 2013 of interest owed in respect of 2012,

- a disbursement of 85.7 million euros in respect of corporate tax in 2013 compared to 107.5 million euros in 2012; this drop is related to the reduction in the income before tax which was partially offset by a stiffer tax conditions (additional tax increasing from 5% to 10.7%).

The net cash used in investing activities represents a disbursement of 59.9 million euros in 2013, compared to 40.2 million euros in 2012. That represents an increase of 19.7 million euros, mainly comprising:

- 55.3 million euros in respect of acquisitions of tangible and intangible fixed assets in 2013 compared to 42.6 million euros in 2012, reflecting strengthening in investments carried out in the framework of launching new products and services for customers, the revamping of the sales tools and the enhancements to the functionalities of the Group's fixed and mobile Internet sites,

The net cash used in financing activities amounted to 150.2 million euros in 2013 compared to 172.4 million euros in 2012, representing a decrease of 22.2 million euros due mainly to:

- a decrease of 149.4 million euros in financial liabilities in 2013 (including contractual repayments of the bank loan for 70.7 million, the repayment of the RCF for 75.8 million euros and a disbursement of 2.7 million euros in respect of part of the refinancing expenses in 2012) compared to a decrease of 172.2 million euros in financial liabilities in 2012 (including a repayment of the bank loan for 288.4 million euros, a net drawing on the RCF for 132.3 million euros and a disbursement of 14.6 million euros in respect of expenses relating to refinancing),
- disbursements in respect of own shares amounting to 0.8 million euros in 2013 compared to disbursements of 0.2 million euros in 2012.

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

See notes 30 to 32 of the consolidated financial statements.

1.5. Risks and uncertainties relating to the 2014 financial year

The main risks and uncertainties identified by the Group concern:

- The operational activities and the strategy of the Group: the decrease in the use of the Printed directories combined with increasing competition in the online advertising market, a deterioration in the economic conditions, uncertainty concerning the economic model for online advertising and the reduction in the content of its services are risk factors that could have a significant negative impact on the Group's business, financial position or results.
- The financial aspects: in view of its financial structure, the Group is exposed to interest rate risk, liquidity risk, credit risk (cf. note 29 of the consolidated financial statements) and an execution risk relating to its refinancing, notably on the planned capital increase and extension of its 2015 debt maturities described in the subsequent events section.
- 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 (cf. note 32 of the consolidated financial statements).

1.6. Events subsequent to the closing date of 31 December 2013

Solocal Group intends to launch a capital increase for an amount of 440 million euros, and initiates concurrently discussions with its lenders to extend bank debt maturities from 2015 to March 2020 [1], in exchange for a partial prepayment; both transactions are conditional one to the other.

The capital increase which will be proposed to the Extraordinary General Shareholders Meeting is comprised of a 361 million euros capital increase with preferential subscription rights, preserving the interests of existing shareholders, and a 79 million euros reserved capital increase.

The capital increase is fully guaranteed by Solocal Group's largest shareholder, Médiannuaire Holding, and by a group of institutional investors including four of its largest debt-holders and two financial intermediaries.

[1] Option for Solocal Group to extend bank debt maturities to March 2020, in exchange for a refinancing of the 350 million euros senior secured notes

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.

2. Consolidated financial statements

Consolidated income statement

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

	Notes	As at 31 December 2013	As at 31 December 2012
Revenues		998,867	1,066,212
Net external expenses		(222,066)	(228,250)
Personnel expenses : - Salaries and charges	6	(352,539)	(373,470)
Gross Operating Margin		424,262	464,492
- Legal employee profit-sharing	6	(15,417)	(14,706)
- Share-based payment	6	(1,523)	(2,319)
Depreciation and amortisation	12 & 13	(40,747)	(36,693)
Other income and expenses	7	(37,350)	(2,815)
Operating income		329,225	407,959
Financial income		2,899	4,577
Financial expenses		(135,193)	(140,650)
Net financial income	8	(132,294)	(136,073)
Share of profit or loss of an associate		(202)	(931)
Corporate income tax	9	(81,902)	(112,407)
Income for the period		114,827	158,549
Income for the period attributable to:			
- Shareholders of Solocal Group		114,772	158,600
- Non-controlling interests		55	(51)
Net earnings per share (in euros)			
Net earnings per share of the consolidated group			
- basic	10	0.41	0.57
- diluted		0.40	0.55

* Change 2013 : reassignment of temporary work charges from to salaries and charges (external purchases until 31 December 2012)

Statement of comprehensive income

(Amounts in thousands of euros)

	Notes	As at 31 December 2013	As at 31 December 2012
Income for the period report		114,827	158,549
Net (loss) /gain on cash flow hedges			
- Gross		32,719	5,495
- Deferred tax		(12,495)	(1,893)
- Net of tax	16	20,224	3,602
ABO reserves :			
- Gross		5,358	(9,574)
- Deferred tax		(1,845)	3,317
- Net of tax		3,513	(6,257)
Exchange differences on translation of foreign operations		1	-
Other comprehensive income		23,738	(2,655)
Total comprehensive income for the period, net of tax		138,564	155,894
Total comprehensive income for the period attributable to:			
- Shareholders of Solocal Group		138,509	155,945
- Non-controlling interests		55	(51)

Statement of financial position

<i>(Amounts in thousands of euros)</i>	Notes	As at 31 December 2013	As at 31 December 2012
Assets			
Net goodwill	11	78,697	82,278
Other net intangible fixed assets	12	80,773	69,387
Net tangible fixed assets	13	23,569	25,480
Investment in an associate	5	6,024	7,494
Available-for-sale assets	14	515	195
Other non-current financial assets	15	4,944	1,414
Net deferred tax assets	9	20,257	26,023
Total non-current assets		214,779	212,272
Net inventories	17	915	2,367
Net trade accounts receivable	18	405,843	429,883
Acquisition costs of contracts	19	63,250	68,889
Other current assets	20	24,727	26,567
Current tax receivable	9	777	2,996
Prepaid expenses		5,905	5,620
Other current financial assets		8,264	6,084
Cash and cash equivalents	26	75,569	111,488
Total current assets		585,250	653,893
Total assets		800,029	866,165
Liabilities			
Share capital		56,197	56,197
Issue premium		98,676	98,676
Reserves		(2,100,026)	(2,259,770)
Income for the period attributable to shareholders of Solocal Group		114,772	158,600
Other comprehensive income		(26,391)	(50,461)
Own shares		(10,004)	(10,010)
Equity attributable to equity holders of the Solocal Group	22	(1,866,777)	(2,006,768)
Non-controlling interests		60	5
Total equity		(1,866,717)	(2,006,763)
Non-current financial liabilities and derivatives	16 & 26	1,516,223	1,686,567
Employee benefits - non-current	24	85,051	83,324
Provisions - non-current	24	16,259	6,333
Deferred tax liabilities	9	-	1,002
Total non-current liabilities		1,617,533	1,777,226
Bank overdrafts and other short-term borrowings	26	132,652	149,882
Accrued interest	26	6,269	16,720
Provisions - current	24	11,698	193
Trade accounts payable	23	84,484	78,325
Employee benefits - current	24	119,207	124,373
Other current liabilities	24	94,608	94,040
Corporation tax	9	2,840	97
Deferred income	27	597,455	632,072
Total current liabilities		1,049,213	1,095,702
Total liabilities		800,029	866,165

Statement of changes in consolidated equity

	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
<i>(Amounts in thousands of euros)</i>										
Balance as at 1 January 2012	277,781,254	56,197	98,676	(10,816)	(2,261,084)	(47,806)	-	(2,164,832)	56	(2,164,776)
Total comprehensive income for the period, net of tax					158,600			158,600	(51)	158,549
Other comprehensive income, net of tax						(2,655)	-	(2,655)		(2,655)
Comprehensive income for the period, net of tax					158,600	(2,655)	-	155,945	(51)	155,894
Share-based payment					1,314			1,314	-	1,314
Shares of the consolidating company net of tax effect	(125,211)			806				806	-	806
Other								-		-
Balance as at 31 December 2012	277,656,043	56,197	98,676	(10,010)	(2,101,169)	(50,461)	-	(2,006,767)	5	(2,006,762)
Total comprehensive income for the period, net of tax					114,772			114,772	55	114,827
Other comprehensive income, net of tax					-	23,737	1	23,738		23,738
Comprehensive income for the period, net of tax					114,772	23,737	1	138,509	55	138,564
Share-based payment					1,475			1,475	-	1,475
Shares of the consolidating company net of tax effect	(653,784)			6				6		6
Reclassification of reserves (actuarial differences)					(333)	333		-		-
Balance as at 31 December 2013	277,002,259	56,197	98,676	(10,004)	(1,985,255)	(26,391)	1	(1,866,777)	60	(1,866,717)

Cash flow statement

<i>(Amounts in thousands of euros)</i>	Notes	As at 31 December 2013	As at 31 December 2012
Income for the period attributable to shareholders of Solocal Group		114,772	158,600
Depreciation and amortisation of fixed assets	11 & 13	49,158	38,346
Change in provisions	21	27,274	444
Share-based payment		1,475	1,314
Capital gains or losses on asset disposals		752	(912)
Interest income and expenses	8	99,884	102,808
Hedging instruments	8	32,410	33,265
Unrealised exchange difference		-	-
Tax charge for the period	9	81,902	112,407
Share of profit or loss of an associate		202	931
Non-controlling interests		55	(51)
Decrease (increase) in inventories		1,452	(767)
Decrease (increase) in trade accounts receivable		21,856	10,768
Decrease (increase) in other receivables		3,716	3,187
Increase (decrease) in trade accounts payable		8,867	(17,694)
Increase (decrease) in other payables		(38,340)	(1,458)
Net change in working capital		(2,448)	(5,964)
Dividends and interest received		2,603	4,252
Interest paid and rate effect of net derivatives		(130,960)	(111,485)
Corporation tax paid		(85,719)	(107,488)
Net cash from operations		191,359	226,467
Acquisition of tangible and intangible fixed assets	12 & 13	(55,316)	(42,629)
Acquisitions / disposals of investment securities and subsidiaries, net of cash acquired / sold and other changes in assets		(4,624)	2,400
Net cash used in investing activities		(59,940)	(40,229)
Increase (decrease) in borrowings	26	(149,421)	(172,229)
Other cash from financing activities ow own shares		(791)	(213)
Net cash provided by (used in) financing activities		(150,212)	(172,443)
Impact of changes in exchange rates on cash		-	2
Net increase (decrease) in cash position		(18,793)	13,798
Net cash and cash equivalents at beginning of period		91,872	78,074
Net cash and cash equivalents at end of period	26	73,079	91,872

There are no significant non-monetary flows.

Note 1 – Information on the Group

For over sixty years, the Solocal Group has provided a diversified range of products and services for consumers and businesses, with its provision of local information through online and printed directories publishing constituting its core business, as well as the publication of editorial content to assist users in making searches and choices. The Group's main activities are described in note 4.

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

Solocal Group is a public limited company listed on Euronext Paris (PAJ).

This information was approved by the Board of Directors of Solocal Group on 12 February 2014.

Note 2 – Context of publication and basis for preparation of the 2013 financial information

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 2013 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 2013 and as at 31 December 2012. The 2011 financial statements, included in the Document de référence filed with the AMF on 29 April 2013 under the number D.13-0470, are included for reference purposes.

The accounting policies used are consistent with those used in the preparation of the annual consolidated financial statements for the year ending 31 December 2012, with the exception of new standards, amendments and interpretations which are mandatory with effect from 1 January 2013, but which have no significant impact:

- IFRS 13: Fair value measurement
- Amendment to IFRS 1: Severe Hyperinflation and Removal of Fixed Dates for First-Time Adopters
- Amendment to IAS 12: Deferred tax: Recovery of Underlying Assets
- Amendment to IAS 1: Presentation of financial statements – presentation of items of other comprehensive income
- Amendments to IFRS 9 and IFRS 7: Mandatory Effective Date and Transition Disclosures
- Amendment to IFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities
- Amendment to IFRS 1: Government Loans
- Improvements to IFRSs (2009-2011):
 - IAS 1 – Presentation of Financial Statements
 - IAS 16 – Property, Plant and Equipment
 - IAS 32 – Financial Instruments: Presentation
 - IAS 34 – Interim Financial Reporting
- IFRIC 20: Stripping Costs in the Production Phase of a Surface Mine

None of these new standards and interpretations has had a significant effect on the consolidated financial statements as at 31 December 2013.

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 2013, 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.

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 2013:

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

Finally, the Group is not applying the following instruments, which were not adopted by the European Union as at 31 December 2013:

- IFRS 9 Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39
- IAS 19 Defined Benefit Plans: Employee Contributions
- Improvements to IFRSs 2010-2012 Cycle
- Improvements to IFRSs 2011-2013 Cycle
- IFRIC 21: Levies

Nonetheless, the Group is currently reviewing the practical consequences of these new instruments and the effects of their implementation on its future financial statements. At this stage of the review, the impacts on its consolidated financial statements are expected to be as follows:

IFRS 12 requires the publication of very detailed information on the determination of the scope of consolidation and on the risks associated with interests in other entities (subsidiaries, joint ventures, associated entities, SPVs, non-consolidated entities).

It should be noted that IFRS 10, IFRS 11, IFRS 12 and IAS 28 revised in 2011 are all required to be applied on the same date.

All of the standards and interpretations adopted by the European Union as at 31 December 2013 are available on the website of the European Commission at the following address:
http://ec.europa.eu/internal_market/accounting/ias/index_fr.htm

In order to prepare the financial statements, the Management of the Group is required to make estimates and assumptions which have an effect on the amounts presented as assets and liabilities, the contingent liabilities at the date of preparation of the financial statements and the amounts presented as income and expenses for the financial year. The Management continuously evaluates these estimates and assessments on the basis of its past experience, as well as various other factors deemed reasonable, which combine to form the basis of its assessment of the book value of the assets and liabilities. This includes in particular goodwill, acquisition costs of contracts, share-based payments, restructuring costs and the valuation of pension liabilities. The actual results could differ appreciably from these estimates, if the actual outcome differs. Finally, where a specific transaction is not covered by any standards or interpretations, the Management of the Group applies judgement to define and apply accounting methods which will provide relevant and reliable disclosures, ensuring that the financial statements:

- present a true and fair view of the financial position, the financial performance and the cash flow of the Group,
- reflect the economic substance of transactions,
- are neutral,
- are prudent,
- and are complete in all material respects.

Seasonal variations

Although the activities of the Group are not subject to seasonal effects per se, in order to optimise costs, the dates of publication of the printed directories (which determine the recognition of income and related expenses) may vary from one quarter to the next, as each printed directory appears only once a year.

Note 3 – Accounting policies and changes of estimates

This note describes the accounting policies applied for the financial year ending 31 December 2013, in accordance with the provisions of international accounting standards as adopted by the European Union as at 31 December 2013.

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

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

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

Management Participation Plan:

Sèvres I, Sèvres II and Sèvres III, which together controlled 100% of the capital of Médiannuaire Holding, the indirect majority shareholder of Solocal Group, offered a certain number of Group managers the opportunity to take up a minority shareholding, in the form of 212,591 ordinary shares, in the capital of Médiannuaire Holding (i.e. 0.55% of the capital of Médiannuaire Holding). This participating interest, acquired at the end of December 2006, was based on the price proposed by Médiannuaire Holding in the context of the price guarantee on the Solocal Group stock finalised on 1 December 2006.

As at 31 December 2012, the Group managers held 131,122 ordinary shares and 306,565 preference shares, representing a total of 1.14% of the share capital of Médiannuaire Holding.

Médiannuaire Holding's capital is divided into ordinary shares and preference shares, the rights for each class of shares to the increase in value of the equity being variable depending on the internal rate of return recorded by the Médiannuaire Holding shareholders on their investment during their holding period. Moreover, each manager entered into a reciprocal put and call commitment which becomes exercisable on the repayment of the senior and mezzanine debts contracted by Médiannuaire Holding and at the earliest on 2 February 2014. The price per share at which these reciprocal call and put commitments would be implemented has been set on the basis that the price of the preference shares granted free of charge will depend on the gross operating margin of Solocal Group.

In the framework of the change in the shareholding of Médiannuaire Holding in March 2013, the promises to acquire and to sell, concerning ordinary and preference shares, were exercised early. Moreover, the preference shares granted free of charge to managers were cancelled.

Statutory training rights (DIF):

The Group has maintained in IFRS the treatment adopted in French GAAP with regard to statutory training rights (Notice 2004-F of 13 October 2004 of the emergency CNC committee on accounting for statutory training rights (DIF)), namely:

- the expenses committed to statutory training rights constitute a charge for the period and do not give rise to any provisions.
- the cumulative number of hours' training entitlement at the year-end and the unused portion of the vested entitlement are stated in the notes to the financial statements.

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 commercial 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;
- profits and losses of discontinued operations and operations held for sale.

Gross Operating Margin (GOM) corresponds to operating income before:

- employee profit-sharing;
- share-based payment, including any associated social charges;
- depreciation and amortisation expense;

- other operating expenses and income including:
 - impairment of goodwill and fixed assets,
 - changes in fair value in price supplements granted in the framework of securities acquisitions,
 - results of asset disposals,
 - restructuring costs,
 - acquisition costs of shares,
 - impairment of goodwill in respect of equity-method associates.

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). The level at which the Group measures the current value of goodwill generally corresponds to the level of each of the consolidated companies.

In accordance with its strategy and lines of development, the Group has decided, from 2011, to modify its internal and external reporting in order to assess the performance of each operating segment and allocate resources accordingly.

The segments have been determined in compliance with IFRS 8 "Operating Segments", and are as follows: Internet, Printed Directories and Other Businesses. As at 31 December 2013, goodwill 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 PagesJaunes, 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, consisting 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;
- 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 Group 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.

3.12.3 – Measurement and recognition of derivative instruments

Derivative instruments are measured at fair value in the balance sheet. Except as explained below, gains and losses arising from re-measurement at fair value of derivative instruments are systematically recognised in the income statement.

Hedging instruments

In accordance with IAS 39 "Financial Instruments: Recognition and Measurement", derivative instruments may be designated as fair value hedges or cash flow hedges:

- a fair value hedge is a hedge of the exposure to changes in fair value of a recognised asset or liability or an identified portion of the asset or liability, that is attributable to a particular risk, notably rate and currency risks, and which would affect profit or loss;
- a cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or a forecast transaction (such as a future purchase or sale) and could affect profit or loss.

Hedge accounting applies if:

- at the inception of the hedge, there is formal designation and documentation of the hedging relationship;
- at the inception of the hedge and in subsequent periods, the company may expect the hedge to be highly effective in offsetting changes in fair value or cash flows attributable to the hedged risk and if the actual results of the hedge are within a range of 80-125%.

The effects of applying hedge accounting are as follows:

- for fair value hedges of existing assets and liabilities, the hedged portion of the asset or liability is recognised in the balance sheet at fair value. The gain or loss from re-measuring the hedged item at fair value is recognised in profit or loss and is offset by the effective portion of the loss or gain from re-measuring the hedging instrument at fair value;
- for future cash flow hedges, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in equity – because the change in the fair value of the hedged portion of the underlying item is not recognised in the balance sheet – and the ineffective portion of the gain or loss on the hedging instrument is recognised in profit or loss. Amounts recognised directly in equity are subsequently recognised in profit or loss in the same period or periods during which the hedged forecast transaction affects profit or loss.

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

The Group's core business activity is the provision of local information, principally in France, through the publication of online and printed directories, and the publication of editorial content to assist users in making searches and choices. Through its subsidiaries, Solocal Group (ex-PagesJaunes Groupe) conducts three complementary businesses: the provision of content and services, media and advertising representation. Its offering comprises a diversified range of products and services associated with this activity for the general public and businesses.

The Group's business model is based on that of the media: i.e. offering quality content which generates an audience and then monetising this audience, either as a whole or in segments, among businesses.

The Group's activities are organised in three segments:

- Internet:

These are the activities carried out through the Internet. The main products are the creation and marketing of content and advertising space, listing, targeted advertising and the provision of advertising space for local and national advertisers (often referred to as display), as well as a complete range of products and services for the provision and distribution of information with local content. The Group's Internet activity is mainly carried out in France, but also in Spain (ODQ Media), Luxembourg (Editus, until September 2012). Through Yelster Digital, specialised in metasearch activities (including 123people, e-reputation and 123pages), the group markets its products and services in many other countries.

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

The Group is one of the key European players in making and hosting sites. It offers its clients web optimisation and visibility solutions through Search Engine Optimisation ("SEO") or Search Engine Marketing ("SEM", paid listing).

This segment includes routes, geolocation and reservation services of the Mappy and UrbanDive brands, and couponing from 123deal and digital promotion.

Online people and profile search with 123people, online quotation requests and contact establishment with players of the construction industry from Sotravo, the themed content site ComprendreChoisir.com published by Fine Media, the online ordering of meals on Chronorestofr from locally-listed restaurants (in 2013) and the Direct Marketing (emailing type) services are also included this segment.

- Printed Directories:

This is the Group historical activity, involving the publication, distribution and sale of advertising space in printed directories (PagesJaunes, *l'Annuaire*, and the directories of ODQ Media in Spain until 2012 and Editus in Luxembourg until September 2012).

- Other businesses:

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

4.1 – By business sector

The table below presents a breakdown of the main aggregates by business sector for the periods ending 31 December 2013 and 2012:

<i>Amounts in thousands of euros</i>	As at 31 December 2013	As at 31 December 2012
Revenues	998,867	1,066,212
- Internet	632,514	622,746
- Printed directories	344,681	416,609
- Other businesses	21,672	26,857
Gross Operating Margin	424,262	464,492
- Internet	267,376	269,640
- Printed directories	150,908	184,774
- Other businesses	5,978	10,078
Amortisation of tangible and intangible fixed assets	(40,747)	(36,693)
- Internet	(28,129)	(31,065)
- Printed directories	(11,845)	(5,095)
- Other businesses	(773)	(533)
Acquisitions of tangible and intangible fixed assets	55,316	42,629
- Internet	53,682	41,592
- Printed directories	1,061	844
- Other businesses	573	193

4.2 – By geographic region

<i>Amounts in thousands of euros</i>	As at 31 December 2013	As at 31 December 2012
Revenues	998,867	1,066,212
- France	974,501	1,031,510
- Others	24,366	34,702
Assets	800,029	866,165
- France	666,366	673,889
- Others	17,313	36,582
- Unallocated	116,350	155,694

Note 5 – Changes in the scope of consolidation

The main transactions during the 2013 and 2012 financial years were as follows:

2013

On 30 April 2013, Sotravo acquired 100% of the shares and voting rights of Wozaik, a major provider of online quotations in France in the household jobs sector. On 30 June 2013, these two entities merged, retroactively effective from 1 January 2013.

On 31 December 2013, PagesJaunes and A Vendre A Louer merged, retroactively effective from 1 January 2013.

These internal restructuring operations have no significant impact on the consolidated financial statements.

2012

On 31 December 2012, Solocal Group acquired 100% of the shares and voting rights of the company Chronorest. Founded in 2008, it has the number-two Internet portal in France in its field, with solutions for fixed Internet, mobile telephones, tablets, connected TV, allowing a meal to be ordered from locally-listed restaurants, from among the 800 partnerships in France.

On 1 October 2012, Euro Directory sold 38.9% of the capital of Editus Luxembourg to P&T Luxembourg, who until then was already a shareholder of 51% of Editus. Following this transfer, Euro Directory is still a shareholder of Editus with 10.1%.

The Group is however maintaining its strategic partnership with P&T Luxembourg and will continue to provide its technologies and its know-how concerning Internet, with the goal of providing support for the digital transformation of the activities of Editus. In this perspective, the remainder of the holdings is consolidated using the equity method.

Investments in associated companies

Effective 1 October 2012, Editus is consolidated using the equity method. (cf. above).

On 27 April 2011, Solocal Group subscribed 40% of the capital of Relaxevents, a company formed on 22 March. Relaxevents has been consolidated by the equity method.

On 25 April 2013, Solocal Group sold Relaxevents to Relaxnews which held the remaining 60% of the capital. After the current account conversion transferred to Relaxnews, Solocal Group holds 3.5% of the capital of this entity.

On 30 November, Solocal Group acquired 49% of the shares and voting rights of Leadformance, the leader in sales outlet location on the Internet. The Group is thus enhancing its digital communication offering for major advertisers.

Note 6 – Personnel costs

(In thousands of euros, except staff count)	As at 31 December 2013	As at 31 December 2012
Average staff count (full-time equivalent)	4,473	4,554
Salaries and charges	(352,539)	(373,470)
of which: - Wages and salaries	(240,032)	(251,865)
- Social charges	(103,389)	(109,538)
- Tax credit employment (CICE)	2,320	-
- Taxes on salaries and other items	(11,438)	(12,067)
Share-based payment (1)	(1,523)	(2,319)
of which: - Stock options and free shares	(1,475)	(1,314)
- Social charges on grants of stock options and free shares	(48)	(1,005)
Employee profit-sharing (2)	(15,417)	(14,706)
Total personnel expenses	(369,479)	(390,495)

* Change 2013 : reassignment of temporary work charges from to salaries and charges (external purchases until 31 December 2012)

(1) Cf. note 25

(2) inc. corporate contribution

Note 7 – Other operating expenses and income

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.

Impairment on goodwill and on fixed assets amount to 10.0 million euros in 2013 (cf. notes 11 and 12) compared to 5.8 million euros in 2012.

The changes in fair value in price supplements resulted in income of 1.6 million euros in 2013 and 4.3 million euros in 2012.

Restructuring costs

In the framework of implementing the reorganisation project for PagesJaunes, a collective agreement was signed with the staff representation bodies and submitted for consulting to the Works Council. In that the company would be considering economic redundancy, the purpose of this agreement is to set down the measures for the social support of the employees involved in the best conditions. This agreement was approved by the Works Council on 6 November and was signed by most of the representative trade unions on 20 November 2013. It was validated by the Direccte (Regional departments on companies, competition, consumption, work and jobs) on 2 January 2014.

This reorganisation project will make it possible to adapt PagesJaunes to the new challenges with competitiveness in the online advertising market and to reposition customer relations at a level of excellence, whether in the commercial, marketing or customer service functions. This must allow PagesJaunes to win new market shares and to return to growth in a stiff competitive environment.

The new commercial and marketing organisation will revolve around 5 business units: Retail, BtoB, Home, Services et Health & Public.

It will generate a modification in the employment contract for the commercial population in the field (about 1330 people) and a portion of telesales (about 170 people), a revamping of the central support functions resulting in several modifications to positions as well as a limited number of suppressions (estimation of 22 people) and offset by the creation of positions with an equivalent classification and on the same geographic site (estimation of 70 people).

On the date the financial statements for 2013 were approved, about 200 intentions for voluntary departure were collected or estimated, out of a number of employees concerned of about 1,500.

Internal and external reclassification systems were set up: training, assistance in creating a business, assistance with geographical mobility, reclassification periods and leaves, severance pay...

The total cost for these systems is estimated to be 20.1 million euros, it has been offset by a provision reversal relating to post-employment benefits and other long-term benefits (long-service awards).

Moreover, other direct and incremental costs concerning this project amounted to 7.5 million euros (advice, consulting, support, expertises).

All of these costs, totalling 27.5 million euros, were accounted for as "Restructuring costs".

Note 8 – Financial income

The financial income is made up as follows:

(Amounts in thousands of euros)	As at 31 December 2013	As at 31 December 2012
Interest and similar items on financial assets	228	387
Result of financial asset disposals	918	3,696
Change in fair value of hedging instruments	1,669	325
Dividends received	84	169
Financial income	2,899	4,577
Interest on financial liabilities	(87,515)	(90,900)
Income / (expenses) on hedging instruments	(32,410)	(29,296)
Change in fair value of hedging instruments	-	(3,969)
Amortisation of loan issue expenses	(12,214)	(13,501)
Other financial expenses & fees	(584)	(597)
Accretion cost (1)	(2,470)	(2,387)
Financial expenses	(135,193)	(140,650)
Net financial income	(132,294)	(136,073)

(1) The accretion cost corresponds to the increase, during the financial year, of the current value of pension commitments (cf. note 24) and the liability in respect of hedging instruments (cf. note 16).

Note 9 – Corporate tax

9.1 – Group tax analysis

The corporate 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 2013	As at 31 December 2012
Pretax net income from continuing businesses	196,729	270,955
Share of profit or loss of an associate	(202)	(931)
Pretax net income from continuing businesses and before Share of profit or loss of an associate	196,931	271,887
Statutory tax rate	34.43%	34.43%
Theoretical tax	(67,810)	(93,620)
Loss-making companies not integrated for tax purposes	(2,186)	(615)
Loan and current account depreciation QDQ Media	-	288
Share-based payment	(508)	(453)
Foreign subsidiaries	50	590
Goodwill impairment and earn out variation	(1,242)	(48)
Corporate value added contribution (after tax)	(8,152)	(8,811)
Ceiling of interest expense deductibility	(6,333)	(6,069)
Adjustment corporation tax of prior years	73	-
Tax impact of non capitalization of the sales force fixed costs	10,535	-
Additional tax 10,7% (5% in 2012)	(6,886)	(4,474)
Other non-taxable / non-deductible items	557	804
Effective tax	(81,902)	(112,407)
<i>of which current tax</i>	<i>(90,681)</i>	<i>(110,542)</i>
<i>of which deferred tax</i>	<i>8,779</i>	<i>(1,865)</i>
Effective tax rate	41.6%	41.3%

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 2013	As at 31 December 2012
Retirement benefits	26,373	26,060
Employee profit-sharing	4,697	4,278
Non-deductible provisions	8,526	4,573
Hedging instruments	5,730	18,859
Tax loss carryforward	-	593
Other differences	1,043	1,071
Subtotal deferred tax assets	46,369	55,434
Corporate value added contribution	(40)	(90)
Loan issue costs	(9,859)	(13,184)
Brand 123people	-	(1,132)
Depreciations accounted for tax purposes	(16,213)	(16,007)
Subtotal deferred tax liabilities	(26,112)	(30,413)
Total net deferred tax assets / (liabilities)	20,257	25,021
<i>Deferred tax assets</i>	<i>20,257</i>	<i>26,023</i>
<i>Deferred tax liabilities</i>	<i>-</i>	<i>(1,002)</i>

No deferred tax asset relating to loss carryforwards of QDQ Media and its subsidiaries was recognised in the balance sheet, as this sub group recorded a net loss in 2013. The amount of deferred tax not recognised is estimated at 64.8 million euros as at 31 December 2013.

Solocal Group has opted for the tax integration system provided for in articles 223 A et seq. of the General Tax Code. The aim of using this option is to create a fiscally integrated group comprising Solocal Group and all its French subsidiaries fulfilling the necessary conditions to become members.

The deferred tax assets in the balance sheet decreased from 26.0 million euros as at 31 December 2012 to 20.3 million euros as at 31 December 2013.

In the balance sheet as at 31 December 2013, corporate tax represents a receivable of 0.8 million euros and a liability of 2.8 million euros. As at 31 December 2012, corporate tax represented a receivable of 3.0 million euros and a liability of 0.1 million euros. The tax disbursed during the 2013 financial year was 85.7 million euros, of which a tax reimbursement following to a favourable response to a tax claim concerning the non-capitalisation of the fixed remuneration for the sales force, as against 107.5 million euros in 2012.

Amounts in thousands of euros	As at 31 December 2013	As at 31 December 2012
Opening balance	25,021	24,443
Changes recognized in equity	(13,543)	2,443
Changes recognized in income	8,779	(1,865)
Effect of changes in the scope of consolidation	-	-
Others changes	-	-
Closing balance	20,257	25,021

Note 10 – Earnings per share

In 2013, net income amounted to 114.8 million euros. The average number of ordinary shares in circulation was 277.6 million, after deduction of own shares. The net earnings per share for the consolidated group therefore amounted to 0.41 euro, or 0.40 euro taking into account the potentially dilutive effect of the average of 10.7 million stock options and free shares in existence in 2013 (cf. note 25).

In 2012, net income amounted to 158.5 million euros. The average number of ordinary shares in circulation was 277.7 million, after deduction of own shares. The net earnings per share for the consolidated group therefore amounted to 0.57 euro, or 0.55 euro taking into account the potentially dilutive effect of the average of 8.7 million stock options and free shares in existence in 2012 (cf. note 25).

Note 11 – Goodwill in respect of consolidated companies

Breakdown of the net value of goodwill by business sector:

(in thousands of euros)	As at 31 December 2013			As at 31 December 2012			Change Net
	Gross	Accumulated impairments	Net	Gross	Accumulated impairments	Net	
Internet	157,179	(78,482)	78,697	155,560	(73,282)	82,278	(3,581)

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

(in thousands of euros)	2013	2012
Balance at start of year	82,278	94,079
Acquisitions / disposals	1,547	(7,401)
Impairments	(5,200)	(4,400)
Reclassifications and others	72	-
Balance at end of year	78,697	82,278

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 between 1% and 2.5% and an after-tax discount rate of between 9.0% and 13.5% depending on the cash-generating units. These rates are based on published sector studies.

The assumptions made in determining the recoverable values are similar for all cash-generating units. They may be based on market data, the penetration rates of the various media or the products on the market, revenues (number of advertisers, average revenue per advertiser) or levels of gross operating margin. 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. The amounts of goodwill concerning each of the CGUs are individually low, the unit value does not exceed 15 million euros.

In 2013, an impairment of goodwill was recognised for an amount of 5.2 million euros. This impairment is part of the usual process of the asset valuation tests carried out every year. It is primarily related to the change in a referencing algorithm of a search engine which caused an abrupt decline in the traffic of a CGU leading to a drop in its revenues and in its margin. This abrupt decline in the traffic had started in 2012 and accelerated in 2013, consequently resulting in the discontinuation of the activities of 123 people.

In 2012, an impairment of goodwill was recognised for an amount of 4.4 million euros.

In terms of sensitivity, a 1% increase in the discount rate across all of the CGUs would result in a decrease in the recoverable amount of 16 million euros and 5 million euros in depreciation. Inversely, a 1% decrease in the discount rate would lead to an increase in the recoverable amount of 21 million euros.

An increase in the perpetuity growth rate of 0.5% would result in an increase in the recoverable amount of 8 million euros. Inversely, a 0.5% decrease in the perpetuity growth rate would result in a decrease in the recoverable amount of 7 million euros and 1 million euros in depreciation.

A 1% increase in the margin for the last year in the business plans would lead to an increase in the recoverable amount of 10 million euros. Inversely, a 1% decrease in the margin rate of the last year of the business plans would result in a decrease in the recoverable amount of 10 million euros and 3 million euros in depreciation.

Note 12 – Other intangible fixed assets

(in thousands of euros)	31 December 2013			31 December 2012		
	Gross value	Total depreciation and losses of value	Net value	Gross value	Total depreciation and losses of value	Net value
Software and support applications	211,514	(134,258)	77,255	163,144	(102,485)	60,659
123people brand	6,607	(3,090)	3,517	6,505	(2,303)	4,202
Other intangible fixed assets	4,526	(4,526)	0	4,526	0	4,526
Total	222,647	(141,874)	80,773	174,175	(104,788)	69,387

Following the decision to discontinue the activities of 123people (cf. note 11), the brand and the dedicated software were fully depreciated for a total amount of 4.8 million euros as at 31 December 2013.

No other significant impairment was recorded as at 31 December 2013 and 2012.

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

(in thousands of euros)	31 December 2013	31 December 2012
Opening balance	69,387	66,438
Acquisitions	4,110	16,540
Internally generated assets (1)	44,802	17,898
Effect of changes in the scope of consolidation	-	(678)
Exchange differences	(11)	2
Reclassifications	-	(1,350)
Disposals and accelerated amortisation	(182)	(1,762)
Depreciation charge	(37,333)	(27,701)
Closing balance	80,773	69,387

(1) concerns all capitalised development expenses

The increase in investments made by the Group is linked to the launch of new products and services for customers and the enrichment of the functionalities of the Group's fixed and mobile Internet sites. Part of these investments were carried out by internal teams.

Note 13 – Tangible fixed assets

(in thousands of euros)	31 December 2013			31 December 2012		
	Gross value	Total depreciation	Net value	Gross value	Total depreciation	Net value
IT and terminals	55,939	(48,398)	7,541	55,844	(45,157)	10,687
Others	47,698	(31,670)	16,028	43,360	(28,567)	14,793
Total	103,637	(80,068)	23,569	99,204	(73,724)	25,480

No significant impairment was recorded as at 31 December 2013 and 2012.

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

(in thousands of euros)	31 December 2013	31 December 2012
Opening balance	25,480	28,223
Acquisitions	6,403	8,302
Effect of changes in the scope of consolidation	-	(2,159)
Exchange differences	(3)	1
Reclassifications	1	486
Disposals and accelerated amortisation	(94)	(381)
Depreciation charge	(8,219)	(8,992)
Closing balance	23,569	25,480

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 – Derivative financial instruments

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

These operations provide a cash flow hedge relating to the variable rate debt (cf. note 26). Prospective effectiveness tests performed by Solocal Group on the inception of these operations and retrospective tests carried out on 31 December 2013 and 2012 showed that these financial instruments offered a totally effective cash flow hedge in relation to this bank debt.

Accounting and assets/liabilities relating to these derivative financial instruments

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

<i>(in thousands of euros)</i>	As at 31 December 2013	As at 31 December 2012
Interest rate swaps – cash flow hedge	(17,892)	(50,611)
Collars – fair value hedge	(2,300)	(3,969)
Assets / (liability)	(20,192)	(54,580)
<i>Of which non-current</i>	<i>(20,192)</i>	<i>(21,507)</i>
<i>Of which current</i>	<i>-</i>	<i>(33,073)</i>

The change in the fair value of derivative financial instruments (qualified as cash flow hedges) between 31 December 2012 and 31 December 2013, i.e. a decrease of 32.7 million euros for the interest rate swaps, was stated in transferable equity, after recognition of deferred tax of 12.5 million euros.

The change in the collar (qualified as fair value hedging) was recognised in financial income (cf. note 8), for an amount of 1.7 million euros. Deferred tax of 0.6 million euros was recorded in this respect.

No ineffectiveness was recorded with regard to cash flow hedges.

In application of IFRS 13 which is mandatory for financial years commencing from 1 January 2013, recognition of an adjustment in the market value of derivative financial instruments in order to reflect the credit risk (Credit Valuation Adjustment (CVA) or Debit Valuation Adjustment (DVA). The methodology retained is based on the use of observable market data (CDSs, bonds in particular). As at 31 December 2013, an amount of 2.7 million euros was recognised as DVA.

Note 17 – Net inventories

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

In 2013, annual contracts (negotiated by PagesJaunes) were signed with two paper suppliers specifying the rates payable for the supply by the printer of directory paper. The printer will obtain his supply and his purchases of paper following these conditions. As at 31 December 2013, PagesJaunes no longer has any inventories of paper.

Where necessary, these inventories have been written down when commercial 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 2013 and 2012 financial years.

Note 18 – Trade debtors

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

(in thousands of euros)	31 December 2013	31 December 2012
Gross trade debtors	431,754	453,533
Provisions for impairment (1)	(22,048)	(21,588)
Net receivables before statistical impairment	409,706	431,945
Provisions for statistical impairment (1)	(3,863)	(2,062)
Net trade debtors	405,843	429,883

(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)	Due 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
2013	409,706	375,557	14,704	7,643	3,586	4,543	2,579	1,094
2012	431,945	387,084	17,782	8,242	4,539	7,737	6,250	311

(1) Excluding statistical impairment provisions totalling 3,863 thousand euros as at 31 December 2013 and 2,062 thousand euros as at 31 December 2012

The Group's portfolio of trade debtors does not present a significant risk of concentration (over 650,000 advertisers, including 615,000 on PagesJaunes in France). In France, PagesJaunes' 20 largest advertisers represent 1.3% of these revenues (1.2% in 2012) and advertisers in the 10 largest business sections represent 16.2% of PagesJaunes revenues (16.1% in 2012). In France, provisions for bad debts remain at a very low level, with net provisions amounting to 0.58% of revenues in 2013 compared to 0.43% in 2012.

Note 19 – 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 20 – Other current assets

The other current assets are made up as follows

(in thousands of euros)	31 December 2013	31 December 2012
VAT receivable	16,630	14,544
Sundry accounts receivable	1	13
Trade payables – Advances and instalments	3,509	5,455
Other current assets	4,587	6,555
Total	24,727	26,567

Note 21 – Changes in provisions for impairment of assets

(in thousands of euros)	Balance at start of period	Allowances	Releases of unused provisions	Release of used provisions	Other movements	Balance at end of period
2012						
Trade debtors	27,204	6,898	(482)	(9,909)	(62)	23,650
Other assets	-	88		-	-	88
2013						
Trade debtors	23,650	9,244	(609)	(6,377)	3	25,911
Other assets	88	-	(88)	-	-	-

Receivables in respect of directories yet to be published are covered by a provision depending on the statistical rate observed empirically over the last five years of publication.

Note 22 – Share-holders' equity

22.1 – Share capital

As at 31 December 2012 and 2013, the share capital of Solocal Group amounted to 56.2 million euros and was divided into 280,984,754 ordinary shares of a par value of 0.20 euro each. This capital is fully paid up.

As at 31 December 2013, 18.49% of the capital of Solocal Group is held by Médiannuaire Holding which holds 28.29% of the voting rights.

As at 31 December 2012, Solocal Group was owned 54.68% by Médiannuaire SAS.

22.2 – Other reserves and other comprehensive income

The other consolidated reserves and other comprehensive income were negative in an amount of 2,126.3 million euros as at 31 December 2013 (2,310.2 million euros as at 31 December 2012) 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;
- the loss of fair value of derivative financial instruments between their conclusion date and 31 December 2013 in a pre-tax amount of 17.9 million euros (50.6 million euros as at 31 December 2012) and a corresponding tax of 4.9 million euros (17.4 million euros as at 31 December 2012);
- the cross-entry for the share-based payment expense corresponding to the portion settled in equity instruments in an amount of 62.6 million euros (61.1 million euros as at 31 December 2012), cf. note 25.

The recycling of reserves relative to the financial instruments, generated in the implementation of hedge accounting as defined in IAS 39, is forecast to be between 1 and 3 years (cf. note 16, maturity of these instruments).

22.3 – Own shares

A liquidity contract was entered into in 2008 with an investment service provider. It is renewable annually. The funds allocated to this contract amounted to 8.0 million euros.

Under this contract, as at 31 December 2013, the Company held 1,982,495 of its own shares, stated as a deduction from equity.

Solocal Group also repurchased 2,000,000 of its own shares outside the liquidity contract in 2011 for a total of 6.0 million euros.

As at 31 December 2013, Solocal Group consequently held 3,982,495 of its own shares.

As at 31 December 2012, the Company held 1,328,711 of its own shares and 1.7 million euros in liquidities under the liquidity contract.

22.4 – Dividends

Solocal Group did not distribute any dividends in 2013 or in 2012.

Note 23 – Trade creditors

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

Note 24 – Personnel benefits, provisions and other liabilities

These are made up as follows:

(in thousands of euros)	31 December 2013	31 December 2012
Post-employment benefits	75,701	73,868
Other long-term benefits	9,350	9,456
Non-current personnel benefits (1)	85,051	83,324
Other Provision for risks	5,854	5,890
Provisions for social or fiscal disputes	10,405	443
Non-current provisions	16,259	6,333

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

(in thousands of euros)	31 December 2013	31 December 2012
Personnel (1)	71,433	76,359
Social organisations	47,774	48,014
Total current personnel benefits	119,207	124,373
VAT payable	83,275	83,526
Sundry accounts payable	8,674	9,321
Other current liabilities	2,659	1,193
Other current liabilities	94,608	94,040

(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	6,024	20,777	-	(339)	-	26,462
Other Provision for risks	502	1,194	(181)	(20)	-	1,495
Total provisions	6,526	21,971	(181)	(359)	-	27,957
- of which non current	6,333	10,794	(181)	(99)	(588)	16,259
- of which current	193	11,177	-	(260)	588	11,698

Pension commitments and other personnel benefits:

(in thousands of euros)	Post-employment benefits	Other long-term benefits	Total 31 December 2013	Post-employment benefits	Other long-term benefits	Total 31 December 2012
Change in value of commitments						
Total value of commitments at start of period	75,768	9,744	85,511	60,607	8,294	68,901
Cost of services rendered	4,891	681	5,573	4,875	778	5,654
Discounting cost	2,200	271	2,471	2,114	274	2,388
Contributions paid by employees	-	-	-	-	-	-
Amendments to scheme	3,171	-	3,171	-	-	-
Reductions/liquidations	(3,476)	(316)	(3,791)	(900)	(27)	(927)
Actuarial (gains) or losses	(5,359)	(364)	(5,723)	9,574	731	10,305
Benefits paid	(663)	(339)	(1,002)	(972)	(330)	(1,302)
Acquisitions	-	-	-	-	-	-
Assignments/transfers of activity	-	-	-	227	22	249
Changes in scope	-	-	-	-	-	-
Others	-	-	-	242	-	242
Total value of commitments at end of period (A)	76,532	9,677	86,209	75,767	9,743	85,510
<i>Commitments at end of period relating to fully or partly financed schemes</i>	<i>74,275</i>	<i>-</i>	<i>74,275</i>	<i>73,165</i>	<i>-</i>	<i>73,165</i>
<i>Commitments at end of period relating to non-financed schemes</i>	<i>2,257</i>	<i>9,677</i>	<i>11,934</i>	<i>2,602</i>	<i>9,743</i>	<i>12,345</i>
Change in cover assets						
Fair value of cover assets at start of period	29	-	29	28	-	28
Financial income from cover assets	1	-	1	1	-	1
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)	30	-	30	29	-	29
Financial cover						
Situation of the scheme (A) – (B)	76,502	9,677	86,179	75,738	9,743	85,481
Unrecognised actuarial gains or (losses)	-	-	-	-	-	-
Unrecognised cost of past services	-	-	-	-	-	-
Adjustment linked to upper limit of assets	-	-	-	-	-	-
Provision / (assets) at end of period	76,502	9,677	86,179	75,738	9,743	85,481
<i>of which provision / (asset) short term</i>	<i>800</i>	<i>327</i>	<i>1,127</i>	<i>1,870</i>	<i>287</i>	<i>2,157</i>
<i>of which provision / (asset) long term</i>	<i>75,702</i>	<i>9,350</i>	<i>85,052</i>	<i>73,868</i>	<i>9,456</i>	<i>83,324</i>
Pension charge						
Cost of services rendered	4,891	681	5,573	4,875	778	5,654
Discounting costs	2,200	271	2,471	2,114	274	2,388
Expected return on scheme assets	(1)	-	(1)	(1)	-	(1)
Amortisation of actuarial (gains) or losses	-	(364)	(364)	-	731	731
Amortisation of cost of past services	3,171	-	3,171	-	-	-
Effect of reductions/liquidations	(3,476)	(316)	(3,791)	(620)	(15)	(635)
Assignments/transfers of activity	-	-	-	188	12	200
Adjustment linked to upper limit of assets	-	-	-	-	-	-
Total pension charge	6,785	273	7,058	6,555	1,780	8,336
Movements in the provision / (asset)						
Provision / (assets) at start of period	75,739	9,744	85,482	60,579	8,287	68,867
Pension charge	6,785	273	7,058	6,555	1,780	8,336
Pension charge from divested businesses	-	-	-	-	-	-
Contributions paid by the employer	(663)	(339)	(1,002)	(972)	(330)	(1,302)
Benefits paid directly by the employer	-	-	-	-	-	-
Change of scope	-	-	-	-	-	-
Actuarial gains or (losses)	(5,359)	-	(5,359)	10,018	-	10,018
Others	-	-	-	(442)	6	(437)
Provision / (assets) at end of period	76,502	9,677	86,179	75,738	9,743	85,481
Assumptions						
Discount rate (%)	3.00%	3.00%	3.00%	2.75%	2.75%	2.75%
Expected long-term inflation rate (%)	2.0%	2.00%	2.00%	2.0%	2.00%	2.0%
Expected yield on scheme assets (%)	3.00%	-	-	4.20%	-	-
Probable residual activity period	14.6	14.6	14.6	14.5	14.5	14.5
Amount entered as a charge in respect of the period	6,785	273	7,058	6,555	1,780	8,336

In 2013, the expense stated in respect of defined contribution pension plans amounted to 38.8 million euros.

The discount rate applied in valuing commitments as at 31 December 2013 is 3%, compared to 2.75% as at 31 December 2012.

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 around 3% 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 7%, or around 5.2 million euros, while a decrease of 0.50% in the discount rate leads to an increase in the commitment of about 7.5%, i.e. around 5.7 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 5% (less than 1 million euros), while a decrease of 0.50% in the discount rate leads to an increase in the commitment of 5% (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 to a decrease in the expense for the year of 0.2 million euros, i.e. 0.1% of the income for the period, while a decrease of 0.50% in the discount rate leads to an increase in the expense for the year of 0.2 million euros i.e. 0.1% of the income for the period.

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)	2013	2012	2011*	2010	2009
Total value of commitments at end of period	86,209	85,510	85,510	64,432	57,667
Fair value of cover assets at end of period	(30)	(29)	(30)	(25)	(577)
Situation of the scheme	86,179	85,481	85,480	64,406	57,089
Actuarial (gains) or losses relating to experience - liability	(2,931)	(2,292)	(735)	(2,655)	272
Actuarial (gains) or losses relating to experience - cover asset	-	-	-	-	-

* restated for the expensing of fixed costs of the sales force and for early adoption of IAS 19R

Note 25 – Stock options and free shares

25.1 – Description of the plans

25.1.1 – Stock options

Neither Solocal Group nor any of its subsidiaries granted any stock option plans in 2013 and 2012.

25.1.2 – Free shares

The Extraordinary General Meeting of 7 June 2011 authorised the Board of Directors to introduce a free share plan for the benefit of certain Group directors and employees, as defined in articles L. 225-197-1 to L. 225-197-5 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 free shares granted in respect of this resolution must not exceed 1.5% of the capital of the Company on the date of this General Meeting, i.e. 4,214,771 shares.

The Board of Directors adopted the conditions for the first free share plan on 26 October 2011. This plan gave rise to an initial grant of 1,226,000 shares. A second free share plan was adopted on 16 December 2011 and gave rise to an additional grant of 84,000 shares.

On 11 December 2012, the Board of Directors adopted the conditions for a third free share plan for 2,624,000 shares. These shares will be finally vested at the end of a vesting period ending on 31 December 2014, provided that the beneficiary is still an employee or director of the Group and performance conditions are fulfilled.

On 11 December 2013, the Board of Directors adopted the conditions for a fourth free share plan for 280,000 shares. These shares will be finally vested at the end of a vesting period ending on 31 December 2015, provided that the beneficiary is still an employee or director of the Group and performance conditions are fulfilled.

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.

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

	As at 31 December 2012	Granted	Exercised	Cancelled /lapsed	As at 31 December 2013	Exercise price 2013
Subscription share plans	7,030,218	-	-	(505,592)	6,524,626	
July 2010	1,067,500	-	-	(177,000)	890,500	8.59 €
December 2010	149,000	-	-	-	149,000	7.10 €
July 2009	804,000	-	-	(84,000)	720,000	6.71 €
October 2009	67,000	-	-	(50,000)	17,000	8.84 €
December 2009	75,000	-	-	-	75,000	7.82 €
December 2007	2,276,584	-	-	(77,000)	2,199,584	14.46 €
June 2005	2,591,134	-	-	(117,592)	2,473,542	11.72 €
Free share plans	3,844,000	280,000	-	(312,000)	3,812,000	Final vesting date
December 2013	-	280,000	-	-	280,000	31/12/2015
December 2012	2,624,000	-	-	(229,000)	2,395,000	31/12/2014
December 2011	84,000	-	-	-	84,000	31/12/2013
October 2011	1,136,000	-	-	(83,000)	1,053,000	31/12/2013

As at 31 December 2013, the options of all of the stock option plan can be exercised.

25.3 – Description of the valuation models

The fair value of a granted share corresponds to the market price of the share on the grant date after adjustment for the expected loss of dividends during the vesting period ending on 31 December 2015.

Grant date in 2013	11 December
Market price of underlying stock	€1.20
Vesting period	2.06 years
Expected dividend rate	-
Fair value of one share	€1.20

The expense representing the cost of this free share plan, which takes account of an estimated annual departure rate of 15%, is amortised over the vesting period, i.e. 2.06 years. It is adjusted in line with the probability that the performance conditions will be fulfilled or the departure rate during this period and is fixed permanently on the basis of the number of shares actually distributed at the end of this period.

25.4 – Expense relating to stock option plans and free grants of shares

The impact of the stock option plans and free grants of shares on the 2013 income statement amounts to 1.5 million euros compared to 2.3 million euros in 2012. These amounts include social charges relating to the employer's contribution based on the fair value of the options granted, i.e. 30% in 2013 and 2012.

These plans are expected to be settled through equity instruments.

Note 26 – Cash and cash equivalents, net financial debt

Net financial debt corresponds to the total gross financial debt less or plus fair value of financial derivatives, and less cash and cash equivalents.

<i>(in thousands of euros)</i>	As at 31 December 2013	As at 31 December 2012
Accrued interest not yet due	45	18
Cash equivalents	54,940	106,747
Cash	20,584	4,723
Gross cash	75,569	111,488
Bank overdrafts	(2,490)	(19,616)
Net cash	73,079	91,872
Bank loan	1,297,476	1,368,143
Bond loan	350,000	350,000
Revolving credit facility drawn	-	75,807
Loans issue expenses	(25,417)	(37,631)
Lease liability	44	119
Fair value of hedging instruments (cf. note 6)	20,192	54,580
Price supplements on acquisition of securities	3,301	4,898
Accrued interest not yet due	6,269	16,720
Other financial liabilities	789	917
Gross financial debt	1,652,654	1,833,553
<i>of which current</i>	<i>136,431</i>	<i>146,986</i>
<i>of which non-current</i>	<i>1,516,223</i>	<i>1,686,567</i>
Net debt	1,579,575	1,741,681

Cash and cash equivalents

As at 31 December 2013, cash equivalents amounted to 54.9 million euros and is primarily comprised of UCITS and non-blocked, remunerated, fixed-deposit accounts.

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

Bank overdraft

The Group has authorised overdrafts totalling 14 million euros granted by a number of its banks.

Bank loan

The financing agreement amended in November 2012 notably includes default and mandatory prepayment clauses, as well as the following progressive financial covenants:

- the ratio of consolidated net debt to an aggregate close to the consolidated GOM must be less than or equal to 3.75 on 31 December 2013, and thereafter (GOM and consolidated net debt as defined in the agreement with the financial institutions);

- the ratio of an aggregate close to the consolidated GOM to the consolidated net interest expense must be greater than or equal to 3.0 over the residual term of the agreement (GOM and consolidated net debt as defined in the agreement with the financial institutions).

As at 31 December 2013, these financial covenants were met and there are no grounds for reclassifying non-current debt as current. These ratios were respectively at 3.73x and 3.57x.

In terms of sensitivity, a 0.4% decrease in GOM would result in an increase of the leverage ratio (consolidated net debt to an aggregate close to the consolidated GOM) of 0.02 to reach the limit of 3.75x. A 2% decrease in net debt would result in a decrease of the same ratio of 0.07.

It also includes a compulsory early repayment clause in the event of a change of control of the Company resulting from the acquisition of the shares of the Company.

The reference rate is Euribor or Libor plus a margin.

As at 31 December 2013, bank debt can be broken down as follows:

- Tranche A3: principal of 954.5 million euros of which 71.7 million euros maturing in 2014 (including the cash sweep of 41.7 million euros) and the balance, which is 882.8 million euros, maturing in 2015, margin of 400 bps;
- Tranche A5: principal of 342.8 million euros of which 54.3 million euros maturing in 2014 and the balance, which is 288.5 million euros, maturing in 2015, margin of 360 bps;
- Revolving credit line RCF 3: principal of 71.0 million euros of which 11.2 million euros maturing in 2014 and the balance, which is 59.8 million euros, maturing in 2015, margin of 360 bps, not drawn as at 31 December 2013.

Bond borrowings

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

Price supplements on acquisition of securities

As part of the acquisitions completed in 2011, 2012 and 2013, price supplements may be paid in 2014 if certain operating performance conditions are fulfilled. As at 31 December 2013, these were estimated to be 3.3 million euros.

Other financial liabilities

The other financial liabilities primarily comprise a debit current account with PagesJaunes Outremer, a wholly owned non-consolidated subsidiary of Solocal Group.

Note 27 – Deferred income

Deferred income mainly comprises income from sales of advertisements invoiced for inclusion in directories yet to be published and online directories spread over a display period which is usually 12 months.

Note 28 – Financial instruments

28.1 – Financial instruments in the balance sheet

(in thousands of euros)	Carrying amount in balance sheet	Breakdown according to IAS 39					Others
		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)	
Available-for-sale assets	515	-	-	515	-	-	-
Other non-current financial assets	4,944	-	-	-	4,944	-	-
Net trade accounts receivable	405,843	-	-	-	405,843	-	-
Other current financial assets	8,264	8,264	-	-	-	-	-
Cash equivalents	54,940	54,940	-	-	-	-	-
Cash	20,629	20,629	-	-	-	-	-
Financial assets	495,135	83,833	-	515	410,787	-	-
Non-current financial liabilities and derivatives	1,516,223	2,300	17,892	-	-	1,496,031	-
Bank overdrafts and other short-term borrowings	132,652	3,301	-	-	-	129,351	-
Accrued interest	6,269	-	-	-	-	6,269	-
Trade accounts payable	84,484	-	-	-	-	84,484	-
Financial liabilities	1,739,628	5,601	17,892	-	-	1,716,135	-

Hedging derivatives stated at fair value in equity are detailed in note 16.

As at 31 December 2013, the market value of the bank and bond loans was 1,209.0 million euros, compared to a carrying value of 1,647.4 million euros:

(in thousands of euros)	Carrying value	Quotes as at 31/12/2013	Market value
Bank borrowing - facility A3	954,530	72.5%	692,034
Bank borrowing - facility A5	342,848	73.5%	251,993
Senior secured notes PagesJaunes Finance & Co SCA	350,000	75.7%	264,968
Loans	1,647,378	73.4%	1,208,995
Other debts incl. debt costs	(21,996)	-	(21,996)
Non-current financial liabilities and derivatives	1,625,382	73.0%	1,186,999

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)

The valuation of hedging derivatives corresponds to level 2.

In the 2013 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.

28.2 – Effect of financial instruments on income

(in thousands of euros)	Impact in profit and loss	Breakdown according to IAS 39					Others
		Fair value recognised in profit or loss	Derivative instruments	Available-for-sale assets	Loans and receivables (amortised cost)	Financial liabilities (amortised cost)	
Interest income	2,899	2,899	-	-	-	-	-
Interest expenses	(132,723)	-	-	-	-	(132,723)	-
Net gains / (net losses)	(129,824)	2,899	-	-	-	(132,723)	-
Accretion cost	(2,470)						
Net financial income (cf. note 8)	(132,294)						

Note 29 – 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 documentations 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 an aggregate close to the consolidated gross operating margin (GOM) and the maximum leverage, measured by the relationship between the consolidated net debt and an aggregate close to the consolidated GOM.

The Group has set a goal to reduce its financial leverage. As at 31 December 2013, this ratio was 3.73 times GOM (3.7 times as at 31 December 2012), which is lower than the maximum of 3.75 times specified in the bank documentation (4.00 times as at 31 December 2012).

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 78.8% of its short and long term financing is at a variable rate. The Group manages this risk through recourse to derivative instruments, mainly interest rate swaps.

The main features of the Group's banking debt are stated in note 26 (Cash and Cash equivalents, net financial debt) and the features of the instruments used for hedging against interest rate fluctuations can be found in note 16 ("Derivative financial instruments – non-current assets").

(in millions of Euros)	As at 31 December 2013	Less than 1 year	In 1 to 5 years	In more than 5 years
Variable rate				
Bank loan	(1,297.4)	(126.1)	(1,171.3)	-
Revolving credit lines	-	-	-	-
Cash and cash equivalents, net of bank overdrafts	73.1	73.1	-	-
Assets / (liabilities) at variable rate before hedging	(1,224.3)	(53.0)	(1,171.3)	-
Active hedgings (excl. forwards)	800.0			
Assets / (liabilities) at variable rate after hedging	(424.3)			
Variable rate				
Bond loan	(350.0)	-	(350.0)	-
Assets / (liabilities) at fixed rate before hedging	(350.0)	-	(350.0)	-
Active hedgings (excl. forwards)	(800.0)			
Assets / (liabilities) at fixed rate after hedging	(1,150.0)			
Other items *	(5.3)			
Net cash (debt)	(1,579.6)			

* loan issuance expenses, fair value of hedging instruments, accrued interest not yet due, earn-out

Solocal Group estimates that an increase of 0.50% in short-term interest rates compared to the three-month Euribor rate at 31 December 2013, i.e. 0.293%, would lead to a decrease in the consolidated pre-tax annual income of about 2.1 million euros.

Sensitivity analysis of an increase of 50 basis points of Euribor 3 months (before tax)

(in millions of Euros)	Cash equivalents	Bank loan and overdrafts	Net derivative financial instruments		Total
			Cash flow hedge	Fair value	
Carrying amount in balance sheet	75.5	(1,300.8)	-	(20.2)	
Sensitivity in profit and loss	0.4	(6.5)	4.0	-	(2.1)
Sensitivity in equity	-	-	-	5.4	5.4

Liquidity risk

The Groupe 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.

Based on the maturity dates of financial liabilities as at 31 December 2013, forecast disbursements for future periods, calculated on the basis of the forward rate curve at 31 December 2013, are as follows:

(in millions of Euros)	Carrying amount in balance sheet		2014		2015		2016		2017		2018	
	Assets	Liabilities	Interest	Reimb.	Interest	Reimb.	Interest	Interest	Interest	Reimb.		
Financial liabilities		(1,660.3)	(92.0)	(132.7)	(92.0)	(1,171.3)	(31.1)	(31.1)	(13.0)			
Bank loan A3	-	(954.5)	(41.2)	(71.7)	(45.8)	(882.8)	-	-	-	-	-	-
Bank loan A5		(342.8)	(13.4)	(54.3)	(15.1)	(288.5)	-	-	-	-	-	-
Bond loan	-	(350.0)	(31.1)	-	(31.1)	-	(31.1)	(31.1)	(13.0)	(350.0)		
Bank overdrafts	-	(2.5)	-	(2.5)	-	-	-	-	-	-	-	-
Accrued interest not yet due	-	(6.3)	(6.3)	-	-	-	-	-	-	-	-	-
Liability on committed purchase of minority interests	-	(3.3)	-	(3.3)	-	-	-	-	-	-	-	-
Other financial liabilities	-	(0.9)	-	(0.9)	-	-	-	-	-	-	-	-
Interest rate risk hedging												
Swaps	-	(20.2)	(13.5)	-	(6.8)	-	-	-	-	-	-	-
Forward rate (Euribor 3m)			0.32%		0.80%							

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 2013, Solocal Group was exposed to an extent of 54.9 million euros in respect of its investment operations (cf. note 26 – Cash equivalents), while the market value of its derivative financial instruments was negative (cf. note 16).

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 30 – Information on related parties

30.1 – 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 2013	31 December 2012
Short-term benefits (1)	5,945	5,064
<i>of which employer charges</i>	1,585	1,329
Post-employment benefits (2)	60	54
Other long term benefits (3)	2	2
End-of-contract benefits (4)	711	-
Equity benefits (5)	456	796
Total	7,173	5,917

(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 2013, the charge in respect of defined-contribution pension plans amounted to 0.4 million euros (0.3 million euros in 2012).

30.2 – Transactions with related parties

Service contracts were established in 2006 and 2007 with Médiannuaire, the majority shareholder of Solocal Group. These contracts were terminated following the change in the shareholding of Solocal Group and were replaced with two new contracts which generated income of 99,000 euros for the financial year 2013 (expense of 1.2 million euros for the financial year 2012). Since no other benefit was provided since June 2013, these contracts were also terminated. These transactions form part of current operations.

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.

Christophe Pingard was appointed Deputy Chief Executive Officer by the Board of Directors on 26 October 2011. On this occasion, Solocal Group entered into the following commitments with regards to him.

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 existing commitments undertaken in 2011 with regard to Christophe Pingard were approved by the Combined General Meeting of 6 June 2012.

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

Note 31 – Contractual obligations and off-balance-sheet commitments

Significant off-balance-sheet commitments are as follows:

Contractual obligations (in thousands of euros)	2013				2012
	Total	Payments due per period			Total
		Less than 1 year	In 1 to 5 years	In more than 5 years	
Operating leases	47,315	18,693	28,359	263	50,733
Paper, printing, distribution ⁽¹⁾	1,489	1,489	-	-	3,068
Other services	17,783	9,807	7,976	-	12,724
Commitments for purchases of goods and services	19,272	11,296	7,976	-	15,792
Total	66,587	29,989	36,335	263	66,525

(1) See details in table below.

The "Other services" section includes all firm orders placed as at 31 December 2013 for goods and services deliverable from 2014.

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 17.4 million euros in 2013 (15.9 million euros in 2012).

The leases on the premises in Sèvres were granted and accepted for a firm duration of nine entire consecutive years starting from 1 April 2007.

As at 31 December 2013, the Group's commitment under all leases amounted to 47.3 million euros, of which 18.7 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.

PagesJaunes had entered into three-year contracts with two of its paper suppliers in respect of 2007, 2008 and 2009. These contracts were formally extended until 31 January 2013. These contracts specify the rates payable over the period and state order volumes.

Starting on 1 January 2014, annual contracts are signed with two paper suppliers specifying the rates payable for the supply by the printer of directory paper, with a volume commitment of 14,000 tonnes

The printer will obtain his supply and his purchases of paper following these conditions.

Only firm orders placed as at 31 December 2013, both with paper suppliers and with printers and distributors, were reported as off-balance-sheet commitments at that date, for a total amount of 1.5 million euros, as detailed in the table below:

Contractual obligations (in thousands of euros)	2013				2012
	Total	Payments due per period			Total
		Less than 1 year	In 1 to 5 years	In more than 5 years	
Paper	991	991	-	-	766
Printing	491	491	-	-	1,535
Distribution	-	-	-	-	694
Editorial content	7	7	-	-	73
Total	1,489	1,489	-	-	3,068

Statutory training rights (DIF):

In respect of statutory training rights for employees working for the French companies in the Group under indefinite-term contracts, the volume of hours accumulated but not used totalled 427,861 hours as at 31 December 2013 (431,424 hours at 31 December 2012). In 2013, 14,080 hours were used by employees (6,564 hours in 2012).

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 around 71 million euros to cover the Group's cash flow requirements (working capital, investments and refinancing) resulting from its operational activities. This line was unutilised as at 31 December 2013.

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

Contractual obligations (in thousands of euros)	Total	2013			2012
		Less than 1 year	In 1 to 5 years	In more than 5 years	Total
Operating leases – lessor	230	115	115	-	409
Other services	599	448	151	-	1,409
Total	829	563	266	-	1,818

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 26). 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 32 – 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.

At the beginning of 2002, PagesJaunes implemented a commercial development plan, including, notably, the modification of the employment contracts of 930 sales representatives. The purpose of this modification was to adapt these contracts to a new competitive environment. Approximately 100 employees refused to sign the proposed new contract and were made redundant during the second quarter of 2002. Almost all these employees commenced legal proceedings against PagesJaunes to contest the validity of the reason for the redundancies. The Cour de cassation, in two judgements handed down on 11 January 2006, approved the commercial development plan. The Cour de cassation ruled that economic redundancy following a reorganisation implemented to prevent future economic difficulties associated with technological developments was justified. In a further judgement on 14 February 2007, the Cour de cassation upheld the validity of the plan implemented by PagesJaunes.

With regards to cases before administrative courts, the Conseil d'Etat, as court of last resort, issued eight judgements unfavourable to PagesJaunes on 12 January 2011, setting aside rulings issued by the Cour administrative d'appel of Paris in 2009 and hence the Minister's authorisation of the redundancies. On 2 July 2012, the employee claims court of Dijon issued five judgements favourable to PagesJaunes concerning the quantum of the indemnifications owed to the employees. These rulings were appealed to the Court of Appeal of Dijon, and the proceedings are currently in progress. Proceedings are also underway with the Court of Appeal of Lyon following an unfavourable first-instance judgement.

Two proceedings are currently in progress respectively with the employee claims court of Boulogne and of Saint Nazaire with a request for claims concerning the financial consequences of the redundancy authorisations.

The 7.3 million euros provision recognised at the end of 2002 in respect of this risk has been the subject of several writebacks since 2006 in view of the favourable progress of these cases and amounted to 1.8 million euros as at 31 December 2013.

Actions were brought against PagesJaunes by eleven advertising agencies at the Tribunal de commerce of Nanterre 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), discriminatory practices and unfair competition. In a judgement on 26 January 2011, the Tribunal de commerce of Nanterre declined jurisdiction in favour of the Tribunal de commerce of Paris.

These same agencies referred the same facts to the French Competition Authority as those brought before the Tribunal de commerce of Nanterre (cf. above) 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.

In addition, 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 2013, there were eighteen, representing total claims for damages of a little under 1 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.

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. PagesJaunes is contesting the adjustment and has referred it to the Urssaf arbitration committee to defend its position. A ruling was handed down on 3 October 2012 in which said commission fully rejected the requests of PagesJaunes. PagesJaunes referred this to the Social Affairs court of Bobigny on 22 October 2012 in order to dispute this decision.

To the Company's knowledge, there is no other government, judicial or arbitration procedure, whether pending or threatened, that is liable to have, or having had in the last twelve months, a significant impact on the financial position or profitability of the Company and/or the Group.

Note 33 – Auditors' fees

(amounts in thousands of euros)	Deloitte & Associates				Ernst & Young			
	Amount		In % of fees		Amount		In % of fees	
	2013	2012	2013	2012	2013	2012	2013	2012
Audit								
Audit, statutory audit, certification and inspection of individual and consolidated accounts	360	355	94%	94%	419	409	88%	88%
- Including Solocal Group	130	127	34%	34%	130	127	27%	27%
- Including fully consolidated subsidiaries	230	227	60%	60%	288	282	60%	60%
Other procedures and services in relation to the mission of the Company Auditors	24	24	6%	6%	60	58	12%	12%
- Including Solocal Group	24	24	6%	6%	2	43	0%	9%
- Including fully consolidated subsidiaries	-	-	0%	0%	58	16	12%	3%
Subtotal	383	378	100%	100%	478	467	100%	100%
Other services provided by the networks to fully consolidated subsidiaries								
Legal, tax and social security -related	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-	-	-
TOTAL	383	378	100%	100%	478	467	100%	100%

Note 34 – Scope of consolidation

Entities	Country	As at 31 December 2013		As at 31 December 2012	
		Interest	Control	Interest	Control
Fully consolidated companies					
Solocal Group (ex-PagesJaunes Groupe)	France	100%	100%	100%	100%
PagesJaunes	France	100%	100%	100%	100%
QDQ Media	Spain	100%	100%	100%	100%
Optimizacllick	Spain	100%	100%	100%	100%
Trazada	Spain	100%	100%	100%	100%
Euro Directory	Luxembourg	100%	100%	100%	100%
PJMS (ex-PagesJaunes Marketing Services)	France	100%	100%	100%	100%
Mappy	France	100%	100%	100%	100%
Horyzon Media	France	100%	100%	100%	100%
Horyzon Worldwide	Spain	100%	100%	100%	100%
Yelster Digital	Austria	100%	100%	100%	100%
Sotravo	France	100%	100%	100%	100%
A Vendre A Louer (1)	France	-	-	100%	100%
ClicRDV	France	100%	100%	100%	100%
Fine Media	France	100%	100%	100%	100%
Chronorest	France	100%	100%	100%	100%
Orbit Interactive	Morocco	100%	100%	100%	100%
PagesJaunes Finance & Co	Luxembourg	100%	100%	100%	100%
Companies consolidated by the equity method					
Relaxevents	France	-	-	40%	40%
Leadformance	France	49%	49%	49%	49%
Editus	Luxembourg	10%	10%	10%	10%

(1) merger on 31 December 2013

Note 35 – Events subsequent to the closing date

Solocal Group intends to launch a capital increase for an amount of 440 million euros, and initiates concurrently discussions with its lenders to extend bank debt maturities from 2015 to March 2020 [1], in exchange for a partial prepayment; both transactions are conditional one to the other.

The capital increase which will be proposed to the Extraordinary General Shareholders Meeting is comprised of a 361 million euros capital increase with preferential subscription rights, preserving the interests of existing shareholders, and a 79 million euros reserved capital increase.

The capital increase is fully guaranteed by Solocal Group's largest shareholder, Médiannuaire Holding, and by a group of institutional investors including four of its largest debt-holders and two financial intermediaries.

[1] Option for Solocal Group to extend bank debt maturities to March 2020, in exchange for a refinancing of the 350 million euros senior secured notes