Consolidated financial information as at 31 December 2014

Board of Directors of 9 February 2015

Unofficial translation of the French-language "*Informations financières consolidées au 31 décembre 2014*" of Solocal Group, for information purposes only.

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Solocal Group
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Commercial and Companies Register Nanterre 552 028 425

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1. Annual activity report as of 31 December 2014

1.1. Overview

Through its subsidiaries, Solocal Group 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 creates services and makes them available which give access to a mine of useful and reliable information. Constantly adapted to today's consumption modes, they accompany citizens everywhere and everyday and make their life easier: locating and contacting a business, finding friends on the net, obtaining an itinerary, visiting merchant shops, finding good deals…

Always in line with the uses, Solocal Group develops its services across all the mobile platforms (in particular via applications for iPhone, iPad and Android), as such meeting the growing needs for information availability and proximity.

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, through advertisers. The Group's brands benefit from the strong notoriety and from the trust of users. The credibility of services, built year after year, is the base for the power of the audiences. Since the beginning of 2014, the Group has reorganised itself around 5 vertical "markets" (Retail, B2B, Home, Services, Health & Public) + 1 business unit that includes major accounts, which should allow it to improve the customer experience, and to best meet their expectations, in particular with the development and the marketing of adapted products and services.

The Group's activities are organised in three product 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). This segment comprises the 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".

  Display, clicks, site creation and hosting, video, listing on pagesjaunes.fr, affiliated partners and search engines - "SEO" (natural listing) or "SEM" (paid listing)… Solocal Group markets a very wide range of advertising formats and services on fixed and mobile Internet which allows any business, from an SME to a major networked brand, to build an ad hoc communication plan.

  This segment includes routes, geolocation and reservation services of Mappy, but also couponing with 123deal or smartprivé, and digital promotion.

  Online quotation requests and contact establishment with players of the construction industry from Sotravo, online appointment making using the technology developed by ClicRDV, the themed content site ComprendreChoisir.com published by Fine Media, the online ordering of meals on Chronoresto.fr from locally-listed restaurants (in 2013) and the Direct Marketing (emailing type) products and services are also included this segment. The online people and profile search service with 123people was shut down in March 2014.

- Printed Directories:

This is the Group's historical activity, involving the publication, distribution and sale of advertising space in printed directories (PagesJaunes, l'Annuaire).

- 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 2014 full-year results

Solocal Group	**As at 31 December**		
in million euros	**2014**	**2013**	**Change 2014/2013**
Revenues	**936.2**	**998.9**	**-6.3%**
Net external expenses	(228.3)	(222.1)	-2.8%
Salaries and charges	(385.7)	(352.5)	-9.4%
Gross Operating Margin	**322.2**	**424.3**	**-24.1%**
As % of revenues	*34.4%*	*42.5%*	
Legal employee profit-sharing	(10.3)	(15.4)	33.1%
Share-based payment	(8.6)	(1.5)	na
Depreciation and amortisation	(48.4)	(40.7)	-18.9%
Other income and expenses	(38.5)	(37.4)	-2.9%
Operating income	**216.5**	**329.2**	**-34.2%**
As % of revenues	*23.1%*	*33.0%*	
Financial income	1.6	2.9	-44.8%
Financial expenses	(99.7)	(135.2)	26.3%
Net financial income	**(98.1)**	**(132.3)**	**25.9%**
Share of profit or loss of an associate	(0.0)	(0.2)	na
Income before tax	**118.4**	**196.7**	**-39.8%**
Corporate income tax	(58.9)	(81.9)	28.1%
Income for the period	**59.4**	**114.8**	**-48.3%**
of which attributable to:			
- Shareholders of Solocal Group	59.4	114.8	-48.3%
- Non-controlling interests	0.0	0.1	

The number of visits to the Group's websites as a whole exceeded 2-billion visits for the first time, totalling 2044.2 million in 2014, up 12.1% compared to 2013 on a like-for-like basis, with a number of visits on mobile up 35%. Mobile represents 34% of the Group's internet audience. The audience

directed towards pagesJaunes.fr professionals is up sharply by 22%, with 1132.3 million visits in 2014.

In 2014, the profound commercial transformation and the setting up of new sales staff contracts resulted in the departure of nearly 300 sales staff which is about 20% of the workforce concerned, and the recruiting of about 600 new sales staff. In this context and in that of an economy that is still morose, consolidated revenues for Solocal Group stand at 936.2 million euros in June 2014, down 6.3% compared to 2013 based on published figures. Internet revenues represent 68% of the Group's revenue in 2014 compared to 63% in 2013. The revenues of the Printed directories segment decreased by 17.3% compared to 2013. Internet revenues are stable in 2014, and are up +2.0% in the 4th quarter of 2014 compared to the 4th quarter of 2013. The deployment of the new commercial organisation by vertical was finalised at the end of September 2014.

The Group's normalised gross operating margin stands at 350.3 million euros in 2014, down 17.4% compared to 2013 (for the notion of normalised GOM, cf. below, "Change in the employment contracts of the sales force"). The Group's published gross operating margin amounts to 322.2 million euros in 2014, down 24.1% compared to 2013. The gross operating margin is down mainly under the effect of the fall in revenues from printed directories and Other business segments for 62,7 million euros, and commercial investment. The 28% reduction in the costs of producing printed directories made it possible to partially offset the impact of the increase in commercial and technological investments required to support the digital transformation. The normalised gross operating margin rate stood at 37.4% in 2014 compared to 42.5% in 2013. The published gross operating margin rate is 34.4% in 2014.

The Group’s operating income decreased by 34.2% compared to 2013 at 216.5 million euros. The 112.7 million euros decrease stems from the 102.0 million euro drop in the gross operating margin, from the increase in depreciation and amortisation of 7.7 million euros, from the 5.1 million euro drop in profit sharing, from the increase in share-based payments of 7.1 million euros and for 1.1 million euros in exceptional events including a provision of 10.4 million euros for refurbishing costs of premises and future double rents, restructuring costs of 23.5 million euros in 2014 compared to 28.1 million euros in 2013 and an impairment of 3.8 million euros in 2014 compared to 8.4 million euros in 2013. Excluding exceptional events, operating income is down 30.4%.

The Group's financial result represents a net expense of 98.1 million euros which decreased 25.9% between 2013 and 2014, primarily under the effect of a drop in the cost of the debt. The average interest rate for the debt decreased 63 basis points, changing from 6.83% in 2013 to 6.20% in 2014, this drop is due to the favourable effect of hedging instruments and to a 3.25% drop in the margin on bank loans during a part of 2014. Moreover, the capital increase subscribed to in June 2014 made it possible to pay back the bank debt for an amount of 400 million euros.

The effective tax rate stands at 49.8% in 2014, up 8.2 points compared to 2013, which can be explained by an impact that was more unfavourable in 2014 than in 2013 of the partial deductibility of financial interest that changed from 85% in 2013 to 75% in 2014 and a larger portion of the CVAE (Corporation Value added tax) (mechanical effect linked to the drop in income before tax). Moreover, the Group benefited in 2013 and in 2014 from a favourable impact linked to a favourable response to tax claims which resulted in a drop in the effective tax rate of 5.4 points in 2013 and 3.7 points in 2014.

Income for the period amounted to 59.4 million euros, down 48.3% compared to 2013. Excluding exceptional events, income for the period is down 41.3%.

Change in the employment contracts of the sales force

The year 2014 is marked by the extension, to almost all of the sales force, of the "specialist" status, resulting in a modification of the employment contract with in particular the switching from a travelling sales representative to an executive status. This modification comes with the introduction of a fixed remuneration and reimbursement for costs, with the direct consequence of a decrease in the variable share of the sales force compensation. Recall that this status had already been partially set up in 2012 with a population of about 230 sales staff.

Recall that, according to IFRS rules, only the variable compensation with an incremental nature were capitalised as "acquisition costs of contracts" and were recognised as expense at the same time as the revenue, i.e. in a single action at the time of publication for printed directories and, spread out starting from online publication, and over the duration of publication.

The 2014 financial statements, starting in the 2nd quarter, support a dual accounting effect: the recognition as expense of the commercial costs concerning the revenue prospected in 2013 (activated and listed on the balance sheet at 31 December 2013) as well as the fixed remuneration paid in 2014 for the revenue prospected in 2014.

As the sales representatives do not receive double compensation in 2014, this is a double accounting effect without impact on cash flow.

The purpose of normalised GOM is to neutralise this double effect linked to the acceleration in the recognition of commercial costs (decrease in the variable share in total remuneration) in order to make it possible to obtain a pertinent and comparable aggregate, in such a way that it reveals the economic activity of the business. The impact in terms of figures corresponds to an estimate based on forecast projections.

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	**As at 31 December**		
in million euros	**2014**	**2013**	**Change 2014/2013**
Internet	632.5	632.5	0.0%
Printed directories	285.2	344.7	-17.3%
Other businesses	18.5	21.7	-14.7%
Revenues	**936.2**	**998.9**	**-6.3%**
Internet revenues as % of total revenues	*67.6%*	*63.3%*	
Internet	207.3	267.4	-22.5%
Printed directories	110.1	150.9	-27.0%
Other businesses	4.8	6.0	-20.0%
Gross Operating Margin	**322.2**	**424.3**	**-24.1%**
As % of revenues	*34.4%*	*42.5%*	

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 2013 and 2014:

Internet	**As at 31 December**		
in million euros	**2014**	**2013**	**Change 2014/2013**
Revenues	**632.5**	**632.5**	**0.0%**
Gross Operating Margin	**207.3**	**267.4**	**-22.5%**
As % of revenues	*32.8%*	*42.3%*	

Internet segment revenue is stable at 632.5 million euros in 2014. Internet revenues are up 2.0% in the 4th quarter of 2014, but revenues in previous quarters were affected by the commercial reorganisation, the slowdown in the growth of the Search activity, and the low Display in a morose advertising context.

The gross operating margin of the Internet segment stands at 207.3 million euros in 2014 (226.9 million euros as normalised), down 22.5% compared to 2013 (down 15.1% as normalised). The gross operating margin of the Internet segment is affected by the commercial reorganisation, investments in the management of the digital transformation and the advertising campaigns aimed at promoting the Sites products and the AVendreALouer brand. This also results in a 9.5 point drop in the published gross operating margin rate which decreased from 42.3% in 2013 to 32.8% in 2014. The normalised gross operating margin rate decreased from 6.4 points, from 42.3% in 2013 to 35.9% in June 2014.

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 2013 and 2014:

Printed directories	**As at 31 December**		
in million euros	**2014**	**2013**	**Change 2014/2013**
Revenues	**285.2**	**344.7**	**-17.3%**
Gross Operating Margin	**110.1**	**150.9**	**-27.0%**
As % of revenues	*38.6%*	*43.8%*	

The revenues of the Printed directories segment decreased by 17.3% in 2014 to 285.2 million euros. The decline in printed directories therefore remains contained. Les Pages Blanches of the *département du Nord* were discontinued in the 3rd quarter of 2014.

The gross operating margin of the Printed Directories segment stands at 110.1 million euros in 2014 (118.5 million euros as normalised), down 27.0% compared to 2013 (down 21.5% as normalised). The gross operating margin rate is down 5.2 points, to 38.6% in 2014 (a moderate drop of 2.2 points, to 41.5% as normalised). The limited erosion in the margin rate reflects the continuation of sustained efforts to reduce the production, printing and distribution costs of Printed directories, which declined significantly by 28% at the end of December.

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 2013 and 2014:

Other businesses	**As at 31 December**		
in million euros	**2014**	**2013**	**Change 2014/2013**
Revenues	**18.5**	**21.7**	**-14.7%**
Gross Operating Margin	**4.8**	**6.0**	**-20.0%**
As % of revenues	*25.9%*	*27.6%*	

The revenues of the Other businesses segment decreased by 14.7% in 2014 to 18.5 million euros. This was primarily 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 4.8 million euros in 2014, down 20.0% compared to 2013. The gross operating margin rate decreased from 27.6% in 2013 to 25.9% in 2014. The drop in the margin rate stems 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 continuing with 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 2013 and 2014:

Solocal Group	**As at 31 December**		
in million euros	**2014**	**2013**	**Change 2014/2013**
Gross Operating Margin	**322.2**	**424.3**	**-24.1%**
Legal employee profit-sharing	(10.3)	(15.4)	33.1%
Share-based payment	(8.6)	(1.5)	na
Depreciation and amortisation	(48.4)	(40.7)	-18.9%
Other income and expenses	(38.5)	(37.4)	-2.9%
Operating income	**216.5**	**329.2**	**-34.2%**
As % of revenues	*23.1%*	*33.0%*	

1.2.4.1. Employee profit-sharing and share-based payment

The employee profit-sharing in the Group amounted to 10.3 million euros in 2014, down 33.1% compared to 2013.

The expense for share-based payments amounted to 8.6 million euros in 2014 compared to 1.5 million euros in 2013. This expense stems from free grants of shares set up from 2011 to 2014. This increase can be explained in particular by the granting in June 2014 of 45.2 million performance shares.

1.2.4.2. Depreciation and amortisation

The Group's depreciation and amortisation charges amounted to 48.4 million euros in 2014, compared to 40.7 million euros in 2013, an increase of 18.9%. 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 and restructuring costs, as well as a provision for refurbishing costs of premises and any future double rents.

The total these expenses represents an amount of 38.5 million euros in 2014 compared to 37.4 million euros in 2013.

Impairment on goodwill and fixed assets amount to 3.8 million euros in 2014 compared to 8.4 million euros in 2013.

The net restructuring costs generated by the commercial and marketing reorganisation of PagesJaunes amount to 23.5 million euros in 2014 and 28.1 million euros in 2013.

In the framework of the grouping together of the Parisian entities onto one site scheduled for 2016, a provision for refurbishing costs of premises and any future double rents was booked in 2014 for an amount of 10.4 million euros. This provision does not affect the Group's cash flow in 2014.

1.2.4.4. Operating income

The Group's operating income decreased by 34.2% compared to 2013 at 216.5 million euros. The 112.7 million euro decrease stems from the 102.0 million euro drop in the gross operating margin, from the increase in depreciation and amortisation of 7.7 million euros, from the 5.1 million euro drop in profit sharing, from the increase in share-based payments of 7.0 million euros and for 1.1 million euros in exceptional events including a provision of 10.4 million euros for refurbishing costs of premises and future double rents, restructuring costs of 23.5 million euros in 2014 compared to 28.1 million euros in 2013 and an impairment of 3.8 million euros in 2014 compared to 8.4 million euros in 2013. Excluding exceptional events, operating income is down 30.4%.

1.2.5. Analysis of income for the period

The table below shows the Group's income for the period in 2013 and 2014:

Solocal Group	**As at 31 December**		
in million euros	**2014**	**2013**	**Change 2014/2013**
Operating income	**216.5**	**329.2**	**-34.2%**
Financial income	1.6	2.9	-44.8%
Financial expenses	(99.7)	(135.2)	26.3%
Net financial income	**(98.1)**	**(132.3)**	**25.9%**
Share of profit or loss of an associate	(0.0)	(0.2)	100.0%
Income before tax	**118.4**	**196.7**	**-39.8%**
Corporate income tax	(58.9)	(81.9)	28.1%
Income for the period	**59.4**	**114.8**	**-48.3%**
of which attributable to:			
- Shareholders of Solocal Group	59.4	114.8	-48.3%
- Non-controlling interests	0.0	0.1	

1.2.5.1. Financial result

The Group financial result represents a net expense of 98.1 million euros in 2014 compared to 132.3 million euros in 2013. The financial result is primarily composed of interest expense relating to the bank loan, amounting to 813.8 million euros as at 31 December 2014 (1,297.5 million euros as at 31 December 2013), and relating to the bond loan for an amount of 350.0 million euros. As at 31 December 2014, the revolving line of credit was utilised for 20.0 million euros.

As at 31 December 2014, the bank debt is hedged 98.3% by forward swaps and a collar.

The total interest expense amounts to 85.2 million euros in 2014, compared to 119.9 million euros in 2013. The average interest rate for the debt decreased from 6.83% in 2013 to 6.20% in 2014, which is a decrease of 63 basis points due to the favourable effect of hedging instruments and to a 3.25% drop in the margin on bank loans during a part of 2014. Moreover, the capital increase subscribed to in June 2014 made it possible to pay back the bank debt for an amount of 400 million euros.

The financial result also includes the amortisation of loan issue expenses amounting to 13.1 million euros in 2014 compared to 12.2 million euros in 2013. The debt refinancing in June 2014 resulted in the extinguishment of part of the bank debt and the recognition of accelerated amortisation of part of the expenses associated with the issue of this financing amounting to 3.8 million euros.

Investment income amounted to 0.6 million euros in 2014 compared to 1.1 million euros in 2013. The change in the fair value of hedging instruments (portion recognised in profit or loss) represented income of 1.0 million euros in 2014 compared to 1.7 million euros in 2013.

1.2.5.2. Corporation tax

In 2014, the Group recorded a corporation tax charge of 58.9 million euros, down 28.1% compared to 2013. The effective tax rate is 49.8% in 2014 compared to 41.6% in 2013. This increase in the effective tax rate can be explained by an impact that was more unfavourable in 2014 than in 2013 of the partial deductibility of financial interest that changed from 85% in 2013 to 75% in 2014 and a larger portion of the CVAE (Corporation Value added tax) (mechanical effect linked to the drop in income before tax). Moreover, the Group benefited in 2013 and in 2014 from a favourable impact linked to a favourable response to tax claims which resulted in a drop in the effective tax rate of 5.4 points in 2013 and 3.7 points in 2014.

1.2.5.3. Income for the period

The Group income for the period amounted to 59.4 million euros in 2014, compared to 114.8 million euros in 2013, a decrease of 48.3% between the two periods. Excluding exceptional events, income for the period is down 41.3%.

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 2013 and 31 December 2014:

Solocal Group in million euros	**As at 31 December 2014**	**As at 31 December 2013**
Accrued interest not yet due	0.2	0.0
Cash and cash equivalents	46.2	75.5
Cash	**46.4**	**75.6**
Bank overdrafts	(2.8)	(2.5)
Net cash	**43.6**	**73.1**
Bank borrowing	813.8	1,297.5
Bond loan	350.0	350.0
Revolving credit facility	20.0	-
Loan issue expenses	(25.8)	(25.4)
Capital leases	0.8	0.0
Fair value of hedging instruments	9.9	20.2
Accrued interest not yet due	5.1	6.3
Earn-outs	1.4	3.3
Other financial liabilities	4.1	0.8
Gross financial debt	**1,179.4**	**1,652.7**
of which current	*39.7*	*136.4*
of wich non current	*1,139.6*	*1,516.2*
Net debt	**1,135.8**	**1,579.6**
Net debt excl. fair value of hedging instruments and loan issue expenses	**1,151.6**	**1,584.8**

The Group net debt is down 443.8 million euros compared to 31 December 2013. It stood at 1,135.8 million euros as at 31 December 2014 compared to 1,579.6 million euros as at 31 December 2013.

As at 31 December 2014, it mainly comprised:

- of a tranche A7 bank loan, for a total amount of 813.8 million euros, the final maturity is March 2018 (or March 2020 on option). The contract for this loan was amended during the first half of 2014 (cf. details in note 26 of the consolidated financial statements).

- the fair value of hedging instruments which represents a debt of 9.9 million euros as at 31 December 2014. As at 31 December 2014, the bank debt is hedged 98.3% by forward swaps and a collar.

- a revolving credit line of a total of 60.0 million euros. The drawing on this line amounted to 20.0 million euros as at 31 December 2014.

- 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 43.6 million euros.

As at 31 December 2014, including the amount available in the revolving credit line, available cash thus amounted to 83.6 million euros.

Excluding the fair value of interest rate hedging instruments, representing a liability of 9.9 million euros as at 31 December 2014, compared to a liability of 20.2 million euros as at 31 December 2013, and excluding loan issue expenses of 25.8 million euros as at 31 December 2014, compared to 25.4 million euros as at 31 December 2013, the net debt amounted to 1,151.6 million euros as at 31 December 2014, compared to 1,584.8 million euros as at 31 December 2013.

The table below shows the consolidated cash flows for the period in 2013 and 2014:

Solocal Group	**As at 31 December**		
in million euros	**2014**	**2013**	**Change 2014/2013**
Net cash from operations	107.1	191.4	(84.3)
Net cash used in investing activities	(83.7)	(59.9)	(23.7)
Net cash provided by (used in) financing activities	(52.9)	(150.2)	97.3
Impact of changes in exchange rates on cash	0.0	(0.0)	0.0
Net increase (decrease) in cash position	**(29.5)**	**(18.8)**	**(10.7)**
Net cash and cash equivalents at beginning of period	73.1	91.9	(18.8)
Net cash and cash equivalents at end of period	**43.6**	**73.1**	**(29.5)**

Net cash and cash equivalents for the Group amounted to 43.6 million euros as at 31 December 2014, compared to 73.1 million euros as at 31 December 2013.

The net cash from operations amounted to 107.1 million euros in 2014 compared to 191.4 million euros in 2013, representing a decrease of 84.3 million euros due mainly to:

- a gross operating margin of 322.2 million euros in 2014, down 102.0 million euros compared to 2013,

- an increase in the working capital requirement of 35.7 million euros in 2014 compared to an increase of 2.4 million euros in 2013, representing a change of 33.3 million euros between the two periods,

- a net disbursement of 25.0 million euros in respect of restructuring costs in 2014 compared to 7.4 million euros in 2013.

- a net disbursement of 87.0 million euros in respect of financial interest in 2014 compared to 128.4 million euros in 2013, which included a payment of 10 million euros of interest owed in respect of 2012,

- a disbursement of 60.6 million euros in respect of corporation tax in 2014 compared to 85.7 million euros in 2013.

The net cash used in investing activities represents a disbursement of 83.7 million euros in 2014, up 23.8 million euros, compared to a disbursement of 59.9 million euros recorded in 2013, mainly comprising:

- 69.5 million euros in respect of acquisitions of tangible and intangible fixed assets in 2014

compared to 55.3 million euros in 2013, reflecting 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,

- 8.2 million euros in terms of the acquisition of equity interests and net price supplements of the cash flow acquired in 2014 (100% takeover of LeadFormance, Retail Explorer) compared to 1.6 million euros in 2013 (whose acquisition of shares Wozaïk),

- 6.0 million euros in terms of cash collateral paid as a guarantee for two commercial lease contracts for future completion subscribed to in May 2014 (cf. note 31 of the consolidated condensed accounts).

The net cash used in financing activities amounted to 52.9 million euros in 2014 compared to 150.2 million euros in 2013, representing a decrease of 97.3 million euros due mainly to:

- a decrease of 83.6 million euros corresponding to contractual repayments of the bank loan of which 41.7 million euros in respect of the excess cash flow clause, compared to a decrease of 70.7 million euros in 2013,

- the drawing on the revolving credit line for 20.0 million euros as at 31 December 2014, compared to a decrease of 75.8 million euros corresponding to the repaying of the balance of the revolving credit lines as at 31 December 2013,

- a disbursement of 12.1 million euros in 2014 in respect of expenses relating to refinancing, compared to 2.7 million euros in 2013.

- a 400.0 million euro decrease related to the repayment of a portion of the bank loan following its renegotiation (cf. details in note 26 of the consolidated condensed accounts),

- a capital increase net of subscription costs of 422.6 million euros (cf. details in note 22 of the consolidated accounts).

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 2015 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 and credit risk.

- 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 2014

None

1.7. Research and development

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

2. Consolidated financial statements

Consolidated income statement

(Amounts in thousands of euros, except data relating to shares)	Notes	**As at 31 December 2014**	**As at 31 December 2013**
Revenues		936,193	998,867
Net external expenses		(228,262)	(222,066)
Personnel expenses : - Salaries and charges	6	(385,686)	(352,539)
Gross Operating Margin		**322,245**	**424,262**
- Legal employee profit-sharing	6	(10,280)	(15,417)
- Share-based payment	6	(8,560)	(1,523)
Depreciation and amortisation	12 & 13	(48,411)	(40,747)
Other income and expenses	7	(38,495)	(37,350)
Operating income		**216,499**	**329,225**
Financial income		1,580	2,899
Financial expenses		(99,704)	(135,193)
Net financial income	8	**(98,124)**	**(132,294)**
Share of profit or loss of an associate		(6)	(202)
Corporate income tax	9	(58,947)	(81,902)
Income for the period		**59,422**	**114,827**
Income for the period attributable to:			
- Shareholders of Solocal Group		59,413	114,772
- Non-controlling interests		9	55
Net earnings per share (in euros)			
Net earnings per share of the consolidated group based on a weighted average number of shares			
- basic	10	0.10	0.41
- diluted		0.10	0.40
Net earnings per share of the consolidated group based on a year end number of existing shares (as at 31 December)			
- basic	10	0.05	0.41
- diluted		0.05	0.40

Statement of comprehensive income

(Amounts in thousands of euros)	Notes	**As at 31 December 2014**	**As at 31 December 2013**
Income for the period report		**59,422**	**114,827**
Net (loss) /gain on cash flow hedges			
- Gross		9,291	32,719
- Deferred tax		(3,530)	(12,495)
- Net of tax	16	**5,761**	**20,224**
ABO reserves :			
- Gross		(2,666)	5,358
- Deferred tax		919	(1,845)
- Net of tax		**(1,747)**	**3,513**
Exchange differences on translation of foreign operations		11	1
Other comprehensive income		**4,025**	**23,738**
Total comprehensive income for the period, net of tax		**63,447**	**138,564**
Total comprehensive income for the period attributable to:			
- Shareholders of Solocal Group		63,438	138,509
- Non-controlling interests		9	55

Statement of financial position

(Amounts in thousands of euros)	Notes	As at 31 December 2014	As at 31 December 2013
Assets			
Net goodwill	11	82,467	78,697
Other net intangible fixed assets	12	107,265	80,773
Net tangible fixed assets	13	25,269	23,569
Investment in an associate	5	2,272	6,024
Available-for-sale assets	14	340	515
Other non-current financial assets	15	4,616	4,944
Net deferred tax assets	9	7,407	20,257
Total non-current assets		**229,636**	**214,779**
Net inventories	17	1,253	915
Net trade accounts receivable	18	441,786	405,843
Acquisition costs of contracts	19	46,669	63,250
Other current assets	20	29,032	24,727
Current tax receivable	9	18,983	777
Prepaid expenses		9,431	5,905
Other current financial assets		13,187	8,264
Cash and cash equivalents	26	46,354	75,569
Total current assets		**606,695**	**585,250**
Total assets		**836,331**	**800,029**
Liabilities			
Share capital		232,345	56,197
Issue premium		362,899	98,676
Reserves		(1,994,514)	(2,100,026)
Income for the period attribuable to shareholders of Solocal Group		59,413	114,772
Other comprehensive income		(22,377)	(26,391)
Own shares		(7,151)	(10,004)
Equity attributable to equity holders of the Solocal Group	22	**(1,369,385)**	**(1,866,777)**
Non-controlling interests		69	60
Total equity		**(1,369,316)**	**(1,866,717)**
Non-current financial liabilities and derivatives	16 & 26	1,139,637	1,516,223
Employee benefits - non-current	24	90,439	85,051
Provisions - non-current	24	16,910	16,259
Other non-current liabilities		30	-
Total non-current liabilities		**1,247,016**	**1,617,533**
Bank overdrafts and other short-term borrowings	26	37,461	132,652
Accrued interest	26	5,060	6,269
Provisions - current	24	22,864	11,698
Trade accounts payable	23	98,923	84,484
Employee benefits - current	24	117,615	119,207
Other current liabilities	24	101,278	94,608
Corporation tax	9	51	2,840
Deferred income	27	575,379	597,455
Total current liabilities		**958,631**	**1,049,213**
Total liabilities		**836,331**	**800,029**

Statement of changes in consolidated equity

(Amounts in thousands of euros)	**Number of shares in circulation**	**Share capital**	**Issue premium**	**Own shares**	**Income and reserves**	**Cash flow hedges & actuarial differences**	**Translation reserve**	**Group equity**	Non-controlling interests	**Total equity**
Balance as at 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)**
Total comprehensive income for the period, net of tax					59,413			**59,413**	9	**59,422**
Other comprehensive income, net of tax					-	4,014	11	**4,025**		**4,025**
Comprehensive income for the period, net of tax					**59,413**	**4,014**	**11**	**63,438**	**9**	**63,447**
Capital increase, net of costs after tax	880,742,416	176,148	264,223		(12,205)			**428,166**		**428,166**
Share-based payment					2,935			**2,935**	-	**2,935**
Shares of the consolidating company net of tax effect	1,725,308			2,853				**2,853**		**2,853**
Balance as at 31 December 2014	**1,159,469,983**	**232,345**	**362,899**	**(7,151)**	**(1,935,113)**	**(22,377)**	**12**	**(1,369,385)**	**69**	**(1,369,316)**

Cash flow statement

(Amounts in thousands of euros)	Notes	**As at 31 December 2014**	**As at 31 December 2013**
Income for the period attribuable to shareholders of Solocal Group		**59,413**	**114,772**
Depreciation and amortisation of fixed assets	11 & 13	52,198	49,158
Change in provisions	21	15,924	27,274
Share-based payment		4,351	1,475
Capital gains or losses on asset disposals		487	752
Interest income and expenses	8	83,654	99,884
Hedging instruments	8	14,470	32,410
Unrealised exchange difference		-	-
Tax charge for the period	9	58,947	81,902
Share of profit or loss of an associate		6	202
Non-controlling interests		9	55
Decrease (increase) in inventories		(338)	1,452
Decrease (increase) in trade accounts receivable		(38,812)	21,856
Decrease (increase) in other receivables		8,114	3,716
Increase (decrease) in trade accounts payable		13,086	8,867
Increase (decrease) in other payables		(17,722)	(38,340)
Net change in working capital		**(35,671)**	**(2,448)**
Dividends and interest received		874	2,603
Interest paid and rate effect of net derivatives		(87,021)	(130,960)
Corporation tax paid		(60,581)	(85,719)
Net cash from operations		**107,060**	**191,359**
Acquisition of tangible and intangible fixed assets	12 & 13	(69,541)	(55,316)
Acquisitions / disposals of investment securities and subsidiaries, net of cash acquired / sold and other changes in assets		(14,121)	(4,624)
Net cash used in investing activities		**(83,662)**	**(59,940)**
Increase (decrease) in borrowings	26	(475,902)	(149,421)
Capital increase net of costs	22	422,639	-
Other cash from financing activities o/w own shares		362	(791)
Net cash provided by (used in) financing activities		**(52,901)**	**(150,212)**
Impact of changes in exchange rates on cash		2	(0)
Net increase (decrease) in cash position		**(29,501)**	**(18,793)**
Net cash and cash equivalents at beginning of period		73,079	91,872
Net cash and cash equivalents at end of period	26	**43,578**	**73,079**

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 9 February 2015.

Note 2 - Context of publication and basis for preparation of the 2014 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 2014 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 2014 and as at 31 December 2013. The 2012 financial statements, included in the Document de référence filed with the AMF on 15 April 2014 under the number D.14-0366, 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 2013, with the exception of new standards, amendments and interpretations which are mandatory with effect from 1 January 2014, but which have no significant impact:

- 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
- IFRIC 21: Levies
- Improvements to IFRSs 2011-2013 Cycle

None of these new standards and interpretations has had a significant effect on the consolidated financial statements as at 31 December 2014.

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 2014, 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 2015:

- Improvements to IFRSs 2011-2013 Cycle (applicable on 1 January 2015)

Finally, the Group is not applying the following instruments, which were not adopted by the European Union as at 31 December 2014:

- IFRS 14 Regulatory Deferral Accounts (applicable on 1 January 2016)
- IFRS 15 Revenue from Contracts with Customers (applicable on 1 January 2017)
- IFRS 9 Financial Instruments (applicable on 1 January 2018)
- IFRS 9 Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39 (application date unfixed)
- IAS 19 Defined Benefit Plans: Employee Contributions (applicable on 1 January 2015)
- Improvements to IFRSs 2010-2012 Cycle (applicable on 1 January 2015)
- IFRS 11 Accounting for Acquisitions of Interests in Joint Operations (applicable on 1 January 2016)
- IAS 16 et IAS 38 Clarification of Acceptable Methods od Depreciation and Amortisation (applicable on 1 January 2016)
- IAS 27 Equity Method in Separate Financial Statements (applicable on 1 January 2016)
- IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (applicable on 1 January 2016)
- Improvements to IFRSs 2012-2014 Cycle (applicable on 1 January 2016)
- IAS 1 Disclosure Initiative (applicable on 1 January 2016)
- IFRS 10, IFRS12 and IAS 28 Investment Etities: Applying the Consolidation Exception (applicable on 1 January 2016)

Nonetheless, the Group is currently reviewing the practical consequences of these new instruments and the effects of their implementation on its future financial statements. At this stage of the review, the impacts on its consolidated financial statements are not significant.

All of the standards and interpretations adopted by the European Union as at 31 December 2014 are available on the website of the European Commission at the following address:
http://ec.europa.eu/internal_market/accounting/ias/index_en.htm

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

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

Seasonal variations

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

Note 3 - Accounting policies and changes of estimates

This note describes the accounting policies applied for the financial year ending 31 December 2014, in accordance with the provisions of international accounting standards as adopted by the European Union as at 31 December 2014.

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.

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.

Starting on 1 January 2015, the provisions of the DIF (Statutory training rights) will be replaced with the Personal Training Account.

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,
  - Other products and charges non-recurring.

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 2014, 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 Group, as follows:

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

Goodwill impairment losses are recorded in the income statement.

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

3.9 – Other intangible assets

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

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

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

Finance leases are not significant for the disclosed periods.

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

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

3.11 – Impairment of fixed assets

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

Intangible and tangible fixed assets are subject to a write down for impairment when, because of

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

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

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

3.12 – Financial assets and liabilities

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

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

3.12.1 – Measurement and recognition of financial assets

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

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

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

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

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

Loans and receivables
This category includes receivables from participating interests, other loans and receivables and trade accounts receivable. They are recognised initially at fair value and are subsequently measured at amortised cost by the effective interest method. Short-term receivables with no stated interest rate are measured at the original invoice amount if the effect of discounting is immaterial. Cash flows on

loans and receivables at variable rates of interest are re-measured periodically, to take into account changes in market interest rates. The re-measurement has the effect of increasing or reducing the effective interest rate and, consequently, the carrying value of the loan or receivable.

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

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

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

Cash and cash equivalents
Cash equivalents are held to meet short-term cash needs rather than for investment or other purposes. They consist of instruments that are readily convertible into known amounts of cash and are not exposed to any material risk of impairment. Cash and cash equivalents comprise cash available on demand and short-term investments with maturities generally of three months or less at the date of purchase. They are stated at historical cost, which is close to their realisable value.

3.12.2 – Measurement and recognition of financial liabilities

Financial liabilities

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

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

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

3.12.3 – 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

Through its subsidiaries, Solocal Group 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 creates services and makes them available which give access to a mine of useful and reliable information. Constantly adapted to today's consumption modes, they accompany citizens everywhere and everyday and make their life easier: locating and contacting a business, finding friends on the net, obtaining an itinerary, visiting merchant shops, finding good deals...

Always in line with the uses, Solocal Group develops its services across all the mobile platforms (in particular via applications for iPhone, iPad and Android), as such meeting the growing needs for information availability and proximity.

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, through advertisers. The Group's brands benefit from the strong notoriety and from the trust of users. The credibility of services, built year after year, is the base for the power of the audiences. Since the beginning of 2014, the Group has reorganised itself around 5 vertical "markets" (Retail, B2B, Home, Services, Health & Public) + 1 business unit that includes major accounts, which should allow it to improve the customer experience, and to best meet their expectations, in particular with the development and the marketing of adapted products and services.

The Group's activities are organised in three product 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). This segment comprises the 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".

  Display, clicks, site creation and hosting, video, listing on pagesjaunes.fr, affiliated partners and search engines - "SEO" (natural listing) or "SEM" (paid listing)... Solocal Group markets a very wide range of advertising formats and services on fixed and mobile Internet which allows any business, from an SME to a major networked brand, to build an ad hoc communication plan.

  This segment includes routes, geolocation and reservation services of Mappy, but also couponing with 123deal or smartprivé, and digital promotion.

  Online quotation requests and contact establishment with players of the construction industry from Sotravo, online appointment making using the technology developed by ClicRDV, the themed content site ComprendreChoisir.com published by Fine Media, the online ordering of meals on Chronoresto.fr from locally-listed restaurants (in 2013) and the Direct Marketing (emailing type) products and services are also included this segment. The online people and profile search service with 123people was shut down in March 2014.

- Printed Directories:

This is the Group's historical activity, involving the publication, distribution and sale of advertising space in printed directories (PagesJaunes, l'Annuaire).

- 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).

4.1 - By business sector

The table below presents a breakdown of the main aggregates by business sector for the periods ending 31 December 2014 and 2013:

Amounts in thousands of euros	**As at 31 December 2014**	**As at 31 December 2013**
Revenues	**936,193**	**998,867**
- Internet	632,534	632,514
- Printed directories	285,178	344,681
- Other businesses	18,481	21,672
Gross Operating Margin	**322,245**	**424,262**
- Internet	207,331	267,376
- Printed directories	110,099	150,908
- Other businesses	4,815	5,978

4.2 – By geographic region

Amounts in thousands of euros	**As at 31 December 2014**	**As at 31 December 2013**
Revenues	**936,193**	**998,867**
- France	912,109	974,501
- Others	24,084	24,366
Assets	**836,331**	**800,029**
- France	727,971	666,366
- Others	15,200	17,313
- Unallocated	93,160	116,350

Note 5 - Changes in the scope of consolidation

The main transactions during the 2014 and 2013 financial years were as follows:

2014

On 5 March 2014, Mappy acquired 100% of the shares and voting rights of Retail Explorer, of which the core business is to propose an assessment of the prices and promotions on thousands of products present in the catalogues and in the stores in the French mass distribution market.

On 20 May 2014, an additional acquisition of 51% of the capital of LeadFormance, the leader in sales outlet location on the Internet. The Group is thus enhancing its digital communication offering for major advertisers.

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.

Note 6 – Personnel costs

(In thousands of euros, except staff count)		As at 31 December 2014	As at 31 December 2013
Average staff count (full-time equivalent)		4,535	4,473
Salaries and charges		**(385,686)**	**(352,539)**
of which:	- Wages and salaries	(259,798)	(240,032)
	- Social charges	(114,856)	(103,389)
	- Tax credit employment (CICE)	3,392	2,320
	- Taxes on salaries and other items	(14,425)	(11,438)
Share-based payment (1)		**(8,560)**	**(1,523)**
of which:	- Stock options and free shares	(4,351)	(1,475)
	- Social charges on grants of stock options and free shares	(4,209)	(48)
Employee profit-sharing (2)		**(10,280)**	**(15,417)**
Total personnel expenses		**(404,526)**	**(369,479)**

(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 3.8 million euros in 2014 (cf. notes 11 and 12) compared to 8.4 million euros in 2013.

The restructuring costs amounted to 23.5 million euros in 2014, compared to 28.1 million euros in 2013.

In the framework of the grouping together of the Parisian entities onto one site scheduled for 2016, a provision for refurbishing costs of premises and any future double rents was booked as at 31 December 2014 for an amount of 10.4 million euros. This provision does not affect the Group's cash flow in 2014.

Note 8 – Net financial income

The financial result is made up as follows:

(Amounts in thousands of euros)	As at 31 December 2014	As at 31 December 2013
Interest and similar items on financial assets	376	228
Result of financial asset disposals	246	918
Change in fair value of hedging instruments	958	1,669
Dividends received	-	84
Financial income	**1,580**	**2,899**
Interest on financial liabilities	(70,711)	(87,515)
Income / (expenses) on hedging instruments	(14,470)	(32,410)
Amortisation of loan issue expenses	(13,076)	(12,214)
Change in fair value of financial assets and liabilities	476	-
Other financial expenses & fees	(602)	(584)
Accretion cost (1)	(1,321)	(2,470)
Financial expenses	**(99,704)**	**(135,193)**
Net financial income	**(98,124)**	**(132,294)**

(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 – Corporation tax

9.1 - Group tax analysis

The corporation tax for the year results from the application of the effective tax rate at the end of the financial year to the pre-tax income.
The reconciliation of the theoretical tax, calculated on the basis of the statutory tax rate in France, and the effective tax is as follows:

Amounts in thousands of euros	**As at 31 December 2014**	**As at 31 December 2013**
Pretax net income from continuing businesses	118,369	196,729
Share of profit or loss of an associate	(6)	(202)
Pretax net income from continuing businesses and before Share of profit or loss of an associate	**118,375**	**196,931**
Statutory tax rate	34.43%	34.43%
Theoretical tax	**(40,760)**	**(67,810)**
Loss-making companies not integrated for tax purposes	(1,988)	(2,186)
Loan and current account depreciation QDQ Media	498	-
Share-based payment	(1,498)	(508)
Foreign subsidiaries	82	50
Recognition of previously unrecognised tax losses	(1,242)	(1,242)
Non-deductible amortisation	(287)	-
Corporate value added contribution (after tax)	(7,206)	(8,152)
Ceiling of interest expense deductibility	(7,295)	(6,333)
Adjustment corporation tax of prior years	4,497	10,608
Additional tax 10,7%	(4,069)	(6,886)
Other non-taxable / non-deductible items	321	557
Effective tax	**(58,947)**	**(81,902)**
of which current tax	*(40,154)*	*(90,681)*
of which deferred tax	*(18,793)*	*8,779*
Effective tax rate	**49.8%**	**41.6%**

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 2014**	**As at 31 December 2013**
Retirement benefits	27,663	26,373
Legal employee profit-sharing	3,048	4,697
Non-deductible provisions	2,048	8,526
Hedging instruments	1,836	5,730
Other differences	1,838	1,043
Subtotal deferred tax assets	**36,433**	**46,369**
Corporate value added contribution	(13)	(40)
Loan issue costs	(9,643)	(9,859)
Brand 123people	-	-
Depreciations accounted for tax purposes	(19,370)	(16,213)
Subtotal deferred tax liabilities	**(29,026)**	**(26,112)**
Total net deferred tax assets / (liabilities)	**7,407**	**20,257**
Deferred tax assets	*7,407*	*20,257*

No deferred tax asset relating to loss carryforwards of QDQ Media was recognised in the balance sheet, as this sub-group recorded a net loss in 2014. The amount of deferred tax not recognised is estimated at 65.2 million euros as at 31 December 2014.

The deferred tax assets in the balance sheet decreased from 20.3 million euros as at 31 December 2013 to 7.4 million euros as at 31 December 2014.

In the balance sheet as at 31 December 2014, corporation tax represents a receivable of 19.0 million euros and a liability of 0.1 million euros. As at 31 December 2013, corporation tax represented a receivable of 0.8 million euros and a liability of 2.8 million euros.

The tax disbursed during the 2014 financial year was 60.6 million euros, including a repayment of 4.3 million euros concerning on the one hand, the approval received on a deductible provision from Aval which had merged in 2013 with PagesJaunes SA for an amount of 3.1 million euros and on the other hand, default interest on the deactivation of commercial costs for an amount of 1.2 million euros, compared to 85.7 million euros in 2013.

Amounts in thousands of euros	**As at 31 December 2014**	**As at 31 December 2013**
Opening balance	**20,257**	**25,021**
Changes recognized in equity	5,943	(13,543)
Changes recognized in income	(18,793)	8,779
Closing balance	**7,407**	**20,257**

Note 10 - Earnings per share

In 2014, net income amounted to 59.4 million euros. Following the capital increase of 20 April 2014 (cf. note 22), the average number of ordinary shares in circulation was 567.4 million, after deduction of own shares. The net earnings per share for the consolidated group therefore amounted to 0.10 euro taking into account the potentially dilutive effect of the average of 26.2 million stock options and free shares in existence in 2014 (cf. note 25).

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).

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 2014**			**As at 31 December 2013**			**Change**
	Gross	Accumulated	Net	Gross	Accumulated	Net	Net
Internet	164,555	(82,088)	82,467	157,179	(78,482)	78,697	3,770

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

(in thousands of euros)	**2014**	**2013**
Balance at start of year	**78,697**	**82,278**
Acquisitions / disposals	12,976	1,547
Impairments	(3,606)	(5,200)
Reclassifications and others (1)	(5,600)	72
Balance at end of year	**82,467**	**78,697**

(1) In 2014, reclassification of the goodwill as intangible fixed assets for 5.6 million euros (cf. note 12)

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 1.0% and 2.5% and an after-tax discount rate of between 8.5% and 13.0% 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 2014, an impairment of goodwill was recognised for an amount of 3.6 million euros.

In 2013, an impairment of goodwill was recognised for an amount of 5.2 million euros. This impairment 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.

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 31 million euros and 3 million euros in depreciation. Inversely, a 1% decrease in the discount rate would lead to an increase in the recoverable amount of 42 million euros.
An increase in the perpetuity growth rate of 0.5% would result in an increase in the recoverable amount of 15 million euros. Inversely, a 0.5% decrease in the perpetuity growth rate would result in a decrease in the recoverable amount of 13 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 14 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 14 million euros without resulting in depreciation.

Note 12 - Other intangible fixed assets

(in thousands of euros)	31 December 2014			31 December 2013		
	Gross value	Total depreciation and losses of value	Net value	Gross value	Total depreciation and losses of value	Net value
Software and support applications	270,398	(166,116)	104,282	211,514	(134,258)	77,255
Other intangible fixed assets	11,180	(8,196)	2,983	6,607	(3,090)	3,517
123people brand	-	-	-	4,526	(4,526)	-
Total	**281,577**	**(174,312)**	**107,265**	**222,647**	**(141,874)**	**80,773**

No other significant impairment was recorded as at 31 December 2014 and 2013.

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

(in thousands of euros)	31 December 2014	31 December 2013
Opening balance	**80,773**	**69,387**
Acquisitions	4,672	4,110
Internally generated assets (1)	54,698	44,802
consolidation	766	-
Exchange differences	29	(11)
Reclassifications (2)	5,600	-
Disposals and accelerated amortisation	(362)	(182)
Depreciation charge	(38,911)	(37,333)
Closing balance	**107,265**	**80,773**

(1) concerns all capitalised development expenses
(2) In 2014, reclassification of the goodwill as intangible fixed assets for 5.6 million euros (cf. note 11).

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 2014			31 December 2013		
	Gross value	Total depreciation	Net value	Gross value	Total depreciation	Net value
IT and terminals	59,550	(52,423)	7,127	55,939	(48,398)	7,541
Others	55,376	(37,235)	18,141	47,698	(31,670)	16,028
Total	**114,926**	**(89,657)**	**25,269**	**103,637**	**(80,068)**	**23,569**

No significant impairment was recorded as at 31 December 2014 and 2013.

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

(in thousands of euros)	31 December 2014	31 December 2013
Opening balance	**23,569**	**25,480**
Acquisitions	11,354	6,403
Effect of changes in the scope of consolidation	27	-
Exchange differences	12	(3)
Reclassifications	-	1
Disposals and accelerated amortisation	(12)	(94)
Depreciation charge	(9,681)	(8,219)
Closing balance	**25,269**	**23,569**

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 2014 and 2013 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:

(in thousands of euros)	**As at 31 December 2014**	**As at 31 December 2013**
Interest rate swaps – cash flow hedge	(8,601)	(17,892)
Collars – fair value hedge	(1,342)	(2,300)
Assets / (liability)	**(9,943)**	**(20,192)**
Of which non-current	-	*(20,192)*
Of which current	*(9,943)*	-

The change in the fair value of derivative financial instruments (qualified as cash flow hedges) between 31 December 2013 and 31 December 2014, i.e. a decrease of 9.3 million euros for the interest rate swaps, was stated in transferable equity, after recognition of deferred tax of 3.5 million euros.

The change in the collar (qualified as fair value hedging) was recognised in financial expenses (cf. note 8), for an amount of 1.0 million euros. Deferred tax of 0.4 million euros was recorded in this respect.

No ineffectiveness was recorded with regard to cash flow hedges.

Note 17 – Net inventories

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

Where necessary, these inventories have been written down when 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 2014 and 2013 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 2014	31 December 2013
Gross trade debtors	464,632	431,754
Provisions for impairment (1)	(17,527)	(22,048)
Net receivables before statistical impairment	**447,105**	**409,706**
Provisions for statistical impairment (1)	(5,319)	(3,863)
Net trade debtors	**441,786**	**405,843**

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

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

(in thousands of euros)	**Total (1)**	**Not due (1)**	**Overdue and not impaired (1)**					
			< 30 days	**between 31 and 60 days**	**between 61 and 90 days**	**between 91 and 180 days**	**between 181 and 360 days**	**> 360 days**
2014	**447,105**	406,027	17,215	6,472	4,231	6,062	5,293	1,805
2013	**409,706**	375,557	14,704	7,643	3,586	4,543	2,579	1,094

(1) Excluding statistical impairment provisions totalling 5,319 thousand euros as at 31 December 2014 and 3,863 thousand euros as at 31 December 2013

The Group's portfolio of trade debtors does not present a significant risk of concentration (about 697,000 advertisers, including 672,000 with PagesJaunes in France). In France, PagesJaunes' 20 largest advertisers represent 1.5% of these revenues (1.3% in 2013) and advertisers in the 10 largest business sections represent 14.6% of PagesJaunes revenues (16.2% in 2013). In France, provisions for bad debts remain at a very low level, with net provisions amounting to 0.62% of revenues in 2014 compared to 0.58% in 2013.

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 2014**	**31 December 2013**
VAT receivable	21,406	16,630
Sundry accounts receivable	18	1
Trade payables - Advances and instalments	3,680	3,509
Other current assets	3,928	4,587
Total	**29,032**	**24,727**

Note 21 – Changes in provisions for impairment of assets

(en milliers d'euros)	**Solde en début de**	**Dotations**	**Reprises provisions**	**Reprise provisions**	**Autres mouvement**	**Solde en fin de**
2013						
Créances clients	23,650	9,244	(609)	(6,377)	3	25,911
Autres actifs	88	-	(88)	-	-	-
2014						
Créances clients	25,911	9,109	(139)	(12,109)	74	22,846
Autres actifs	-	-	-	-	-	-

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

Note 22 - Share-holders' equity

22.1 – Share capital

Capital increase

The Extraordinary General Meeting of 29 April 2014 approved two capital increases:

- a capital increase amounting to 361.6 million euros with preferential subscription rights ("DPS") for former shareholders, resulting in the creation of 723,242,416 new shares;
- a reserved capital increase of 78.8 million euros with suppression of the DPS benefiting four institutional investors (Paulson & Co. Inc., Credit Suisse, Praxient, Amber Capital) who had agreed to guarantee a portion of the capital increase with preferential subscription rights; this resulted in the creation of 157,500,000 new shares.

These two capital increases made it possible to raise a total gross amount of 440.4 million euros corresponding to the issue of 880,742,416 new shares.

The subscription price for the capital increase with preferential subscription rights and of the reserved capital increase were identical, namely 0.50 euro per share.

The settlement-delivery for the new shares and their listing for trading on the regulated Euronext Paris market took place on 6 June 2014.

The social capital of Solocal Group is now comprised of 1,161,727,170 shares each with a par value of 0.20 euro, which is a total amount of 232,345,434 euros (before deduction of treasury shares).

The funds raised were used to to make an early partial repayment at par value for the Company's bank debt for an amount of 400 million euros (cf. note 7), allowing the Company to accelerate its "Digital 2015" transformation programme and the growth in its Internet businesses.

This operation generated costs for an amount of 19.7 million euros (12.2 million euros after tax), these were recognised as equity, net of the tax effect.

These capital increases were dealt with in a prospectus for which the Autorité des marchés financiers ("AMF") granted visa (approval) no. 14-195 on 13 May 2014. It is comprised of the *document de référence* of Solocal Group, filed with the Autorité des marchés financiers on 15 April 2014 under number D.14-0366, a memorandum of operation, and the summary of the prospectus (included in the memorandum of operation).

22.2 - Other reserves and other comprehensive income

The other consolidated reserves and other comprehensive income were negative in an amount of 2,015.5 million euros as at 31 December 2014 (2,126.3 million euros as at 31 December 2013) 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 2014 in a pre-tax amount of 8.6 million euros (17.9 million euros as at

31 December 2013) and a corresponding tax of 1.4 million euros (4.9 million euros as at 31 December 2013);
- the cross-entry for the share-based payment expense corresponding to the portion equity settled instruments in an amount of 66.9 million euros (62.6 million euros as at 31 December 2013), 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 less than 1 year (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 2014, the Company held 737,001 of its own shares (1,982,495 as at 31 December 2013), 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, stated as a deduction from equity. In April 2014, the final acquisition of 479,814 actions distributed in terms of the free shares plan of 2011 were taken from this stock. As at 31 December 2014, Solocal Group held 1,520,186 of its own shares directly.

As at 31 December 2014, Solocal Group consequently held 2,257,187 of its own shares.

22.4 - Dividends

Solocal Group did not distribute any dividends in 2014 or in 2013.

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 2014	31 December 2013
Post-employment benefits	80,482	75,701
Other long-term benefits	9,957	9,350
Non-current personnel benefits (1)	**90,439**	**85,051**
Other Provision for risks	13,903	5,854
Provisions for social or fiscal disputes	3,007	10,405
Non-current provisions	**16,910**	**16,259**

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

(in thousands of euros)	31 December 2014	31 December 2013
Personnel (1)	64,442	71,433
Social organisations	53,173	47,774
Total current personnel benefits	**117,615**	**119,207**
VAT payable	92,004	83,275
Sundry accounts payable	8,006	8,674
Other current liabilities	1,268	2,659
Other current liabilities	**101,278**	**94,608**

(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	26,462	24,866	(25)	(22,691)	-	28,612
Other Provision for risks	1,495	10,411	(363)	(382)	1	11,162
Total provisions	**27,957**	**35,277**	**(388)**	**(23,073)**	**1**	**39,774**

PagesJaunes is undergoing a tax audit concerning financial years 2010 to 2013 and, at this stage, has received a proposal for a reassessment concerning financial year 2010. The company considers most of the reassessments as unfounded and has booked a provision in order to cover the residual risks.

Pension commitments and other personnel benefits:

(in thousands of euros)	Post-employment benefits	Other long-term benefits	Total 31 December 2014	Post-employment benefits	Other long-term benefits	Total 31 December 2013
Change in value of commitments						
Total value of commitments at start of period	**76,532**	**9,677**	**86,209**	**75,768**	**9,744**	**85,511**
Cost of services rendered	5,012	661	5,674	4,891	681	5,573
Discounting cost	1,182	139	1,321	2,200	271	2,471
Contributions paid by employees	-	-	-	-	-	-
Amendments to scheme	-	-	-	3,171	-	3,171
Reductions/liquidations	(4,153)	(495)	(4,648)	(3,476)	(316)	(3,791)
Actuarial (gains) or losses	2,636	297	2,933	(5,359)	(364)	(5,723)
Benefits paid	(727)	(323)	(1,050)	(663)	(339)	(1,002)
Acquisitions	-	-	-	-	-	-
Assignments/transfers of activity	-	-	-	-	-	-
Changes in scope	-	-	-	-	-	-
Others	-	-	-	-	-	-
Total value of commitments at end of period (A)	**80,482**	**9,957**	**90,439**	**76,532**	**9,677**	**86,209**
Commitments at end of period relating to fully or partly financed schemes	-	-	-	-	-	-
Commitments at end of period relating to non-financed schemes	*80,482*	*9,957*	*90,439*	*76,532*	*9,677*	*86,209*
Change in cover assets						
Fair value of cover assets at start of period	**30**	**-**	**30**	**29**	**-**	**29**
Financial income from cover assets	-	-	-	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)	(30)	-	(30)	-	-	-
Fair value of cover assets at end of period (B)	**-**	**-**	**-**	**30**	**-**	**30**
Financial cover						
Situation of the scheme (A) – (B)	80,482	9,957	90,439	76,502	9,677	86,179
Unrecognised actuarial gains or (losses)	-	-	-	-	-	-
Unrecognised cost of past services	-	-	-	-	-	-
Adjustment linked to upper limit of assets	-	-	-	-	-	-
Provision / (assets) at end of period	**80,482**	**9,957**	**90,439**	**76,502**	**9,677**	**86,179**
of which provision / (asset) short term	-	-	-	*800*	*327*	*1,127*
of which provision / (asset) long term	*80,482*	*9,957*	*90,439*	*75,702*	*9,350*	*85,052*
Pension charge						
Cost of services rendered	5,012	661	5,674	4,891	681	5,573
Discounting costs	1,182	139	1,321	2,200	271	2,471
Expected return on scheme assets	-	-	-	(1)	-	(1)
Amortisation of actuarial (gains) or losses	-	297	297	-	(364)	(364)
Amortisation of cost of past services	-	-	-	3,171	-	3,171
Effect of reductions/liquidations	(4,153)	(495)	(4,648)	(3,476)	(316)	(3,791)
Assignments/transfers of activity	-	-	-	-	-	-
Adjustment linked to upper limit of assets	-	-	-	-	-	-
Total pension charge	**2,042**	**602**	**2,644**	**6,785**	**273**	**7,058**
Movements in the provision / (asset)						
Provision / (assets) at start of period	**76,502**	**9,677**	**86,179**	**75,739**	**9,744**	**85,482**
Pension charge	2,042	602	2,644	6,785	273	7,058
Pension charge from divested businesses	-	-	-	-	-	-
Contributions paid by the employer	(727)	(323)	(1,050)	(663)	(339)	(1,002)
Benefits paid directly by the employer	-	-	-	-	-	-
Change of scope	-	-	-	-	-	-
Actuarial gains or (losses)	2,636	-	2,636	(5,359)	-	(5,359)
Others	30	-	30	-	-	-
Provision / (assets) at end of period	**80,482**	**9,957**	**90,439**	**76,502**	**9,677**	**86,179**
Assumptions						
Discount rate (%)	1.50%	1.50%	1.50%	3.00%	3.00%	3.00%
Expected long-term inflation rate (%)	2.0%		2.00%	2.0%		2.0%
Expected yield on scheme assets (%)	1.50%	-	-	3.00%	-	-
Probable residual activity period	12.5	12.5	12.5	14.6	14.6	14.6
Amount entered as a charge in respect of the period	**2,042**	**602**	**2,644**	**6,785**	**273**	**7,058**

In 2014, the expense stated in respect of defined contribution pension plans amounted to 44.5 million euros.

The discount rate applied in valuing commitments as at 31 December 2014 is 1.5%, compared to 3% as at 31 December 2013.

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

On the valuation date, in the eurozone, the rate for first-class private bonds (AA) was about 1.5% according to Bloomberg.

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

Sensitivity of the discount rate on post-employment benefits (IFC):
A 0.50% increase in the discount rate leads to a decrease in the commitment of about 6.8%, or around 5.5 million euros, while a decrease of 0.50% in the discount rate leads to an increase in the commitment of about 7.3%, i.e. around 6.0 million euros.

Sensitivity of the discount rate on other long-term benefits (long-service awards):
An increase of 0.50% in the discount rate leads to a decrease in the commitment of 4.7% (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 0.1 million euros, i.e. 0.2% 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 0.1 million euros i.e. 0.2% 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)	**2014**	**2013**	**2012**	**2011***	**2010**
Total value of commitments at end of period	90,439	86,209	85,510	85,510	64,432
Fair value of cover assets at end of period	-	(30)	(29)	(30)	(25)
Situation of the scheme	**90,439**	**86,179**	**85,481**	**85,480**	**64,406**
Actuarial (gains) or losses relating to experience - liability	(366)	(2,931)	(2,292)	(735)	(2,655)
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 2014 and 2013.

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. In light of the cancellations and the reaching of the performance obligations, 479,814 shares were acquired definitively as at 31 March 2014 concerning these 2 plans.

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 Extraordinary General Meeting of 29 April 2014 authorised the Board of Directors to introduce a free share plan to existing or new shares for the benefit of certain Group directors and employees, as defined in articles L. 225-197-1 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 shares granted in respect of this resolution must not exceed 5% of the capital of the Company after the settlement-delivery of the capital increases provided for at this same General Meeting (cf. note 22).

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

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

	Closing balance as at 31 December 2013	Conversion of the new volume (capital increase of 6 June 2014)	Granted	Exercised	Cancelled/lapsed	Closing balance as at 31 December 2014	Exercise price (adjusted)
Subscription share plans	**6,524,626**	**13,211,443**	**-**	**-**	**(584,257)**	**12,627,186**	
July 2010	890,500	1,803,262	-	-	(89,100)	1,714,162	4.240 €
December 2010	149,000	301,725	-	-	(129,600)	172,125	3.503 €
July 2009	720,000	1,457,999	-	-	(48,600)	1,409,399	3.313 €
October 2009	17,000	34,425	-	-	-	34,425	4.366 €
December 2009	75,000	151,875	-	-	-	151,875	3.862 €
December 2007	2,199,584	4,453,611	-	-	(124,526)	4,329,085	7.140 €
June 2005	2,473,542	5,008,547	-	-	(192,431)	4,816,116	5.787 €
Free share plans	**3,812,000**	**7,543,500**	**45,221,000**	**(479,814)**	**(2,493,226)**	**50,928,460**	**Final vesting date**
June 2014	-	-	10,249,000	**-**	(176,000)	10,073,000	19/06/2016
June 2014	-	-	10,249,000	**-**	(176,000)	10,073,000	19/06/2017
June 2014	-	-	24,723,000	**-**	(576,000)	24,147,000	19/06/2018
December 2013	280,000	789,600	-	**-**	**-**	789,600	31/12/2015
December 2012	2,395,000	6,753,900	-	-	(908,040)	5,845,860	31/12/2014
December 2011	84,000	-	-	(35,448)	(48,552)	-	31/12/2013
October 2011	1,053,000	-	-	(444,366)	(608,634)	-	31/12/2013

As at 31 December 2014, 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 2014	**19 June**
Market price of underlying stock	€0.76
Vesting period	From 2 to 3.5 years
Expected dividend rate	-
Fair value of one share	€0.76

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, between 2 and 3.5 years according to the tranche. 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 2014 income statement amounts to 8.6 million euros compared to 1.5 million euros in 2013. These amounts include the social charges relating to the employer's contribution based on the fair value of the options granted, i.e. 30% in 2014 and 2013.

These plans are expected to be equity settled.

Note 26 - Cash and cash equivalents, net financial debt

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

(in thousands of euros)	**As at 31 December 2014**	**As at 31 December 2013**
Accrued interest not yet due	179	45
Cash equivalents	34,349	54,940
Cash	11,826	20,584
Gross cash	**46,354**	**75,569**
Bank overdrafts	(2,776)	(2,490)
Net cash	**43,578**	**73,079**
Bank loan	813,816	1,297,476
Bond loan	350,000	350,000
Revolving credit facility drawn	20,000	-
Loans issue expenses	(25,753)	(25,417)
Lease liability	841	44
Fair value of hedging instruments (cf. note 6)	9,943	20,192
Price supplements on acquisition of securities	1,419	3,301
Accrued interest not yet due	5,060	6,269
Other financial liabilities	4,056	789
Gross financial debt	**1,179,382**	**1,652,654**
of which current	*39,745*	*136,431*
of which non-current	*1,139,637*	*1,516,223*
Net debt	**1,135,804**	**1,579,575**

Cash and cash equivalents

As at 31 December 2014, cash equivalents amounted to 34.3 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 (syndicated credit agreement)

The syndicated credit agreement was amended in June 2014 and contains the following financial covenants:

- the ratio of consolidated net debt to an aggregate close to the consolidated GOM (the "**Leverage Ratio**") must be less than or equal to 4.50 from 31 December 2014 until 31 March 2015, 4.25 as at 30 June and 30 September 2015 and 4.00 at the end of each calendar quarter thereafter over the residual term of the agreement (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 at the end of each calendar quarter over the residual term of the agreement (GOM and consolidated net debt as defined in the agreement with the financial institutions);
- starting in 2015 and if the Leverage Ratio is higher than 3.50, a maximum amount of investments of 70 million euros during the following financial year.

As at 31 December 2014, these financial covenants were met and there are no grounds for reclassifying non-current debt as current debt. These ratios were respectively at 3.73 and 3.64.

The Company's syndicated credit agreement also includes compulsory early repayment clauses including in particular:

- a compulsory early repayment clause that applies in the event of a change of control of the Company resulting from the acquisition of the shares of the Company; and
- an early partial repayment clause for each calendar year for a percentage of the cash flows of the consolidated Group less the debt service, with this percentage varying according to the level of the Leverage Ratio (67% if the Ratio is higher than 3.00, 50% if it is between 2.50 and 3.00 and 25% if it is less than 2.50).

The Company's syndicated credit agreement also includes certain commitments (subject to certain exceptions) to apply or not to apply to the Company and/or to its subsidiaries, including the following commitments in particular:

- obligation to maintain certain authorisations;
- restrictions concerning the granting of sureties;
- restrictions concerning the carrying out of mergers, spin-offs or other restructuring;
- commitment to not change the general nature of the activities of the Company and of the Group with regards to their activity on the conclusion date of the syndicated credit agreement;
- restrictions concerning the financial debt that can be incurred by the Company's subsidiaries; and
- the Company is not allowed to engage in distributing dividends, purchasing its shares, amortising and reducing its capital and other cash distributions concerning its capital as long as the Leverage Ratio is higher than 3.00.

The Company's syndicated credit agreement finally includes the usual default clauses (in particular in cases of payment default, non-compliance with financial covenants of the Company's commitments (including the commitments mentioned hereinabove), cross-default and opening proceedings for the prevention of and handling of company difficulties) allowing lenders to accelerate the term of the loans that they have granted to the Company and to cancel their commitments with regards to the Company's syndicated credit agreement.

The bond loan amounting to 350 million euros mentioned hereinabove was issued by the entity PagesJaunes Finance & Co SCA (which is not an entity affiliated with the Company) and its income was used by the latter to finance the making available to the Company of a Tranche C1 with regards to the Company's syndicated credit agreement.

The compulsory early repayment clause of the Company's syndicated credit agreement in the event of a change in control does not apply to the Tranche C1. In the event of a change in the control of

the Company, the Company will have to pay PagesJaunes Finance & Co SCA (who is the sole lender with regards to the Tranche C1) an amount with regards to the Tranche C1 such that it will allow PagesJaunes Finance & Co SCA to buy back bonds from bond holders who so desire with regards to the aforementioned bond loan.

Moreover, PagesJaunes Finance & Co SCA and the Company have signed a separate agreement that provides for certain commitments in particular (subject to certain exceptions) to apply or not to apply to the Company and/or to its subsidiaries, including in particular commitments concerning the same subjects as those provided for in the Company's aforementioned syndicated credit agreement and the following commitments:

- restrictions concerning the financial debt that can be incurred by the Company and it's subsidiaries; and
- prohibition to carry out certain payments in particular with regards to distributing dividends, acquisitions and granting loans.

The reference rate is Euribor or Libor plus a margin.

Following the approval on 9 May of the Accelerated Financial Safeguard Procedure plan proposed by the Group and following the carrying out a capital increase, the following conditions for the syndicated credit agreement came into effect on 6 June 2014:

- conversion of the tranche A3 into tranche A6 for 296.0 million euros and into tranche A7 for 602.1 million euros;
- conversion of the tranche A5 into tranche A6 for 104.0 million euros and into tranche A7 for 211.7 million euros;
- repayment of the tranche A6 totalling 400.0 million euros with the funds coming from the capital increase such as described in note 8;
- conditions for the new tranche A7 totalling 813.8 million euros: maturity March 2018 with a faculty to extend it to March 2020 (with the condition of refinancing the bond loan of 350 million euros before March 2018), repayable *in fine* less the partial repayments described hereinabove, margin of 400 bps if the Leverage Ratio is higher than 3.00 (325 bps if the Ratio is between 2.50 and 3.00 and, 250 bps if it is less than 2.50);
- new conditions for the RCF 3 revolving credit line: nominal of 60.0 million euros, depreciable by 4.124% every quarter starting on 15 July 2014, final maturity in March 2018 with a faculty to extend it to March 2020, same margin as the tranche A7.

As at 31 December 2014, bank debt can be broken down as follows:

- Tranche A7: nominal of 813.8 million euros, margin of 325 bps;
- RCF 3 revolving credit line: nominal of 60.0 million euros, utilised for 20.0 million euros.

This operation generated costs amouting 13.4 million euros and the extinguishment of a part of the bank loan. The latter led to a recognition of accelerated amortisation of part of the expenses associated with renegotiation this financing in 2011 and 2012, amounting to 3.8 million euros.
Pursuant to IAS 39, the refinancing of the remainder of the bank loan has not been qualified as an extinguishment of debt. Consequently, the un-amortised expenses were kept on the balance sheet.

Bond borrowings

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

Price supplements on acquisition of securities

As part of the acquisitions completed in 2014, price supplements may be paid in 2015, 2016 and 2017 if certain operating performance conditions are fulfilled. As at 31 December 2014, these were estimated to be 1.4 million euros.

Other financial liabilities

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

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					
		Fair value recognised in profit or loss	Derivative instruments (Fair value recognised in equity)	Available-for-sale assets	Loans and receivables (amortised cost)	Financial liabilities (amortised cost)	Others
Available-for-sale assets	340	-	-	340	-	-	-
Other non-current financial assets	4,616	-	-	-	4,616	-	-
Net trade accounts receivable	441,786	-	-	-	441,786	-	-
Other current financial assets	13,187	13,187	-	-	-	-	-
Cash equivalents	34,349	34,349	-	-	-	-	-
Cash	12,005	12,005	-	-	-	-	-
Financial assets	**506,283**	**59,541**	**-**	**340**	**446,402**	**-**	**-**
Non-current financial liabilities and derivatives	1,139,637	1,060	-	-		1,138,577	-
Bank overdrafts and other short-term borrowings	37,461	1,701	8,601	-		27,159	-
Accrued interest	5,060	-	-	-		5,060	-
Trade accounts payable	98,923	-	-	-		98,923	-
Financial liabilities	**1,281,081**	**2,761**	**8,601**	**-**		**1,269,719**	**-**

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

As at 31 December 2014, the market value of the bank and bond loans was 972.1 million euros, compared to a carrying value of 1,183.8 million euros:

(in thousands of euros)	Carrying value	Quotes as at 31/12/2013	Market value
Bank borrowing - facility A7	813,803	78.6%	639,853
Senior secured notes PagesJaunes Finance & Co SCA	350,000	94.9%	332,217
Revolving credit line - RCF 3	20,000	-	20,000
Loans	**1,183,803**	**83.8%**	**992,069**
Other debts incl. debt costs	(18,067)	-	(18,067)
Non-current financial liabilities and derivatives	**1,165,736**	**83.6%**	**974,002**

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 2014 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 Fair value recognised in profit or loss	Derivative instruments	Available-for-sale assets	Loans and receivables (amortised cost)	Financial liabilities (amortised cost)	Others
Interest income	1,580	1,580	-	-	-	-	-
Interest expenses	(98,383)	476	-	-	-	(98,859)	-
Net gains / (net losses)	**(96,803)**	**2,056**	**-**	**-**	**-**	**(98,859)**	**-**
Accretion cost	(1,321)						
Net financial income (cf. note 8)	**(98,124)**						

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 documentation are respected, including certain default and prepayment clauses. These clauses are linked, in particular, to compliance with operational and financial covenants such as the minimum level of coverage of the net consolidated interest charge by 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 2014, this ratio was 3.73 times GOM (3.73 times as at 31 December 2013), which is lower than the maximum of

4.50 times specified in the bank documentation (3.75 times as at 31 December 2013).

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 70.4% 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	(813.8)	-	(813.8)	-
Revolving credit lines	(20.0)	(20.0)	-	-
Cash and cash equivalents, net of bank overdrafts	43.6	43.6	-	-
Assets / (liabilities) at variable rate before hedging	**(790.2)**	**23.6**	**(813.8)**	**-**
Active hedgings (excl. forwards)	800.0			
Assets / (liabilities) at variable rate after hedging	**9.8**			
Fixed 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 *	4.4			
Net cash (debt)	**(1,135.8)**			

* 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 2014, i.e. 0.082%, should not lead to a decrease in the consolidated annual income.

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	46.2	(840.7)	-	(9.9)	
Sensitivity in profit and loss	0.2	(4.2)	4.0	-	**0.0**
Sensitivity in equity	-	-	-	1.6	**1.6**

Liquidity risk

Solocal Group 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 2014, forecast disbursements for future periods, calculated on the basis of the forward rate curve at 31 December 2014, are as follows:

Maturity table for financial liabilities – sensitivity to liquidity risk

(in millions of Euros)	Carrying amount in balance sheet		2015		2016		2017		2018	
	Assets	Liabilities	Interest	Reimb.	Interest	Reimb.	Interest	Reimb.	Interest	Reimb.
Financial liabilities		**(1,197.1)**	**(69.2)**	**(27.2)**	**(58.5)**	**(0.6)**	**(59.4)**	**(0.4)**	**(19.1)**	**(1,163.8)**
Bank loan A7	-	(813.8)	(33.0)	-	(27.4)	-	(28.4)	-	(6.1)	(813.8)
Bond loan	-	(350.0)	(31.1)	-	(31.1)	-	(31.1)	-	(13.0)	(350.0)
Revolving credit line (RCF3)	-	(20.0)	-	(20.0)	-	-	-	-	-	-
Bank overdrafts	-	(2.8)	-	(2.8)	-	-	-	-	-	-
Accrued interest not yet due	-	(5.1)	(5.1)	-	-	-	-	-	-	-
Liability on committed purchase of minority interests	-	(1.4)	-	(0.4)	-	(0.6)	-	(0.4)	-	-
Other financial liabilities	-	(4.1)	-	(4.1)	-		-	-	-	-
Interest rate risk hedging										
Swaps	-	(9.9)	(10.9)	-	-	-	-	-	-	-
Forward rate (Euribor 3m)			0.06%		0.12%		0.24%		0.44%	

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 2014, Solocal Group was exposed to an extent of 34.3 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 2014**	**31 December 2013**
Short-term benefits (1)	4,950	5,945
of which employer charges	*1,254*	*1,585*
Post-employment benefits (2)	71	60
Other long term benefits (3)	2	2
End-of-contract benefits (4)	664	711
Equity benefits (5)	2,941	456
Total	**8,628**	**7,173**

(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 2014, the charge in respect of defined-contribution pension plans amounted to 0.4 million euros (0.4 million euros in 2013).

30.2 – Transactions with related parties

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

A non-competition obligation will be applied in the event of termination of Jean-Pierre Remy's mandate as Chief Executive Officer for any reason and in any form whatsoever. This competition prohibition shall be limited to a period of 24 months commencing on the day on which his duties actually come to an end, and shall cover 100% of French territory. The relevant compensation will be equal to 12 months of remuneration based on the total gross monthly average of remuneration

over the 12 months of activity preceding the date of termination.
The accumulation of the severance pay and non-competition obligation cannot exceed two years of remuneration, fixed and variable.

Christophe Pingard was appointed Deputy Chief Executive Officer by the Board of Directors on 26 October 2011. 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 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)	2014				2013
		Payments due per period			
	Total	Less than 1 year	In 1 to 5 years	In more than 5 years	Total
Operating leases	**151,715**	**29,929**	**64,028**	**57,758**	**47,315**
Paper, printing, distribution [1]	2,195	2,195	-	-	1,489
Other services	8,654	6,842	1,812	-	17,783
Commitments for purchases of goods and services	**10,849**	**9,037**	**1,812**	-	**19,272**
Total	**162,564**	**38,966**	**65,840**	**57,758**	**66,587**

(1) See details in the table below

The "Other services" section includes all firm orders placed as at 31 December 2014 for goods and services deliverable from 2015.

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 18.3 million euros in 2014 (17.4 million euros in 2013).

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

The lease contracts for future completion were irrevocably signed on 26 May 2014 for a firm period of 10 years, as Solocal Group has renounced its 3-year termination faculty until the end of the firm period of the two lease contracts. The effective date of these two contracts is postponed to the date of completion of the rental premises scheduled to take place on 30 September 2015, plus a period when the premises will be available to Solocal Group free of charge for a maximum of 6 months. The scheduled date for the two lease contracts to take effect is then set to 1 April 2016, with the expiry date for each of the two lease contracts set to 31 March 2026.

These leased premises have a surface area of 32,600 m², for a total commitment for these two contracts of 115 million euros (excluding expenses and rent indexing).

Two autonomous bank guarantees at first demand for an amount each representing 12 months of rent incl. tax were, moreover, issued for the benefit of the landlords to guard the latter against any presentation failure of Solocal Group on the date the lease takes effect. These guarantees were granted for a period that expires on 31 October 2016 and have given rise to a collateral cash payment of 6 million euros in May 2014.

As at 31 December 2014, the Group's commitment under all leases amounted to 151.7 million euros, of which 29.9 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.

Starting on 1 January 2014, PagesJaunes signed annual contracts with two paper suppliers specifying the rates payable for the supply by the printer of directory paper, with a volume commitment of 17,000 tonnes.
The printer will obtain his supply and his purchases of paper following these conditions.

Only firm orders placed as at 31 December 2014, both with paper suppliers and with printers and distributors, were reported as off-balance-sheet commitments at that date, for a total amount of 2.2 million euros, as detailed in the table below:

Contractual obligations (in thousands of euros)	2014				2013
		Payments due per period			
	Total	Less than 1 year	In 1 to 5 years	In more than 5 years	Total
Paper	1,079	1,079	0	0	991
Printing	359	359	0	0	491
Distribution	757	757	0	0	-
Editorial content	0	0	0	0	7
Total	**2,195**	**2,195**	**0**	**0**	**1,489**

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 418,459 hours as at 31 December 2014 (427,861 hours as at 31 December 2013). In 2014, 25,539 hours were used by employees (14,080 hours in 2013).

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 60.0 million euros to cover the Group's cash flow requirements (working capital, investments and refinancing) resulting from its operational activities. The drawing on this line amounted to 20.0 million euros as at 31 December 2014.

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

Contractual obligations (in thousands of euros)	2014				2013
		Payments due per period			
	Total	Less than 1 year	In 1 to 5 years	In more than 5 years	Total
Operation leases - lessor	165	165	0	0	230
Other services	3,872	2,268	1,604	0	599
Total	**4,037**	**2,433**	**1,604**	**0**	**829**

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.

During the year 2013, PagesJaunes had to be reorganised again in order to guarantee its sustainability faced with a constantly changing and increasingly competitive market environment. A project on changes in the model and the organisation of PagesJaunes was presented for information and consultation to the staff representation bodies concerned in September 2013. After 10 meetings of negotiations with the trade unions conducted in parallel with the procedures of informing and consulting the CHSCT and the Works Council on the other hand, a majority agreement concerning the measures for the social support determining the content of the Job Safeguard Procedure was signed on 20 November 2013.
This plan called for the suppression of 22 jobs entirely compensated by the creation of jobs proposed to the employees concerned in the framework of internal reclassification. The objective is to maintain employment in the company or outside of the company (compensated by the financing of training). There are no direct redundancies and the overall project is a net creator of jobs (48 jobs).
This agreement received validation via a ruling of the DIRECCTE on 2 January 2014, confirmed by the Tribunal Administratif of Cergy-Pontoise in a ruling on 22 May 2014 following the private recourse of an employee of PagesJaunes which aimed to cancel the approval of PagesJaunes' PSE (Job Safeguard Procedure) by the Employment Inspectorate. Following the appeal filed by this employee, this decision was however cancelled by the Cour Administrative d'Appel of Versailles in a judgement of 22 October, for lack of majority. The existence or the content of the plan was therefore not disputed. The decision of the Cour, as is, does not call into question the validity of the procedure followed or the reality of the economic reasons that justified the procedure implemented by PagesJaunes.
As such, this cancellation therefore has no impact on the validity of the redundancy procedure itself. Furthermore, in light of the readily apparent questionable legal motivation of this judgement, PagesJaunes took the case before the Conseil d'Etat as a last resort, in order to obtain the suspension of its effects in light of their extremely negative impact on the company, and this, while waiting for a decision based on the merits by the highest tribunal for this case.
As 311 employees refused the amendment to their employment contract linked to this reorganisation, 280 of them were made redundant. To date, 4 administrative proceedings are in progress (3 proceedings before the tribunal administratif of Cergy-Pontoise for cancellation of the decisions for redundancy authorisations and one proceeding for hierarchical recourse before the Ministry of Labour). 29 legal proceedings were initiated before the industrial tribunals (9 proceedings for claims for damages and 20 interim proceedings for provision requests). On 5 February 2015, the employee claims court of Rennes rejected all of these 20 interim requests.

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. It 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. At the hearing on 6 March 2014, the Tribunal ruled, via a contradictory ruling and in the first instance, on the regularity of the grievance procedure, maintained all of the reassessments and granted PagesJaunes the exemption on late feed for the amount of 0.3 million euros. PagesJaunes filed an appeal by disputing the decision of the Tribunal on certain reassessments. This dossier will be brought before the Cour d'appel of Paris at the hearing on 9 February 2017. The amount of the inspection by the French social security agency URSSAF was therefore written back for 0.8 million for abandoned reassessments, resulting in a balance of 1.4 million euros at the end of the 2014 financial period.

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. About a hundred employees refused to sign the new contract offered 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 0.8 million euros as at 31 December 2014.

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. On 19 September 2014, the Tribunal de commerce of Paris informed the parties of their waiver of prosecution and reciprocal action, as such bringing these proceedings to an end.
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 2014, there were eleven, representing total claims for damages of a little under 0.5 million euros. In these proceedings, PagesJaunes endeavours 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.

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	
	2014	2013	2014	2013	2014	2013	2014	2013
Audit								
Audit, statutory audit, certification and inspection of individual and consolidated accounts	**407**	**360**	**76%**	**94%**	**500**	**419**	**72%**	**88%**
- Including Solocal Group	133	130	25%	34%	133	130	19%	27%
- Including fully consolidated subsidiaries	273	230	51%	60%	366	288	53%	60%
Other procedures and services in relation to the mission of the Company Auditors	**129**	**24**	**24%**	**6%**	**191**	**60**	**28%**	**12%**
- Including Solocal Group	129	24	24%	6%	153	2	22%	0%
- Including fully consolidated subsidiaries	-	-	0%	0%	38	58	6%	12%
Subtotal	**535**	**383**	**100%**	**100%**	**691**	**478**	**100%**	**100%**
Other services provided by the networks to fully consolidated subsidiaries								
Legal, tax and social security -related	-	-			-	-		
Others	-	-			-	-		
Subtotal	**-**	**-**			**-**	**-**		
TOTAL	**535**	**383**	**100%**	**100%**	**691**	**478**	**100%**	**100%**

Note 34 – Scope of consolidation

		As at 31 December 2014		As at 31 December 2013	
Entities	**Country**	**Interest**	**Control**	**Interest**	**Control**
Fully consolidated companies					
Solocal Group (consolidating entity)	France	100%	100%	100%	100%
PagesJaunes	France	100%	100%	100%	100%
QDQ Media	Spain	100%	100%	100%	100%
Optimizaclick	Spain	100%	100%	100%	100%
Trazada	Spain	100%	100%	100%	100%
Euro Directory	Luxembourg	100%	100%	100%	100%
PJMS	France	100%	100%	100%	100%
Mappy	France	100%	100%	100%	100%
Retail Explorer (1)	France	100%	100%	-	-
Leadformance (2)	France	100%	100%	-	-
Net Vendeur (3)	France	100%	100%	-	-
Digital To Store (4)	United Kingdom	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%
ClicRDV	France	100%	100%	100%	100%
Fine Media	France	100%	100%	100%	100%
Chronoresto (CD&Co)	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					
Leadformance (2)	France	-	-	49%	49%
Editus	Luxembourg	10%	10%	10%	10%

(1) Acquired on 05 March 2014
(2) additional acquisition of 51% on 20 May 2014
(3) consolidation on 1 June 2014 (ex. Cristallerie2, not consolidated in 2013)
(4) creation 2014

Note 35 - Events subsequent to the closing date

None