

14

Annual Report
2014

seat **PG**
pagineGialle

14

Annual report as at
December 31, 2014

seat **PG**
pagineGialle

Registered office: Corso Mortara, 22 - 10149 Torino (Italy)
Fully paid-up share capital: Euro 20.000.000 i.v.
Tax code and VAT code: 03970540963
Milan Register of Companies No. 03970540963



SEAT is the only *media agency* to offer local marketing services throughout Italy. In addition to traditional print and voice advertising, it offers companies a complete range of support services to promote their business online via a network of *SEAT media agencies*. SEAT's web marketing services include website and mobile site construction and management, multimedia content creation, web visibility, e-commerce and online marketing, managing clients' presence on social networks, and couponing. It also offers advertising on third-party, digital, television, radio and cinema media in partnership with specialist operators.

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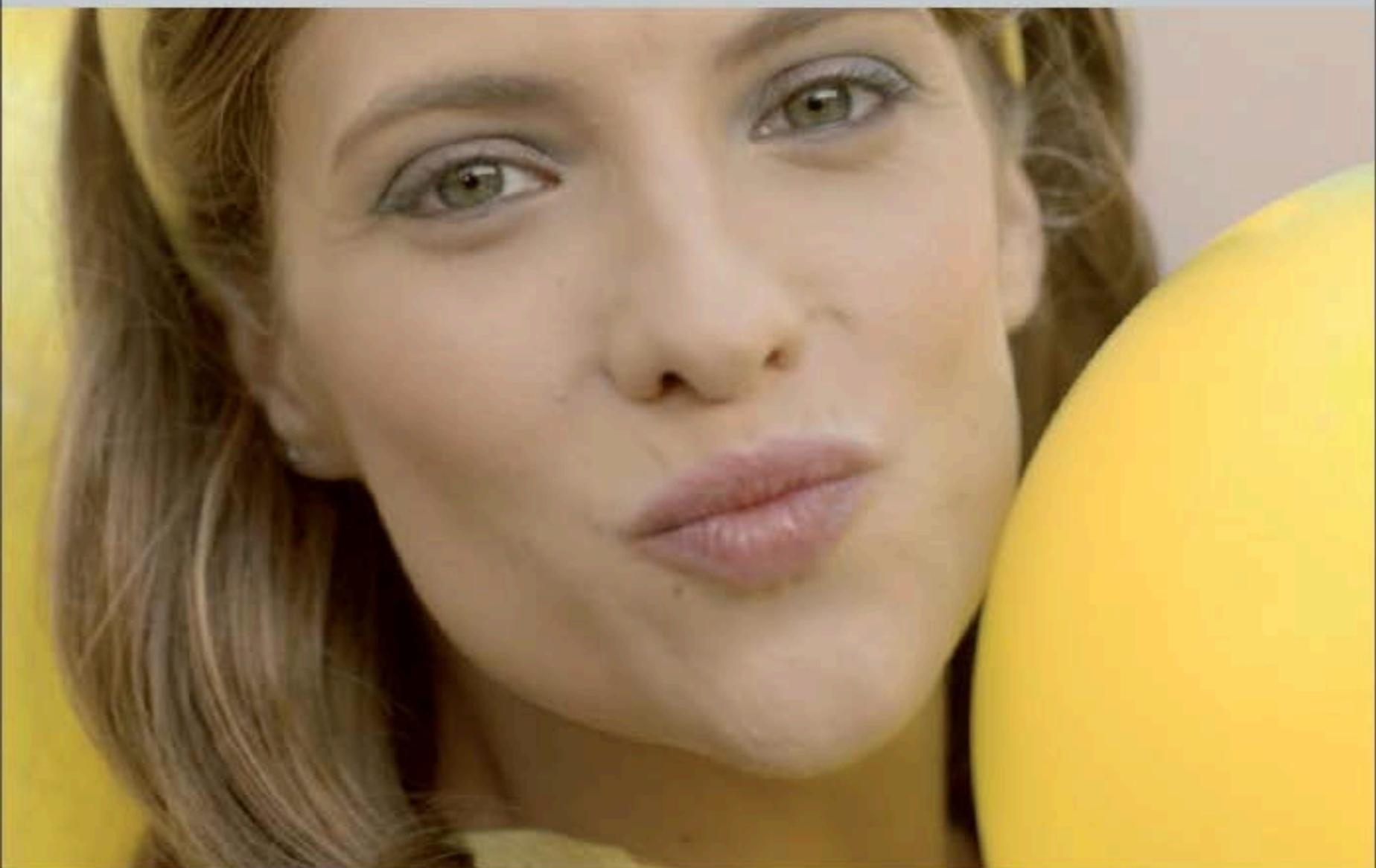
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" il **Giallo**
ti sorprende "



Pictured above extracted from the last spot of SEAT PG

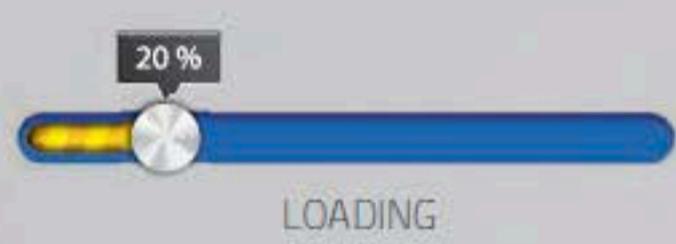
Nuova generazione di opportunità

tutti gli strumenti più evoluti per il business

SeatPG
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Highlights
and general
information



Company boards \

(information correct as at March 12, 2015)

Board of Directors ^{(1) (2)}

Chief Executive Officer

Vincenzo Santelia ⁽³⁾

Chiara Damiana Maria Burberi ⁽⁰⁾

Michaela Castelli

Mauro Del Rio ⁽⁰⁾

Francesca Fiore ⁽⁰⁾

Harald Rösch ⁽⁰⁾

Mauro Pretolani ⁽⁰⁾

Luca Rossetto ⁽⁰⁾

Secretary to the Board of Directors

Michaela Castelli

Appointments and Remuneration Committee ⁽⁴⁾

Chairman

Mauro Pretolani

Michaela Castelli

Francesca Fiore

Control and Risk Committee ⁽⁴⁾

Chairman

Chiara Damiana Maria Burberi

Harald Rösch

Luca Rossetto

Board of Statutory Auditors

Chairman

Maurizio Michele Eugenio Gili ^{(5) (6)}

Standing Auditors

Guido Nori ⁽⁶⁾

Ada Alessandra Garzino Demo ⁽⁶⁾

Alternate Auditors ⁽⁶⁾

Roberta Battistin ⁽⁶⁾

Marco Benvenuti Lovati ^{(5) (6)}

Common Representative of Savings Shareholders

Stella d'Atri ⁽⁷⁾

Chief Financial Officer

Andrea Servo

Independent Auditors ⁽⁸⁾

PricewaterhouseCoopers S.p.A.

⁽¹⁾ The Board of Directors was appointed by the Shareholders' Meeting of October 22, 2012.

⁽²⁾ On January 2, 2015, Guido De Vivo resigned from the position of Director and, as a result, also from the position of Chairman of the Board of Directors.

⁽³⁾ Appointed Chief Executive Officer by the Board of Directors on October 26, 2012.

⁽⁴⁾ The Committees were appointed by the Board of Directors on October 26, 2012.

⁽⁵⁾ On October 14, 2014, Mr. Cervellera, Mr. Ciruzzi and Mr. Vasapolli resigned from their positions as Chairman of the Board of Statutory Auditors and Standing Auditors, respectively, with immediate effect. Pursuant to Article 2401 of the Italian Civil Code, alternate auditors Mr. Gili and Mr. Lovati - appointed by the Ordinary Shareholders' Meeting on July 25, 2013 to replace Guido Vasapolli and Guido Costa, who resigned on April 24, 2013 and May 2, 2013 - took over the roles of Chairman of the Board of Statutory Auditors and Standing Auditor, respectively, and shall remain in office until the shareholders' meeting called to appoint the rest of the Board of Statutory Auditors.

⁽⁶⁾ Appointed by the Ordinary Shareholders' Meeting on January 27, 2015, to remain in office until the shareholders' meeting called to approve the financial statements as at December 31, 2014.

⁽⁷⁾ Appointed by the Special Meeting of Savings Shareholders on May 2, 2013 for the fiscal years 2013, 2014 and 2015.

⁽⁸⁾ The Board of Statutory Auditors was appointed by the Shareholders' Meeting of June 12, 2012.

⁽⁰⁾ Directors who meet the independence criteria set forth in Articles 147-ter, paragraph 4 and 148, paragraph 3, of Legislative Decree 58/1998 and in the Code of Corporate Governance for Listed Companies.

Financial highlights of the Group

The economic and financial results of the Seat Pagine Gialle group for 2014 and for 2013 have been prepared in accordance with the international accounting standards issued by the International Accounting Standards Board and approved by the European Union (IFRS).

- Consolidated REVENUE was € 408.2 million, down by 18.9%.
- Consolidated EBITDA was € 32.6 million, down by 63.5%.
- Profit for the period pertaining to the Group totaled € 1,379.2 million (a loss of € 347.6 million in financial year 2013), and will be used to re-establish the Company's equity in accordance with the resolution of the Extraordinary Shareholders' Meeting held on March 4, 2014.
- OPERATING FREE CASH FLOW totaled € 0.6 million, while NET FINANCIAL DEBT, as at December 31, 2014, had a positive balance of € 71.4 million.



	Year 2014	Year 2013
<i>(euro million)</i>		
Economic and financial data		
Revenues from sales and service	408.2	503.3
GOP (*)	61.6	132.2
EBITDA (*)	32.6	89.5
EBIT (*)	(25.5)	(234.5)
Pre-tax profit (loss)	1,408.5	(364.7)
Profit (loss) on continuing operations	1,393.4	(351.5)
Profit (loss) pertaining to the Group	1,379.2	(347.6)
OFCF (*)	0.6	124.2
Capital expenditure	29.9	33.7
Net invested capital (*)	102.9	136.5
<i>of which goodwill and marketing related intangibles</i>	25.3	29.1
<i>of which net operating working capital</i>	(12.2)	(56.5)
Equity of the Group	174.4	(1,342.9)
Net financial indebtedness (*)	(71.4)	1,459.9
Economic and financial ratio		
EBITDA/Revenues	8.0%	17.8%
EBIT/Revenues	(6.2%)	(46.6%)
EBIT/Net invested capital	(24.8%)	(171.8%)
OFCF/Revenues	0.1%	24.7%
Operating working capital/Revenues	(3.0%)	(11.2%)
Workforce		
Workforce at the end of the period (units)	1,932	2,029
Average workforce for the period on continuing operations	1,785	1,898
Revenues/Average workforce	229	272

(*) See "Non-GAAP measures" below for details of items.

Non-GAAP measures

This section reports on several non-GAAP measures used in Seat Pagine Gialle Group's consolidated financial statements and in Seat Pagine Gialle S.p.A.'s separate financial statements as at December 31, 2014 to provide tools for analyzing the financial performance of the Group, in addition to those based on the financial statements.

These indicators are not identified as accounting measures within the IFRS framework, and therefore must not be considered an alternative standard by which to assess the results of the Group or its capital or financial position. Since these measures are not governed by the benchmark accounting standards, the calculation methods used by the Company may not be consistent with those implemented by others, meaning that the measures may not be comparable. These indicators are as follows:

- **GOP** (*gross operating profit*) refers to EBITDA before other operating income and expense, net valuation adjustments and provisions for risks and charges.
- **EBITDA** (*operating result before amortization, depreciation and other net non-recurring and restructuring costs*) refers to **EBIT** (*operating result*) before net non-recurring and restructuring costs and operating and non-operating amortization, depreciation and write-downs.
- **Operating working capital and non-operating working capital** are calculated, respectively, as operating current assets (relating to operating revenues) net of operating current liabilities (relating to operating costs) and as non-operating current assets net of non-operating current liabilities. Neither item includes current financial assets or liabilities.
- **Net invested capital** is the sum of operating working capital, non-operating working capital, goodwill and customer databases, and other operating and non-operating non-current assets and liabilities.
- **Net financial debt** is a measure of ability to meet financial obligations comprising current and non-current financial payables net of cash and cash equivalents and current financial receivables.
- **OFCF** (*operating free cash flow*) is the EBITDA, adjusted to take into account the effect of capital expenditure and the change in operating working capital and operating non-current liabilities on the net financial position.

Information for shareholders \

Shares \

		As at 12.31.2014 (*)	As at 12.31.2013
Share capital	euro	20,000,000.00	450,265,793.58
Number of ordinary shares	n.	64,267,615,339	16,066,212,958
Number of savings shares	n.	6,803	680,373
Market capitalization - based on average market price	euro/mln	186	28
Seat Pagine Gialle S.p.A. share weighting (SPG ordinary shares) - FTSE Italia All Share (ex Mibtel)		0.044%	0.010%
Equity per share	euro	0.010	(0.084)
Profit (loss) per share on continuing operations pertaining to the Group	euro	0.081	(0.159)
Profit (loss) per share from non-current assets held for sale and discontinued operations pertaining to the Group	euro	(0.00083)	(0.001)

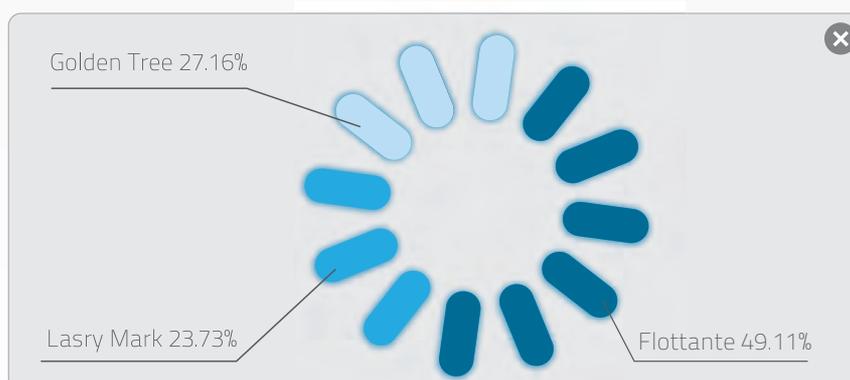
(*) As at March 4, 2014, the extraordinary shareholder's meeting, has resolved to approve the new composition of Share Capital as a result of extraordinary operations.

Shareholders \

The table below lists the ordinary shareholders of Seat Pagine Gialle S.p.A. which hold more than 5% of the share capital as at December 31, 2014, according to

the records of the Shareholders Register, as well as integrated with other information available to the company.

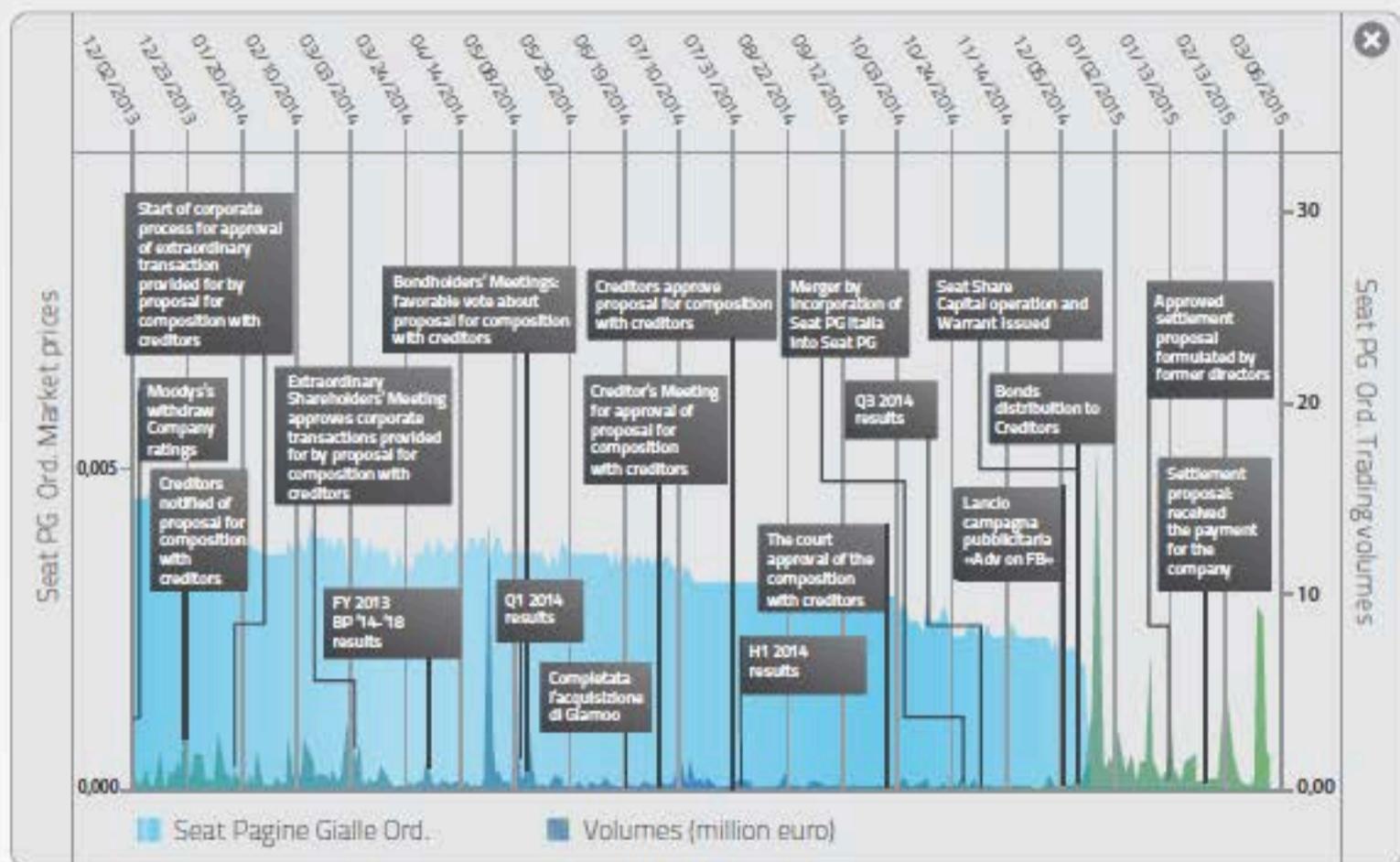
Shareholders as at December 31, 2014	Number of ordinary shares	% on ordinary capital
GoldenTree Asset Management LP	17,454,248,745	27.16%
Lasry Marc	15,251,743,254	23.73%



Stock market performance of ordinary shares over the last 12 months and volumes traded

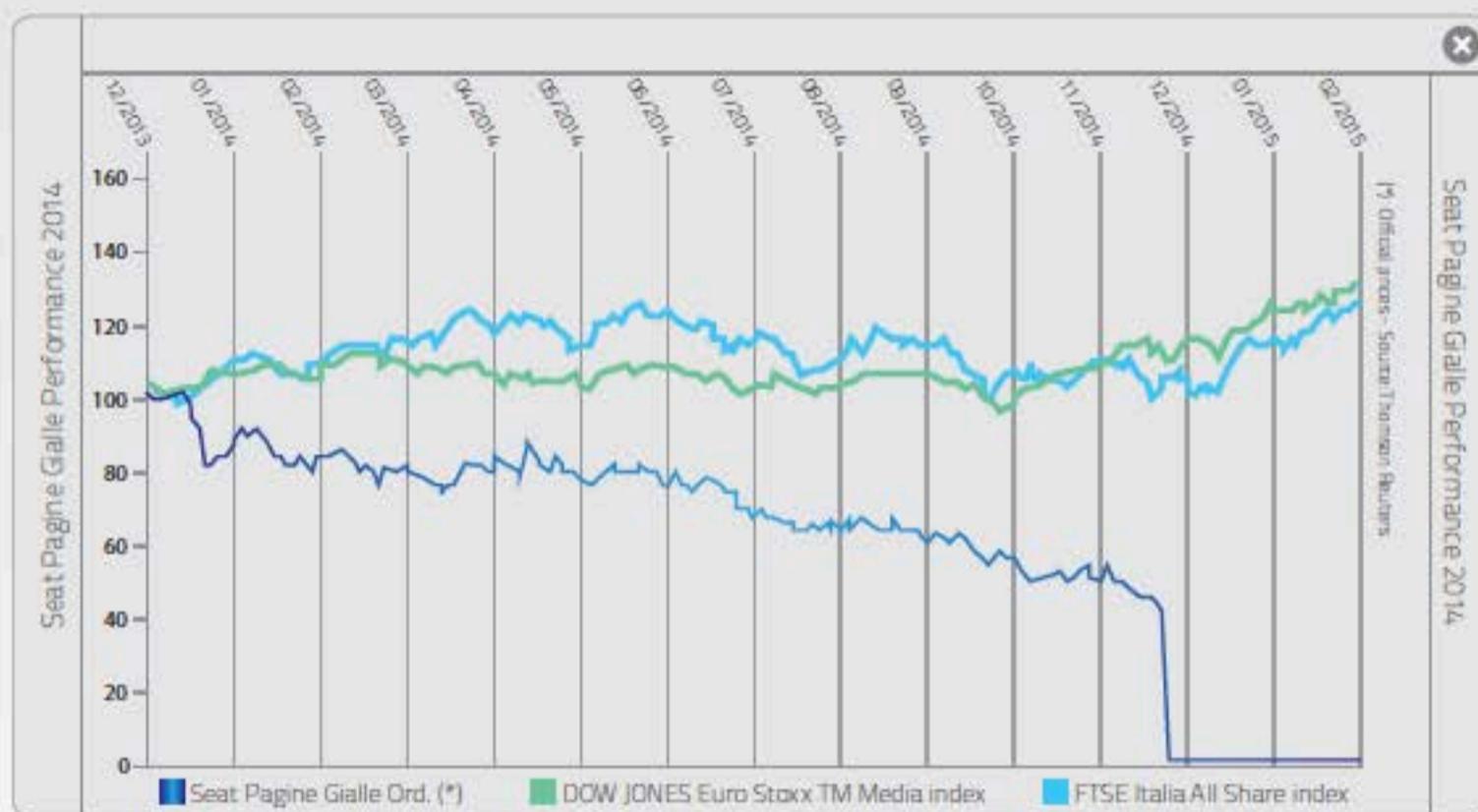
The price of Seat Pagine Gialle shares as at December 30, 2014 totaled € 0.0029, compared with € 0.17 as at December 30, 2013. The market capitalization was approximately € 186 million, with approximately 258 million shares traded (amounting to 0.4% of the share capital). This price is essentially in line with the unit value of SEAT's new shares, i.e., € 0.0031 (after the reverse split), determined by the SEAT PG Directors in January 2014, with the advice of KPMG Advisory S.p.A., on drafting the Report to the Shareholders' Meeting of March 4, 2014 regarding the proposed capital increase reserved for financial creditors in Classes B and C, after the successful conclusion of the composition with creditors procedure.

Please refer to the Introduction to this report for information on the composition with creditors procedure, which led to the extraordinary transactions approved by the Company Shareholders' Meeting last March 4.

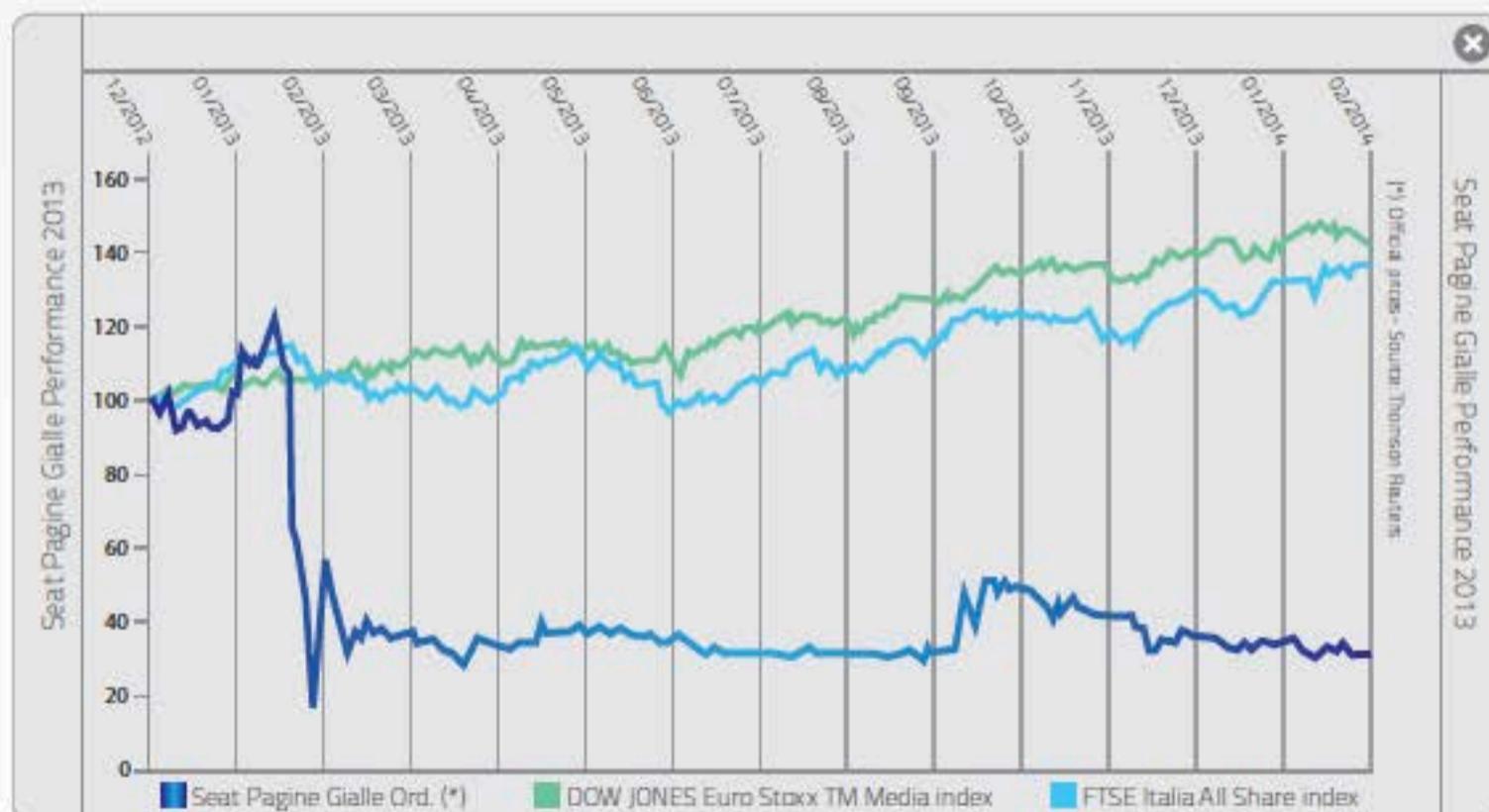


Performance of Seat Pagine Gialle S.p.A. shares in 2014 vs. FTSE Italia All-Share index and Dow Jones EURO STOXX TM Media index

(information correct as at March 12, 2015)

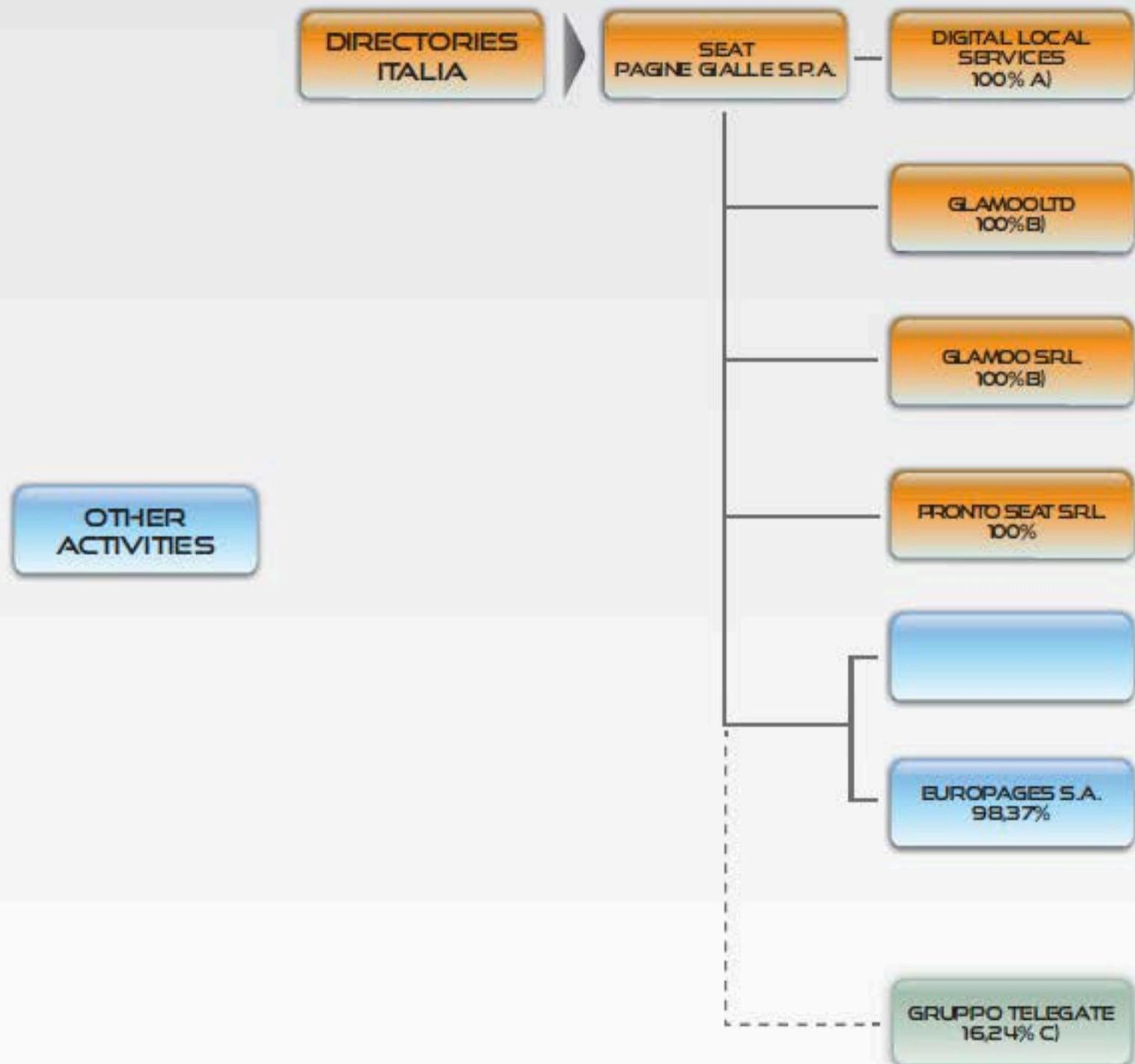


Performance of Seat Pagine Gialle S.p.A. shares in 2013 vs. FTSE Italia All-Share index and Dow Jones EURO STOXX TM Media index



Organizational structure of the Group

(Information correct as at March 12, 2015)



LEGEND

A) 74 single shareholders limited liability companies directly owned by Seat Pagine Gialle S.p.A.

B) Glamoo Ltd and Glamoo S.r.l. have been consolidated since May 31, 2014.

C) On December 22, 2014 Seat Pagine Gialle S.p.A. gave to its financial creditors, in execution of composition of creditor procedure approved by the Court, all the share indirectly owned in Telegate AG, i.e. 61.13% of the share of Telegate AG held by the german sub-holding Telegate Holding GmbH.

Market situation and strategic positioning \

SEAT \

SEAT is a group operating in the advertising and local communications services sector, primarily in Italy, acting as an intermediary between companies that offer products and services and their potential customers, with the aim of facilitating direct contact between them.

It carries out its activities by providing (i) traditional print and voice advertising services; (ii) online search services through its proprietary online portals and web marketing services and (iii) visibility in traditional (television, radio and cinema) and digital media, in partnership with specialized operators.

SEAT's operations are broken down into three areas:

- **"Traditional"** activities, characterized by integrated search and advertising services in directories available in the following formats: "print", through the publication of PagineGialle® and PagineBianche® (which contain the telephone numbers and addresses of private individuals as well as businesses); "voice", which provides the same information that can be found in the print publications, but via telephone using the numbers 12.40 Pronto Pagine Bianche® and 89.24.24 Pronto Pagine Gialle®.
- **"Online"** activities, which include (i) online advertising services, involving the management of proprietary portals and mobile applications that use search engines to provide commercial information (www.paginegialle.it) and the telephone numbers and addresses of public and private parties and businesses (www.paginebianche.it), in addition to service geolocalization (www.tuttocitta.it), and the sale of display advertising services (banners on third-party portals) and search engine marketing (SEM) services, primarily on Google and (ii) web agency activities, consisting of web visibility/communications services, such as creating and managing websites, e-shops, pages and social network campaigns.

In the online segment, Seat is capable of offering companies a complete range of support services to promote their business online via a network of Seat media agencies.

- **"Media Agency"** activities, consisting in selling advertising space on third-party media such as cinema, thematic television and local radio, on the basis of partnership agreements entered into with important media operators.

The Group also works in the following areas: (i) **Coupons** (through the subsidiary Glamoo), in which it provides registered users with relevant, easily accessible information regarding the products and services of small- and medium-sized enterprises at affordable prices, leveraging the mobile channel and exploiting the possibilities of geolocalization; (ii) **Direct Marketing** and communications services (through the subsidiary Consodata) and the management of an online European *business to business* directory (through the subsidiary Europages).

SEAT competes in the *local advertising* market which, in Italy, reached a value of approximately € 5 billion in 2014 according to official sources (IAB and Nielsen) as well as the Company's internal calculations.

In the segmentation of this market by business strategy and customer size, SEAT is a "generalist" that stands out due to its ability to offer a full range of services designed for SMEs.

With this in mind, the market players that most resemble SEAT's model are small local web agencies that can offer a wide range of tailor-made services due to their vicinity to customers, but which, however, cannot leverage the optimized scale and quality of SEAT's industrial processes.



According to the estimates of official sources (IAB and Nielsen) and internal calculations by the Company, SEAT held the following market shares in Italy only in 2014:

- in the context of traditional services (print and telephone), SEAT's market share in 2014 is estimated at 10.5%;
- as regards online advertising, including online directories, banners and paid search engine positioning services, SEAT's market share in 2014 is estimated at 7.0%;
- with regard to web agency and website creation and optimization services, SEAT's market share in 2014 is estimated at 6.5%.

The operating profits for financial year 2014 were achieved in a difficult economic climate. This context is confirmed by data from ISTAT [Italian National Statistics Institute], according to which Italian gross domestic product (GDP) in the fourth quarter of 2014 remained unchanged from the previous quarter and decreased by 0.3% compared with the fourth quarter of 2013. In this regard, the statistics institute highlighted that 2014 is the third consecutive year of decline in Italian GDP. Indeed, after declines of 2.3% 2012 and 1.9% in 2013, ISTAT's initial estimates based on the quarter average indicate that GDP decreased by 0.4% in 2014.

With regard to macroeconomic trends in other major western economies, fourth-quarter GDP rose by 0.7% in the US and 0.5% in the UK compared with the previous quarter. There was a year-on-year growth of 2.5% in the US and 2.7% in the UK.

In this scenario, with Italy coming in at the tail end of the major global economies, in February, the European Commission declared that after 2014, the third consecutive year of recession in Italy, 2015 will be a watershed year that will mark the end of the recession. Indeed, Italy's recovery in 2015 is forecast to be "stronger than expected" thanks to "lower oil costs, a weaker euro and a decrease in long-term

rates", and GDP is projected to increase by 0.6% (stable with respect to the November forecast). Growth should accelerate to 1.3% in 2016 (compared with the autumn estimate of 1.1%).

As regards Italian advertising market performance, Nielsen's estimates for 2014 point to a 2.5% decrease in advertising investments to € 6,201 million (-€ 158 million compared with 2013). The first eleven months closed at -2.6%. The decrease in 2014 was the most limited of the last 4 years.

In terms of individual media, a loss was recorded for TV (-0.5%, -€ 17 million), Radio (-1.8%, -€ 6 million), Direct Mail (-4.5%, -€ 16 million), Print (-8.5%, -€ 121 million) and other Media (-3.5%, -€ 8 million).

The only area to see growth was online advertising, which closed the year at € 474 million (+2.1%, +€ 10 million) according to FCP Assointernet (figure includes Classified Web and Mobile, Tablets and Smart TV/Console).

Also including the figure for advertising revenue of approximately € 1,426 million (estimated by Nielsen and therefore not announced directly by the companies) from social networks, videos and online adv search (Google, FB, YouTube and, to a lesser extent, Twitter), estimated advertising investments for 2014 amount to € 7,627 million, down by 0.4% compared with 2013 (-€ 34 million).

As concerns forecasts for the current year:

- Nielsen expects 2015 to remain stable (-0.1%) at € 7.62 billion in total advertising sales;
- on the other hand UPA is more optimistic, forecasting growth of between +1% and +2% in 2015 thanks to "encouraging signs of newfound faith in the Italian economic recovery".

Main Italian and foreign subsidiaries

On March 13, 2014, Seat Pagine Gialle Italia S.p.A. completed the sale of its entire stake in Cipi S.p.A. to Cl.FIN S.r.l.

On December 31, 2014 the indirect investment in Telegate AG was deconsolidated. In particular, as of December 22, 2014, in the execution of the Seat Pagine Gialle Italia S.p.A. composition with creditors proposals, Telegate Holding GmbH, a wholly owned subsidiary of Seat Pagine Gialle S.p.A., distributed (with the approval of The Royal Bank of Scotland plc, in its capacity as security agent) the shares directly held in Telegate AG (amounting to 61.13% of the company's share capital), as well as the dividends associated with such shares, to the Class B and C creditors,

on the basis of pledges granted by Telegate GmbH on its shareholding in Telegate AG.

The Parent Company continued to oversee its other subsidiaries with a view to preserving their value. These include:

Consodata S.p.A., one of Italy's leading providers of one-to-one marketing and geomarketing services, saw its revenues increase only slightly, despite the unfavorable macroeconomic climate. This was due to its continued development of innovative, high-added-value business lines to offset falling revenues from traditional direct marketing activities.

" il Giallo è crescita "



Pictured above extracted from the last spot of SEAT PG

Nuova generazione di opportunità

tutti gli strumenti più evoluti per il business

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Report on operations





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Introduction \

For Seat, 2014 was a turnaround year in which the initial effects of the new business management model, based on the guidelines of the operating plan underlying the proposed agreement with creditors, became visible. At the same time, the financial recovery process was completed with the approval, court approval and execution of the composition with creditors process initiated by the Company in early 2013, making it possible to eliminate the considerable financial debt generated a decade before.

In terms of business performance, the Company met all of its main targets set for 2014 thanks to adopting a series of measures and actions needed to re-launch operations and to define a plan to return to sustainable growth and satisfactory profitability in the medium term. In more detail, the SEAT Business Area (including Seat Pagine Gialle S.p.A. and the Digital Local Services companies) obtained net customer orders amounting to € 343 million (just under the target of € 348 million), revenues of € 388.9 million (substantially in line with the yearly target) and EBITDA of € 32.5 million (in line with the plan). Cash and cash equivalents amounted to € 107 million, well above the forecasted figure of approximately € 42 million, due to the combination of structural improvements and changes that will be offset in 2015, including lower payments to the creditors involved in the pre-bankruptcy agreement, which were deferred to 2015 but remain in compliance with the timing set forth in the approval decree, or partly withheld for liabilities that have not yet arisen.

Beyond financial data, the Company has been able to re-launch its business engines through: *i*) renewed adequate growth of the sales network, which has reached almost 1,400 units (30% growth compared with the beginning of 2013); *ii*) product innovation, with the re-launch and updating of all proprietary products, particularly online platforms; *iii*) product range expansion with a view to creating a full media portfolio, also including third-party products (Google, Facebook, Sky, Rai and others); *iv*) the recovery of advertising investment. All of these actions have led not only to a confirmation of expected commercial results, but also and especially to a notable improvement in the company's image among SMEs. In this regard, a recent market survey commissioned by Demoskopoea shows that the Company's brand image has improved significantly with respect to the previous survey conducted halfway through 2013. Likewise, the customer satisfaction index (NPS - Net Promoter Score) provided by Cerved improved by 8 percentage points during the same period. Lastly, in terms of initiatives

supporting profitability, an indirect cost reduction policy was implemented involving the reduction of salaries, wages and employee benefits (indirect) by more than 20 percentage points compared with 2013, and the corporate structure was considerably streamlined after the deconsolidation of Thomson, Cipi and, as part of the composition with creditors, Telegate.

In terms of the composition with creditors, with respect to the information provided in the Report on Operations as at September 30, 2014 (particularly with reference to the completion of the composition with creditors procedure and the Company's full return to performing status), on December 23, 2014 the Company announced that it had completed the share capital transactions set forth in the composition with creditors proposals, required to clear SEAT PG's and SEAT PG Italia S.p.A.'s debts to the Class B and C financial creditors involved in the procedure. For further details on this topic, please refer to the press releases published on December 17, 19 and 23, 2014, the documentation available on the website www.seat.it in the "Investor & Governance/ Extraordinary Transactions" section, and the previous monthly reports drafted pursuant to Article 114, paragraph 5 of the Consolidated Finance Act.

Furthermore, as set forth in the approval decree, cash payments were also made to satisfy creditors according to the procedures and terms described in the respective proposals for the composition with creditors.

The Company therefore met its obligations set forth in the proposed agreement with creditors, thereby rendering the effects of the procedure definitive, primarily that of essentially eliminating financial debt and as a result regaining financial balance.

On March 5, 2015, the deadline set by the approval decree for the filing of the final report on the execution of the proposed agreements with creditors, the Court of Turin approved the Company's request for an extension until March 31, 2015, given the complexity of the procedure due to the considerable number of obligations set forth in the agreement and the associated collection and organization of a significant amount of documentation proving the effective fulfilment of such obligations.

It was then prepared the final report on the execution of proposals for the composition with creditors that, on the advice of the organ commissioner, will be filed in a formal way, together with the opinion of this body, once completed the preliminary examination of both documents by the Turin Court which on March 31, 2015 were subjected.

Economic and financial performance of the Group \

The financial results of the SEAT Group for 2014 and for the previous year have been prepared in accordance with the international accounting standards issued by the International Accounting Standards Board and approved by the European Union (IFRS).

The "Outlook" section contains forward-looking statements regarding the Group's intentions, beliefs and

current expectations in relation to its financial results and other aspects of its business and strategies.

Readers of this Annual Report should not place excessive confidence in the reliability of these forward-looking statements, since the final results may differ from those contained in these forecasts for a number of reasons, some of which are beyond the Group's control.

Tables - consolidated data

Reclassified consolidated income statement

<i>(euro/thousand)</i>	Year 2014	Year 2013	Change	
			Absolute	%
Revenues from sales and services	408,185	503,320	(95,135)	(18.9)
Costs of materials and external services (*)	(251,313)	(265,609)	14,296	5.4
Salaries, wages and employee benefits (*)	(95,261)	(105,463)	10,202	9.7
Gross Operating Profit (GOP)	61,611	132,248	(70,637)	(53.4)
<i>% on revenues</i>	15.1%	26.3%		
Net valuation adjustments and provisions for risks and charges	(27,026)	(41,732)	14,706	35.2
Other operating income (expense)	(1,957)	(1,025)	(932)	(90.9)
EBITDA	32,628	89,491	(56,863)	(63.5)
<i>% on revenues</i>	8.0%	17.8%		
Operating amortization, depreciation and write-downs	(40,349)	(59,528)	19,179	32.2
Non-operating amortization, depreciation and write-downs	(9,572)	(218,368)	208,796	95.6
Net non-recurring and restructuring costs	(8,243)	(46,051)	37,808	82.1
EBIT	(25,536)	(234,456)	208,920	89.1
<i>% on revenues</i>	(6.3%)	(46.6%)		
Net financial expense	(128,352)	(130,251)	1,899	1.5
Gains (losses) from subsidiaries disposal	(2,648)	-	(2,648)	n.s.
Net income from composition with creditors	1,565,052	-	1,565,052	n.s.
Profit (loss) before taxes	1,408,516	(364,707)	1,773,223	n.s.
Income taxes	(15,069)	13,174	(28,243)	n.s.
Profit (loss) on continuing operations	1,393,447	(351,533)	1,744,980	n.s.
Profit (loss) from non-current assets held for sale and discontinued operations	(18,428)	3,733	(22,161)	n.s.
Profit (loss) for the year	1,375,019	(347,800)	1,722,819	n.s.
- of which pertaining to the Group	1,379,167	(347,603)	1,726,770	n.s.
- of which pertaining to minority interests	(4,148)	(197)	(3,951)	n.s.

(*) Minus costs debited to minority interests and shown in the IFRS financial statements under "Other revenue and income".

Consolidated statement of comprehensive income

<i>(euro/thousand)</i>	Year 2014	Year 2013	Note
Profit (loss) for the year	1,375,019	(347,800)	
<i>Other comprehensive income (expense) that will not be reclassified subsequently to profit (loss) for the year:</i>			
Actuarial gains (losses)	(1,669)	769	
Total other comprehensive income (expense) that will not be reclassified subsequently to profit (loss) for the year	(1,669)	769	(17)
<i>Other comprehensive income (expense) that will be reclassified subsequently to profit (loss) for the year:</i>			
Profit (loss) from fair-value measurement of AFS securities	(35)	101	
Profit (loss) from translation of accounts of foreign subsidiaries	50	(42)	
Profit (loss) from warrant valuation	(984)		
Total other comprehensive income (expense) that will be reclassified subsequently to profit (loss) for the year	(969)	59	(17)
Total other comprehensive income (expense), net of tax	(2,638)	828	
Total comprehensive income (expense) for the year	1,372,381	(346,972)	
- of which pertaining to the Group	1,376,549	(346,793)	
- of which pertaining to minority interests	(4,168)	(179)	

Reclassified consolidated statement of financial position

<i>(euro/thousand)</i>	Aa at 12.31.2014	As at 12.31.2013	Change	
Goodwill and intangible assets "marketing related"	25,312	29,063	(3,751)	
Other non-current assets (*)	147,860	148,895	(1,035)	
Operating non-current liabilities	(42,416)	(40,330)	(2,086)	
Non-operating non-current liabilities	(20,754)	(15,443)	(5,311)	
Operating working capital	(12,197)	(56,498)	44,301	
- Operating current assets	231,772	273,897	(42,125)	
- Operating current liabilities	(243,969)	(330,395)	86,426	
Non-operating working capital	5,381	(47,848)	53,229	
- Non-operating current assets	27,167	21,218	5,949	
- Non-operating current liabilities	(21,786)	(69,066)	47,280	
Net non-current assets held for sale and discontinued operations	(250)	118,662	(118,912)	
Net invested capital	102,936	136,501	(33,565)	
Equity of the Group	174,429	(1,342,907)	1,517,336	
Equity of minority interests	(92)	19,479	(19,571)	
Total equity	(A)	174,337	(1,323,428)	1,497,765
Current financial assets, cash and cash equivalent	(111,173)	(198,465)	87,292	
Current financial debts	7,428	1,623,178	(1,615,750)	
Non-current financial debts	32,344	35,216	(2,872)	
Net financial debt	(B)	(71,401)	1,459,929	(1,531,330)
Total	(A+B)	102,936	136,501	(33,565)

(*) This item includes the financial assets available for sale, as well as non-current financial assets.

Reconciliation of Seat Pagine Gialle S.p.A. equity and consolidated equity at December 31, 2014

	Group				Minority Interests			Total
	Share capital	Reserves	Profit (loss) for the year	Total	Share capital and reserves	Profit (loss) for the year	Total	
<i>(euro/thousand)</i>								
Italian Directories as at December 31, 2014	20,000	(1,234,035)	1,390,295 (*)	176,260	-	-	-	176,260
Profit (loss) for the year, share capital and reserves of consolidated companies	-	166,085	(106,312)(*)	59,773	16,422	(2,270)	14,152	73,925
Book value of consolidated companies	-	(95,991)	83,443	(12,548)	-	-	-	(12,548)
Consolidation adjustments:								
Goodwill arising from the acquisition	-	4,619	(4,619)	-	-	-	-	-
Dividends	-	5,914	(5,914)	-	-	-	-	-
Exchange differences	-	108	-	108	-	-	-	108
Telegate deconsolidation		(82,823)	34,178	(48,645)	(12,354)	(1,877)	(14,231)	(62,876)
<i>Cancellation Telegate AG write off</i>		(89,457)	79,202	(10,255)	-	-	-	(10,255)
<i>IFRS 5 effects</i>		4,513	(6,412)	(1,899)	1,321	(1,877)	(556)	(2,455)
<i>Loss due to the Telegate deconsolidation</i>		2,121	(38,612)	(36,491)	(13,675)	-	(13,675)	(50,166)
Other movements and change in the scope of consolidation	-	11,385	(11,904)	(519)	(12)	(1)	(13)	(532)
Share capital, reserves and consolidated results at December 31, 2014	20,000	(1,224,738)	1,379,167	174,429	4,056	(4,148)	(92)	174,337

(*) It includes the effect due to the Telegate write off into the Telegate Gmbh financial statements amounting to € 70.7 million and into Seat Pagine Gialle S.p.A. amounting to €8.5 million, totally resumed by the Telegate deconsolidation.

Reconciliation of Seat Pagine Gialle S.p.A.
equity and consolidated equity at December 31, 2013

<i>(euro/thousand)</i>	Group				Minority Interests			Total
	Share capital	Reserves	Profit (loss) for the year	Total	Share capital and reserves	Profit (loss) for the year	Total	
Seat Pagine Gialle S.p.A. as at december 31, 2013	450,266	(431,677)	(30,416)	(11,827)	-	-	-	(11,827)
Profit (loss) for the year, share capital and reserves of consolidated companies	-	(874,102)	(327,494)	(1,201,596)	19,553	(1,381)	18,172	(1,183,424)
Book value of consolidated companies	-	(175,693)	7,786	(167,907)	-	-	-	(167,907)
Consolidation adjustments:								
Goodwill arising from the acquisition	-	2,121	-	2,121	-	-	-	2,121
Dividends	-	6,206	(6,206)	-	-	-	-	-
Exchange differences	-	289	-	289	-	-	-	289
Other movements and change in the scope of consolidation	-	27,286	8,727	36,013	123	1,184	1,307	37,320
Share capital, reserves and consolidated results at December 31, 2013	450,266	(1,445,570)	(347,603)	(1,342,907)	19,676	(197)	19,479	(1,323,428)

Effects of extinguishing debt subject to the composition with creditors procedure

In orders filed on October 3, 2014, the Court of Turin approved the composition with creditors procedures proposed by Seat Pagine Gialle S.p.A. and by the subsidiary Seat Pagine Gialle Italia S.p.A. in light of the favorable opinion of the official receiver and having verified the legal compliance of the procedures, the regular conduct and positive outcome of the vote and the feasibility of the proposed procedures themselves.

After the approval of both procedures, the extraordinary transactions approved by the Company's Shareholders' Meeting on March 4, 2014 were carried out, including:

- the merger of Seat Pagine Gialle Italia S.p.A. into Seat Pagine Gialle S.p.A. and the simultaneous coverage of total losses as at November 30, 2013 by using all net reserves outstanding at that date, generating a merger deficit of € 1,340,611 thousand;
- the paid capital increase, in a single tranche, from € 120 thousand to € 20,000 thousand, excluding option rights pursuant to Article 2441, paragraphs 5 and 6 of the Italian Civil Code, to be issued against the clearance of the debts of Seat Pagine Gialle S.p.A. and Seat Pagine Gialle Italia S.p.A. to financial creditors in Classes B and C;
- the issue of warrants enabling paid subscription of ordinary shares representing approximately 5% of the post-Reserved Capital Increase fully diluted share capital.

Furthermore, as set forth in the approval decree, cash payments were also made to satisfy creditors according to the procedures and terms described in the respective

proposals for the composition with creditors; in summary by individual class:

- "Class A": creditors with general privilege, for which full payment in cash is planned for within 4 months of the Approval Date;
- "Class B": consisting of Royal Bank of Scotland and the assignees of its receivables, holder of an unsecured loan that was fully downgraded due to the insufficiency of the relative guarantee, totaling € 17.8 million, in addition to the assignment of new post-merger shares by Seat Pagine Gialle S.p.A. for each euro of unsecured credit claimed from the company;
- "Class C": consisting of bondholders holding an unsecured loan that was fully downgraded due to the insufficiency of the relative guarantee, totaling € 21.5 million, in addition to the assignment of new post-merger shares by Seat Pagine Gialle S.p.A. for each euro of unsecured credit claimed from the company;
- "Class D": including other unsecured creditors that will receive partial payment, amounting to 5% of the receivable due from Seat Pagine Gialle S.p.A. and 20% of the receivable due from Seat Pagine Gialle Italia S.p.A., to be carried out within 4 months of the Approval Date.

For further details regarding the classes of creditors involved in the composition procedure, please refer to the announcements that may be consulted on the website at <http://www.seat.it/seat/it/governance/concordato/index.html>.

The execution of the composition procedure and the extraordinary transactions described above resulted in net income from the composition with creditors broken down as follows:

<i>(euro/thousand)</i>	Financial statement (A)	Consolidated financial statement (B)	Change (A+B)
Deletion of A/D Classes	56.0	46.9	9.1
Deletion of B/C Classes	1,564.5	1,564.5	-
Deletion of B/C Classes with Telegate shares assignment	(80.2)	(62.0)	(18.2)
Extinction revised of reserve of risks and charges	15.7	15.7	-
Net income from execution of composition with creditors procedure	1,556.0	1,565.1	(9.1)

-
- clearance of class D debt, amounting to € 56,035 thousand (€ 46,872 thousand at consolidated level following the reversal of intra-group adjustments);
 - clearance of class B and C debt, amounting to € 1,564,477 thousand, determined on a residual basis with the elimination of financial debt inclusive of interest following the payment of € 39,300 thousand and the € 141,035 thousand capital increase.

Also in accordance with the composition with creditors proposals, Class B and C creditors will be transferred the 61.13% equity investment in Telegate AG held indirectly through the German sub-holding Telegate Holding GmbH (in turn wholly owned by Seat Pagine Gialle S.p.A.), inclusive of the associated

accrued and uncollected dividends (for the share of 61.13%).

At consolidated level, this transaction resulted in the deconsolidation of the 61.13% investment held in Telegate AG, with a negative impact of € 61,992 thousand recognized on a net basis with respect to income from the composition with creditors procedure. The same transaction resulted in the adjustment to fair value of the investment's carrying value in the Seat Pagine Gialle S.p.A. separate financial statements, with a negative impact of € 80,226 thousand;

- clearance of liabilities amounting to € 15,694 thousand connected to the implementation of the transactions set forth in the composition with creditors plan.

Reclassified consolidated income statement for 2014

With the authorization of the competent bodies under the composition with creditors procedure, on March 13, 2014 the entire investment held by Seat Pagine Gialle Italia S.p.A. in Cipi S.p.A. was transferred to CIFI S.r.l. and on June 20, 2014 the acquisition of 100% of Glamoo Ltd was completed. As at December 31, 2014, this company holds 100% of the shares of Glamoo S.r.l., a company that sells products and coupons online in Italy and has had a commercial partnership with SEAT PG since 2011.

The activities carried out by Glamoo Ltd and its operating subsidiary Glamoo S.r.l. (consolidated since May 31, 2014) have been included within the Italian Directories Business Area.

In accordance with the provisions of IFRS 5, until their deconsolidation at the end of December, the items on the statements of operations of Telegate AG were recorded under "Net profit/(loss) from non-current assets held for sale and discontinued operations". As of December 22, 2014, in execution of the proposed agreement with creditors, Telegate Holding GmbH, a wholly owned subsidiary of Seat Pagine Gialle S.p.A., distributed (with the approval of The Royal Bank of Scotland plc, in its capacity as security agent) the shares directly held in Telegate AG, as well as the dividends relating to such shares, to the Class B and C creditors, on the basis of pledges granted by Telegate GmbH on its shareholding in Telegate AG.

Revenue from sales and services totaled € 408,185 thousand in 2014, down by 18.9% on 2013 (€ 503,320 thousand).

Before eliminations between the Group's different Business Areas, revenues from sales and services were as follows:

- revenues from the "Italian Directories" Business Area (Seat Pagine Gialle S.p.A., the Digital Local Services companies, Glamoo Ltd, Glamoo S.r.l. and ProntoSeat S.r.l.) totaled € 389,875 thousand in 2014, down by 17.9% on 2013. Revenues from the SEAT Business Area (Seat Pagine Gialle S.p.A. and the Digital Local Services companies) amounted to € 388,872 million in 2014, down by 18.1% compared with 2013. The 20.8% fall in core revenues was caused by declining revenues from all three product lines: print (-32.3%), online&mobile (-14.0%) and voice (-53.7%).

ProntoSeat revenues, which were generated almost entirely within the Group, totaled € 3,708 thousand in 2014, down by 32.7% on the previous year (€ 5,483 thousand). This reduction in turnover was due

essentially to the fall in outbound revenue (-€ 1,389 thousand compared with 2013) as a result of fewer telephonesales since the 12.40 Pronto PAGINEBIANCHE® service is no longer managed on behalf of SEAT.

From May 31 to December 31, 2014, the revenues of Glamoo amounted to € 1,042 thousand. This downward trend compared with prior years was due to the serious economic crisis that began to impact the couponing sector as well during the year. However, in the last quarter activities and initiatives were launched to boost sales, such as a commercial agreement with Groupalia.

- revenue from the "Other Activities" Business Area (Europages and Consodata) amounted to € 24,280 thousand in 2014, down by 33.6% compared with the previous year (€ 36,576 thousand). Last year, this Business Area included revenue from Cipi, totaling € 11,234 thousand.

Costs of materials and external services, net of costs debited to third parties included in the IFRS financial statements under the item "Other revenues and income", totaled € 251,313 thousand in 2014, down by € 14,296 thousand compared with 2013 (€ 265,609 thousand).

In further detail, costs of materials and external services for the period were as follows:

- *industrial costs*: these amounted to € 107,256 thousand, down by € 7,296 thousand compared with 2013 due to the decrease in the volume of revenue. Especially in the SEAT Business Area, the continued reduction in print revenue resulted in a drop in volumes printed and a reduction in production costs. On the other hand, commissions to web publishers increased to € 34,801 thousand (+€ 9,158 thousand) due to the positive performance of online offers intended to boost web traffic and the new media agency offerings;
- *commercial costs*: these totaled € 96,434 thousand in 2014, compared with € 97,831 thousand in 2013. This reduction was due mainly to lower advertising spending in 2014;
- *overheads*: these totaled € 47,623 thousand, down by € 5,603 thousand compared with the previous year (€ 53,226 thousand), due to policies for increasing efficiency and limiting costs.

Salaries, wages and employee benefits, minus recovered costs, which are included in the IFRS financial statements under the item "Other revenues and income", amounted to € 95,261 thousand in 2014, down by € 10,202 thousand compared with 2013 (€ 105,463 thousand). This reduction

stems primarily from the reduction in management staff and, residually, from the activation of solidarity instruments (special wage guarantee fund on a rotating basis); the main reason for this reduction was the disposal of Cipi S.p.A., which had salaries, wages and employee benefits amounting to € 4,288 thousand in 2013.

The Group's workforce, including directors, project workers and trainees, consisted of 1,932 employees as at December 31, 2014 (against 2,029 as at December 31, 2013). The average salaried workforce (FTE) in 2014 was 1,785 employees (1,898 in 2013).

Gross operating profit (GOP) totaled € 61,611 thousand in 2014, down by € 70,637 thousand compared with the previous year (€ 132,248 thousand). The operating margin dropped from 26.3% in 2013 to 15.1% in 2014.

Net valuation adjustments and provisions for risks and charges totaled € 27,026 thousand in 2014, down from € 41,732 thousand in 2013. Of the net valuation adjustments, € 24,729 thousand related to the net allowance for doubtful trade receivables, which decreased by € 16,101 thousand compared with the previous year, although the coverage of overdue receivables remained sufficient. This item also includes net provisions for operating risks and charges of € 1,933 thousand, compared with € 231 thousand in 2013. In 2013 this item also benefitted from the expiration of risks associated with legal disputes.

Other operating income and expense showed net expense of € 1,957 thousand in 2014 (compared with net expense of € 1,025 thousand in 2013).

The **operating result before amortization**, depreciation and net non-recurring and restructuring costs (EBITDA) totaled € 32,628 thousand in 2014, down by 63.5% compared with 2013 (€ 89,491 thousand), with an operating margin of 8.0% (17.8% in 2013).

Operating amortization, depreciation and write-downs totaled € 40,349 thousand in 2014 (down by € 19,179 thousand from € 59,528 thousand in 2013), of which € 32,682 thousand related to intangible assets with a finite useful life (€ 36,798 thousand in 2013) and € 7,667 thousand to property, plant and equipment (€ 22,730 thousand in 2013). Last year, this item included € 7,191 for the write-down on the SEAT real estate complex in Turin, in order to adjust it to its recoverable value.

Non-operating amortization, depreciation and write-downs totaled € 9,572 thousand (€ 218,368 thousand in 2013). In particular, this item includes amortization of intangible Customer Relationship assets (€ 3,751

thousand) recognized by Seat Pagine Gialle S.p.A. and Consodata S.p.A. and write-downs deriving from impairment testing, specifically the € 4,619 thousand write-down on the goodwill of Glamoo.

In 2013, this item included write-downs recognized by Seat Pagine Gialle Italia S.p.A. on goodwill (€ 88,947 thousand), intangible Customer Relationship and Database assets (€ 82,623 thousand), patents, concessions, trademarks and licenses (€ 22,433 thousand) and software (€ 2,547 thousand) and by the French subsidiary Europages on trademarks (€ 324 thousand).

Net non-recurring and restructuring costs totaled € 8,243 thousand (€ 46,051 thousand in 2013).

Net non-recurring costs totaled € 7,242 thousand (€ 43,078 thousand in 2013) including € 8,385 thousand for consultancy and other expenses connected with the composition with creditors procedure, € 2,351 thousand for costs incurred in the restructuring of the SEAT Business Area and € 3,511 thousand for the fair value measurement of Glamoo's assets acquired and liabilities assumed (purchase price allocation) by SEAT.

This item incorporates income of € 7,900 thousand due to the revision of the estimated liability previously recognized in the provision for risks and charges for the dispute with ILTE/Rotosud. This amount is based on the settlement agreement entered into with that company and authorized by the competent bodies of the composition procedure, which put an end to the dispute that had arisen with one of the company's top suppliers and made it possible to establish a relationship with the printing company for the 2014-2016 three-year period.

Net restructuring costs totaled € 1,001 thousand (€ 2,973 thousand in 2013). These primarily include costs incurred by Consodata S.p.A. to restructure its workforce.

The **operating result (EBIT)** was -€ 25,536 thousand in 2014 (-€ 234,456 thousand in 2013). As well as the business performance at GOP and EBITDA level, EBIT reflects the effects of operating and non-operating write-downs mentioned above.

Net financial expense totaled € 128,352 thousand in 2014 (€ 130,251 thousand in 2013).

Please note that in this report as at December 31, 2014, interest expense on the loan pursuant to the Term and Revolving Facility Agreement entered into with The Royal Bank of Scotland on August 31, 2012 and on the senior secured bonds was calculated at the contractually agreed rates on the total amount of the debt, until the execution of transactions relating to the composition with creditors proposals on December 22, according to the provisions of IAS 39 AG57.

Interest accrued as of February 6, 2013 has been cleared, with an effect of € 126,273 thousand for 2014, which has been included in the income statement under "Net income from composition with creditors".

The figures for 2014 are compared with those for 2013 below.

Specifically, *financial expense* in 2014 totaled € 130,573 thousand (€ 132,910 thousand in 2013), including:

- € 36,927 thousand (€ 39,378 thousand in 2013) of interest expense on the Term and Revolving Facility Agreement entered into with The Royal Bank of Scotland on August 31, 2012;
- € 89,264 thousand (€ 90,684 thousand in 2013) of interest expense on the *Senior Secured Bonds*; this amount includes € 5,590 thousand relating to the issue discount (€ 5,108 thousand in 2013);
- € 1,452 thousand (against € 1,679 thousand in 2013) of interest expense on debts to Mediocredito Italiano in relation to finance leases raised for the purchase of the Turin real-estate complex on Corso Mortara where Seat Pagine Gialle S.p.A. has its offices;

- € 2,922 thousand of other financial expense, (€ 1,117 in 2013) including € 2,032 thousand of interest expense (€ 846 thousand in 2013) from discounting non-current assets and liabilities.

In 2014, *financial income* totaled € 2,221 thousand (€ 2,659 thousand in 2013) and related almost entirely to interest income from investing short-term liquidity in the banking system at market rates.

Gains (losses) from subsidiaries disposal showed a loss of € 2,648 thousand in 2014 and related to the loss resulting from the disposal of Cipi S.p.A.

Net income from composition with creditors amounted to € 1,565,052 thousand in 2014 and refers to the effects of the clearance of SEAT's debt, including interest, following the execution of the transactions set forth in the composition with creditors proposals of Seat Pagine Gialle S.p.A. and Seat Pagine Gialle Italia S.p.A.

For further details, please see the paragraph "Effects of extinguishing debt subject to the composition with creditors procedure" in this report.

For 2014, **income taxes** are broken down as follows:

	Year 2014	Year 2013	Change Absolute	%
<i>(euro/thousand)</i>				
Current income taxes	(2,207)	(8,342)	6,135	73.5
Provision (reversal) of deferred tax assets	(14,747)	(44,060)	29,313	66.5
(Provision) reversal of deferred tax liabilities	1,882	65,484	(63,602)	(97.1)
Income taxes referred to the previous year	3	92	(89)	(96.7)
Total income taxes for the year	(15,069)	13,174	(28,243)	n.s.

On December 24, 2014, the Company received a tax assessment notice from the Italian Revenue Service - Lombardy Regional Office (hereinafter "DRE"), claiming that the company failed to apply withholding taxes in 2009 on interest paid to the Royal Bank of Scotland (Milan branch) for the "Senior" loan. For more details, see point 31 of explanatory note.

The reversal of *deferred tax assets* amounts to € 14,747 thousand and refers primarily to the deduction of utilizations of reserves for risks in 2014 by Seat Pagine Gialle S.p.A., on which deferred tax assets were recognized in previous years.

Profit/(loss) on continuing operations presented a profit of € 1,393,447 thousand, against a loss of € 351,533 thousand in 2013, benefitting from the clearance of debts resulting from the composition with creditors procedure.

Profit/(loss) from non-current assets held for sale and discontinued operations had a negative balance of € 18,428 thousand in 2014 due to the Telegate Group as a result of the valuation of assets and liabilities at the lower of carrying value and fair value in accordance with IFRS 5.

Profit/(loss) for the year pertaining to minority interests showed a loss of € 4,148 thousand (a loss of € 197 thousand in the previous year) and relates mainly to minority interests of the Telegate Group.

Profit/(loss) for the year pertaining to the Group totaled a profit of € 1,379,167 thousand, against a loss of € 347,603 thousand in 2013). This profit will be used to re-establish the Company's equity in accordance with resolution of the Extraordinary Shareholders' Meeting of March 4, 2014.

Reclassified consolidated statement of financial position as at December 31, 2014 \

With the authorization of the competent bodies under the composition with creditors procedure, on March 13, 2014 the entire investment held by Seat Pagine Gialle Italia S.p.A. in Cipi S.p.A. was transferred to CIFIN S.r.l. and on June 20, 2014 the acquisition of 100% of Glamoo Ltd was completed. As at December 31, 2014, this company holds 100% of the shares of Glamoo S.r.l., a company that sells products and coupons online in Italy and has had a commercial partnership with SEAT PG since 2011.

The activities carried out by Glamoo Ltd and its operating subsidiary Glamoo S.r.l. (consolidated since May 31, 2014) have been included in the Italian Directories Business Area.

On December 31, 2014 the indirect investment in Telegate AG was deconsolidated. In particular, as of December 22, 2014, in execution of the Seat Pagine Gialle Italia S.p.A. composition with creditors proposals, Telegate Holding GmbH, a wholly owned subsidiary of Seat Pagine Gialle S.p.A., distributed (with the approval of The Royal Bank of Scotland plc, in its capacity as security agent) the shares directly held in Telegate AG (amounting to 61.13% of the company's share capital), as well as the dividends associated with such shares, to the Class B and C creditors, on the basis of pledges granted by Telegate GmbH on its shareholding in Telegate AG.

Net Invested Capital

Net invested capital stood at € 102,936 thousand as at December 31, 2014, down by € 33,565 thousand compared with December 31, 2013.

Net invested capital can be broken down as follows:

- **goodwill and "marketing-related" intangible assets** totaled € 25,312 thousand at December 31, 2014 and related to the Group's intangible customer relationship assets. Goodwill amounting to € 4,619 thousand arising from the business combination after the acquisition of 100% of Glamoo Ltd was written off based on impairment testing results. The intangible customer relationship assets decreased by € 3,751 thousand compared with December 31, 2013 due to amortization for the period;

- **other non-current assets** totaled € 147,860 thousand as at December 31, 2014, and essentially remained stable with respect to December 31, 2013 (€ 148,895 thousand). These assets include:

- *capital assets and equipment, intangible and tangible*, which totaled € 130,558 thousand as at December 31, 2014, down by € 10,764 thousand compared with December 31, 2013 (€ 141,322 thousand).

This change reflects an increase in assets further to capital expenditure of € 29,878 thousand, which was more than offset by amortization and depreciation of € 40,216 thousand and write-downs of € 1,371 thousand, of which € 325 thousand based on impairment testing results.

Capital expenditure of € 29,878 thousand (€ 33,749 thousand in 2013) related to the following areas of business:

- in the SEAT Business Area (€ 27,058 thousand in 2014; € 29,782 thousand in 2013):

- improvements to online and mobile platforms, relating to structural updates to improve the performance of the integration between the various systems and developments that enable customers to use *Content Management Systems* for real-time updating and the publication of content, as well as to identify new graphic/functional solutions for the various web portals;

- improvements to commercial online products, relating to product development, the optimization of mobile graphic design, developments for the new range of websites, smart sites and the WiFi offering and the creation of new custom-made product lines for customers that want personalized digital communications services;

- commercial and publishing improvements to upgrade the systems and adapt them to new product ranges;
- acquisition of software to be used for technological updates for agents and employees;

- in Consodata S.p.A. (€ 2,517 thousand in 2014, compared with € 3,564 thousand in 2013), for investments in the improvement of software platforms, database enhancement and data bank acquisition.

- *Other investments*, amounting to € 10,254 thousand as at December 31, 2014, representing the fair value measurement of 16.24% of the remaining investment held by Seat Pagine Gialle S.p.A. in Telegate AG (following the execution of the composition with creditors procedure) which, pursuant to IAS 39, is an available for sale financial asset;
 - *deferred tax assets* totaled € 462 thousand as at December 31, 2014 (€ 696 thousand as at December 31, 2013).
- **operating non-current liabilities** totaled € 42,416 thousand as at December 31, 2014 (€ 40,330 thousand as at December 31, 2013). The item includes:
- *the reserve for sales agents' termination indemnities*, which totaled € 24,483 thousand as at December 31, 2014, up by € 1,647 thousand compared with December 31, 2013 (€ 22,836 thousand). This reserve represents the accrued debt at the end of the period to sales agents for the indemnities due to them in the event of termination of the agency contract, in accordance with current legislation. Taking into consideration future cash flows, the reserve was discounted using an average market rate for debts of similar duration, estimating its expected future use over time based on the average life of agency contracts;
 - *the reserve for severance indemnities*, which totaled € 14,456 thousand as at December 31, 2014 (€ 13,531 thousand as at December 31, 2013);
- **non-operating non-current liabilities** totaled € 20,754 thousand as at December 31, 2014 (€ 15,443 thousand as at December 31, 2013) and included deferred tax liabilities entirely pertaining to Seat Pagine Gialle S.p.A., which amounted to € 20,740 thousand (€ 10,545 thousand as at December 31, 2013).
- **operating working capital** was -€ 12,197 thousand as at December 31, 2014 (-€ 56,498 thousand as at December 31, 2013).
Listed below are the most significant changes that took place during the period with reference to:
- *trade receivables*, which totaled € 182,830 thousand as at December 31, 2014, falling by € 46,985 thousand compared with December 31, 2013 (€ 229,815 thousand), and related mainly to the SEAT Business Area (€ 45,770 thousand);
 - *payables for services to be rendered and other current liabilities*, which totaled € 124,034 thousand at December 31, 2014, down by € 19,037 thousand compared with December 31, 2013 (€ 143,071 thousand). This change primarily reflects purchase and invoice times for advertising services;
 - *trade payables* of € 94,216 thousand as at December 31, 2014. The fall of € 55,580 thousand compared with December 31, 2013 mainly relates to the payment and clearance of SEAT's debt involved in the composition with creditors.
- **non-operating working capital**, which was € 5,381 thousand as at December 31, 2014 (compared with -€ 47,848 thousand as at December 31, 2013). This includes:
- *income tax payables* of € 3,315 thousand at December 31, 2014, down by € 2,681 thousand compared with December 31, 2013 (€ 5,996 thousand) due primarily to the provision in the income statement for taxes for the period;
 - *provisions for current non-operating risks and charges* were € 12,149 thousand (against € 54,243 thousand as at December 31, 2013). The decline of € 42,094 thousand primarily reflects: *i*) the settlement agreement between SEAT and the ILTE/Rotosud group, which put an end to the legal proceedings launched in 2013 with an outlay of € 9,850 thousand and a € 7,900 thousand revision of the estimated liability previously recognized in the provision for risks and charges; and *ii*) the use of € 11,160 thousand from the staff restructuring reserve as a result of the company restructuring; *iii*) clearance of liabilities amounting to € 14,250 thousand allocated to Seat Pagine Gialle S.p.A. last year due to the implementation of the transactions set forth in the composition with creditors plan;
 - *current tax assets* totaling € 27,130 thousand as at December 31, 2014 (€ 21,202 thousand as at December 31, 2013).

Equity

Consolidated **equity** amounted to € 174,337 thousand as at December 31, 2014 (-€ 1,323,428 thousand as at December 31, 2013), of which € 174,429 thousand pertained to the Parent Company (-€ 1,342,907 thousand as at December 31, 2013), while -€ 92 thousand pertained to minority interests (€ 19,479 thousand as at December 31, 2013).

The change in equity reflects the execution of extraordinary transactions set forth in the composition procedure proposals (as specified in the paragraph Effects of extinguishing debt subject to the composition with creditors procedure), approved by the Shareholder's Meeting of March 4, 2014, in particular:

- coverage of the total losses in the Seat statement of financial position as at November 30, 2013 by using all net reserves outstanding on said date, reducing the share capital to € 120 thousand without annulling existing shares and, for the remaining amount, using the reserves arising from the Reserved Capital Increase;
- the paid capital increase, in a single tranche, from € 120 thousand to € 20,000 thousand, excluding option rights pursuant to Article 2441, paragraphs 5 and 6 of the Italian Civil Code, to be issued against the clearance of

the debts of Seat Pagine Gialle S.p.A. and Seat Pagine Gialle Italia S.p.A. to financial creditors in Classes B and C;

- the issue of *warrants* enabling paid subscription of ordinary shares representing around 5% of the post-Reserved Capital Increase *fully diluted* share capital, allocated free of charge, fully and exclusively to ordinary shareholders of the Company who took part, either directly or through a proxy, in the Extraordinary Shareholders' Meeting of March 4, 2014, as well as to the savings shareholders, following a paid capital increase, in several tranches, excluding option rights pursuant to Article 2441, paragraphs 5 and 6, in the total amount of € 100 thousand;
- the formation of the legal reserve of € 4,000 thousand, equal to one-fifth of the share capital, as decided by the shareholders' meeting.

Following the deconsolidation of the Telegate Group, the equity of minority interests of -€ 92 thousand at December 31, 2014 refers to the equity of the Europages Group pertaining to minority interests.

Net Financial Debt

Net financial debt amounted to € 71,401 thousand as at December 31, 2014 (€ 1,459,929 thousand as at December 31, 2013) and includes the debt for the fair value measurement of warrants amounting to € 1,696 thousand.

As at December 31, 2014, net financial debt was structured as follows:

<i>(euro thousand)</i>		As at 12.31.2014	As at 12.31.2013	Change
A	Cash	108,455	196,426	(87,971)
B	Cash equivalent	-	-	-
C	Trading securities	-	-	-
D=(A+B+C)	Liquidity	108,455	196,426	(87,971)
E.1	Current financial receivables from third parties	2,718	2,039	679
E.2	Current financial receivables from related parties	-	-	-
F	Current bank debt	95	703,435	(703,340)
G	Current portion of non-current debt	4,976	4,250	726
H.1	Other current financial debt to third parties	2,357	915,493	(913,136)
H.2	Other current financial debt to related parties	-	-	-
I=(F+G+H)	Current financial debt	7,428	1,623,178	(1,615,750)
J=(I-E-D)	Net current financial debt	(103,745)	1,424,713	(1,528,458)
K	Non-current bank debt	-	-	-
L	Bonds issued	-	-	-
M.1	Other non-current financial debt to third parties	32,344	35,216	(2,872)
M.2	Other non-current financial debt to related parties	-	-	-
N=(K+L+M)	Non-current financial debt	32,344	35,216	(2,872)
O=(J+N)	Net financial debt (ESMA)	(71,401)	1,459,929	(1,531,330)

The net financial position changed compared with December 31, 2013 mainly as a result of the execution of the composition with creditors by Seat Pagine Gialle S.p.A., which completely extinguished amounts due to banks and bondholders against: *i)* payments of € 39,300 thousand, *ii)* the reserved capital increase from € 120 thousand to

€ 20,000 thousand, with the issue of 6,410,695,320,951 ordinary shares without par value and, as a result, *iii)* the clearance of the remaining debt. For further details regarding this transaction, please see the paragraph "Effects of extinguishing debt subject to the composition with creditors procedure" in this report.

- **Non-current financial debts** at December 31, 2014 totaled € 32,344 thousand (€ 35,216 thousand at December 31, 2013). They comprise the item *Other non-current financial debt*, which refers to seven finance leases (six commencing in December 2008 and the other at the end of October 2009) relating to the purchase of Seat Pagine Gialle S.p.A.'s real-estate complex in Turin. These contracts will be repaid through the payment of 36 remaining installments on the contracts with effect from December 2008 and 40 remaining installments on the contract with effect from October 2009. All installments are quarterly deferred installments subject to a floating interest rate equal to three-month Euribor plus a spread of around 65 basis points p.a. The residual value is fixed at around 1% of the value of the real-estate complex. Furthermore, by an order submitted on July 9, 2014 as part of the composition with creditors procedure, the Court of Turin authorized the cancellation of five of these seven lease agreements pursuant to Article 169-bis of the Bankruptcy Act;
 - of Scotland on August 31, 2012, which was extinguished in execution of the composition procedure proposals.
 - *Other current financial debt to third parties*: totaling € 2,357 thousand as at December 31, 2014 (€ 915,493 thousand as at December 31, 2013). As at December 31, 2014 this item mainly refers to the debt for the fair value measurement of warrants amounting to € 1,696 thousand. In 2013 this item included debt for the senior secured bonds, including accrued, unpaid interest, extinguished in execution of the composition procedure proposals.
 - *Current portion of non-current debt*: totaling € 4,976 thousand as at December 31, 2014 (€ 4,250 thousand as at December 31, 2013), this refers to the current portion of the seven finance leases raised for the purchase of Seat Pagine Gialle S.p.A.'s Turin real-estate complex; in execution of the composition procedure proposals, € 380 thousand of the unpaid capital amount accrued prior to February 6, 2013, totaling € 475 thousand inclusive of interest, was cleared;
- **current financial debts** amounted to € 7,428 thousand as at December 31, 2014 (€ 1,623,178 thousand as at December 31, 2013). The item consists of:
 - *Current bank debts*: totaling € 95 thousand as at December 31, 2014 (€ 703,435 thousand as at December 31, 2013). As at December 31, 2013 this item mainly referred to debt on the *Term and Revolving Facility Agreement* entered into with The Royal Bank
- **current financial assets and cash and cash equivalents** amounted to € 111,173 thousand as at December 31, 2014 (€ 198,465 thousand as at December 31, 2013), including € 108,455 thousand of cash and cash equivalents (€ 196,426 thousand as at December 31, 2013). The decrease primarily reflects the effects of payments made to creditors as part of the composition procedure.

Risk related to financial debt

As at December 31, 2014, the contractual maturities of financial instruments are to be articulated as follows:

(euro thousand)	due within			Total
	by 1 year	1-5 years	over 5 years	
Lease payments toward Mediocredito Italian S.p.A. (*)	4,976	17,412	20,931	43,319
Total financial debt	4,976	17,412	20,931	43,319

(*) In the consolidated financial statements, the item amounted to € 37,320 thousand for the measurement at amortized cost.

In view of the availability of funds as at December 31, 2014 there are no risks associated with financial debt.

Credit risk

The Seat Pagine Gialle Group operates in the multimedia directional advertising market, in which there is a large number of clients. As at December 31, 2014, 97% of the Group's trade receivables (97% at December 31, 2013) related to Seat Pagine Gialle S.p.A., which has around 296,000 customers spread throughout Italy, consisting mainly of small and medium-sized businesses. Each year, SEAT alone issues some 493,000 invoices, each providing on average for payment in 2.1 installments of around € 467 each, meaning more than € 1.0 million of receipts.

There is, therefore, no concentration of credit risk.

The type of business and customer base are, however, the elements that have always guided SEAT in putting together an effective credit management system.

Over time, SEAT has introduced a widespread and continually strengthened team that is able to efficiently manage all phases of the payment request process.

The in-house team, call centers, collection agencies and legal experts constitute a total of around 700 people.

Credit risk exposure - represented by the allowance for doubtful receivables on the financial statements - is measured using a statistical model that breaks down the client base by location and seniority, which reflects the historical experience of SEAT in debt collection and projects it into future estimates.

At Group level, the allowance for doubtful trade receivables stood at € 75,596 thousand at December 31, 2014, a decrease on December 31, 2013 (€ 95,859 thousand) also due to utilizations during the year, while maintaining sufficient coverage of overdue receivables. As a percentage of total trade receivables, the coverage of the allowance was 29.3% (29.4% as at December 31, 2013).

Consolidated cash flows for 2014 \

	Year 2014	Year 2013	Change
<i>(euro thousand)</i>			
EBITDA	32,628	89,491	(56,863)
Gain (losses) from discounting operating assets and liabilities	(1,834)	(477)	(1,357)
Decrease (increase) in operating working capital	296	70,609	(70,313)
(Decrease) increase in operating non current liabilities (*)	(555)	(1,666)	1,111
Capital expenditure	(29,878)	(33,749)	3,871
(Gains) losses on disposal of non-current operating assets	(11)	(6)	(5)
Operating free cash flow - OFCF	646	124,202	(123,556)
Payment of interest expense, net	1,389	1,879	(490)
Payment of income taxes	(6,361)	(3,514)	(2,847)
Payment of non-recurring and restructuring expense	(40,771)	(22,475)	(18,296)
Cash-in of dividends	6,743	-	6,743
Execution of composition with creditors procedure (**)	1,564,477	-	1,564,477
Capital increase (***)	141,035	-	(141,035)
Other movements (****)	(135,828)	(232,076)	96,248
Change in net financial debt	1,531,330	(131,984)	1,663,314

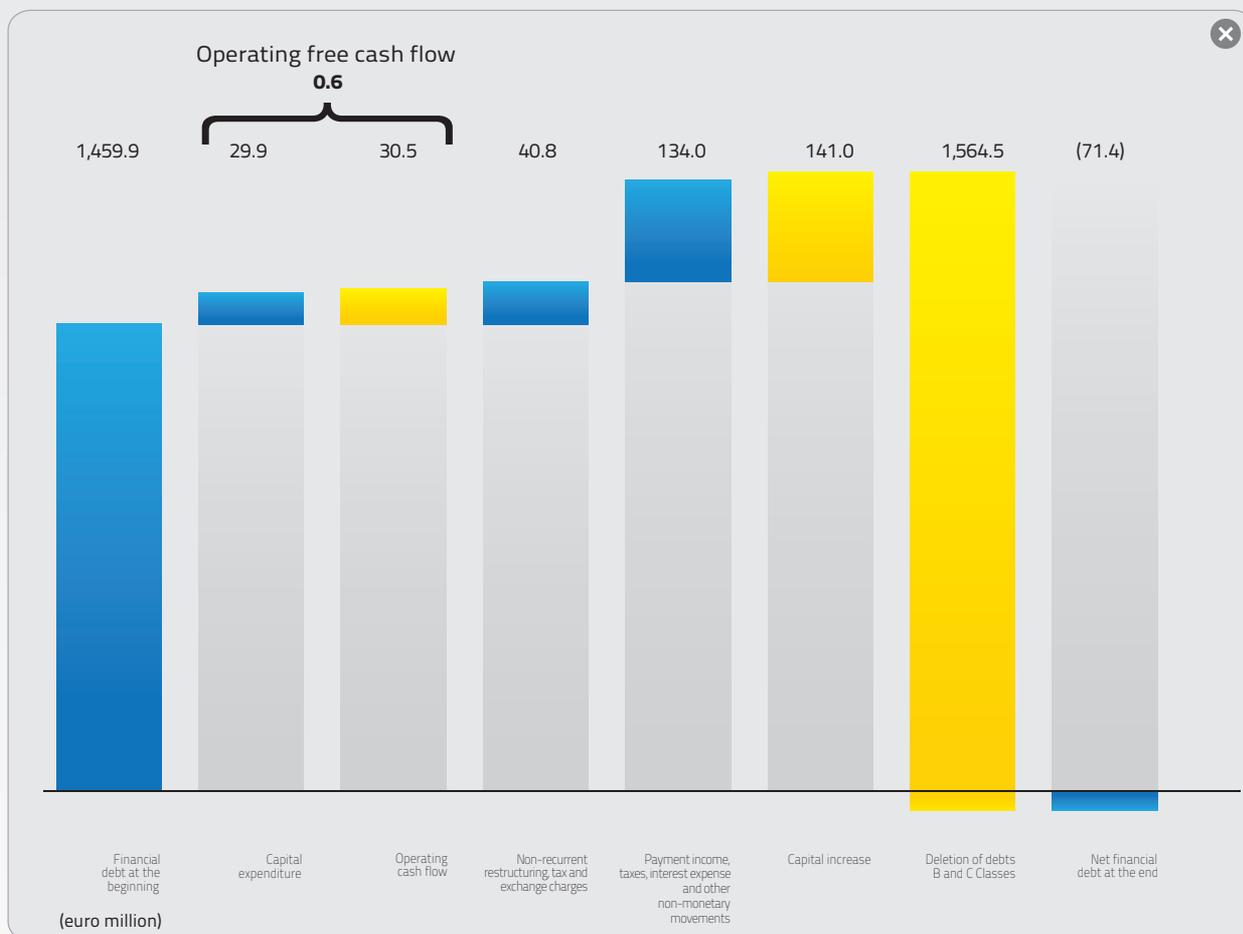
(*) The change don't include the non monetary effects arising from profit and losses recognises to equity.

(**) This non monetary item includes the deletion of the portion of the debt remaining B and C classes.

(***) This non monetary item includes the capital increased against the delation of debt B and C classes.

(****) This item includes in 2014 accrued interest on Term and Revolving Facility Agreement and on Senior Secured until the execution of composition with creditor procedure amounting to € 126.3 milion; in 2013 the change included flow from non-current assets held for sale and discontinued operations equal to € 100.6 milion.

The following graph summarizes the main elements that affected the change in net financial debt during 2014.



The change in the net financial position compared with December 31, 2013 is due mainly to the effects of extinguishing debt due to the composition with creditors (please refer to the paragraph "Effects of extinguishing debt subject to the composition with creditors procedure" in this report for further details).

Operating free cash flow generated in 2014 (€ 646 thousand) was down by € 123,556 thousand compared

with 2013 (€ 124,202 thousand); this reduction reflects the fall of € 56,863 thousand in EBITDA and the effect of the payment in December 2014 of debts subject to the composition with creditors relating to operating working capital items.

In 2014 capital expenditure was lower than in the previous year (€ 29,878 thousand in 2014 versus € 33,749 thousand in 2013).

Economic and financial performance of SEAT

Notes on the individual items can be found in the "Economic and Financial performance by Business Area": "SEAT" section

Reclassified statement of operations of SEAT

<i>(euro thousand)</i>	Year 2014	Year 2013	Change Asolute	%
Revenues from sales and services	388,872	474,877	(86,005)	(18.1)
Costs of materials and external services (*)	(248,568)	(256,396)	7,828	3.1
Salaries, wages and employee benefits (*)	(79,730)	(85,203)	5,473	6.4
Gross Operating Profit (GOP)	60,574	133,278	(72,704)	(54.6)
<i>% of revenues</i>	15.6%	28.1%		
Net valuation adjustments and provisions for risks and charges	(26,771)	(40,670)	13,899	34.2
Other operating income (expense)	(1,330)	(367)	(963)	n.s.
EBITDA	32,473	92,241	(59,768)	(64.8)
<i>% of revenues</i>	8.4%	19.4%		
Operating amortization, depreciation and write-downs	(36,653)	(48,724)	12,071	24.8
Non-operating amortization, depreciation and write-downs	(3,176)	(217,468)	214,292	98.5
Net non-recurring and restructuring costs	(5,797)	(42,660)	36,863	86.4
EBIT	(13,153)	(216,611)	203,458	93.9
<i>% of revenues</i>	(3.4%)	(45.6%)		
Proventi netti da esecuzione concordato	1,555,981	-	1,555,981	n.s.
Net financial expense	(129,858)	(134,314)	4,456	3.3
Gain (loss) on investments	(11,738)	(9,286)	(2,452)	(26.4)
Profit (loss) before income taxes	1,401,232	(360,211)	1,761,443	n.s.
Income taxes	(14,167)	10,983	(25,150)	n.s.
Profit (loss) on continuing operations	1,387,065	(349,228)	1,736,293	n.s.
Profit (loss) from non-current assets held for sale and discontinued operations	942	5,295	(4,353)	(82.2)
Profit (loss) for the year	1,388,007	(343,933)	1,731,940	n.s.

(*) Minus costs debited to minority interests and shown in the IFRS financial statements under "Other revenue and income".

SEAT reclassified statement of financial position

<i>(euro thousand)</i>		As at 12.31.2014	As at 12.31.2013	Change
Goodwill and "marketing related" intangibles assets		24,354	27,530	(3,176)
Other non-current assets (*)		131,255	127,761	3,494
Operating non-current liabilities		(40,636)	(38,613)	(2,023)
Non-operating non-current liabilities		(6,288)	(1,150)	(5,138)
Operating working capital		(11,116)	(57,187)	46,071
- Operating current assets		226,481	270,321	(43,840)
- Operating current liabilities		(237,597)	(327,508)	89,911
Non-operating working capital		(19)	(50,445)	50,426
- Non-operating current assets		22,113	20,886	1,227
- Non-operating current liabilities		(22,132)	(71,331)	49,199
Non-current assets held for sale and discontinued operations, net		(250)	96,928	(97,178)
Net invested capital		97,300	104,824	(7,524)
Equity	(A)	175,560	(1,350,731)	1,526,291
- Current financial assets, cash and cash equivalent		(118,481)	(204,909)	86,428
- Current financial debts		7,877	1,625,248	(1,617,371)
- Non-current financial debts		32,344	35,216	(2,872)
Net financial debt	(B)	(78,260)	1,455,555	(1,533,815)
Total	(A+B)	97,300	104,824	(7,524)

(*) This item includes the financial assets available for sale, as well as non-current financial assets.

Significant events in 2014 \

Composition with creditors

The events involved in the composition with creditors are described below.

Approval of the extraordinary transactions provided for by the composition with creditors proposals formulated by Seat Pagine Gialle S.p.A. and by Seat Pagine Gialle Italia S.p.A. and necessary for the success of the procedure

The composition with creditors proposals formulated by Seat Pagine Gialle S.p.A. (Seat PG) and Seat Pagine Gialle Italia S.p.A. (Seat PG Italia) entailed a series of extraordinary transactions necessary for the procedure to be successful. To this end, on March 4, 2014:

- the Boards of Directors of Seat Pagine Gialle S.p.A. and Seat Pagine Gialle Italia S.p.A. approved the Merger, which saw all existing shares in the absorbing company annulled and no new Seat PG shares issued.

The two Boards took the decision on the Merger on the basis of the simplified procedure pursuant to Article 2505 of the Italian Civil Code, in light of Seat PG Italia being a wholly owned subsidiary of Seat PG.

The signing of the Merger document, which is solely for the purpose of implementing the composition with creditors proposals of SEAT PG Italia and of the Company, was conditional upon both such proposals being definitively approved.

More details on the Merger can be found in the relative proposal pursuant to Article 2501-ter of the Italian Civil Code and in the Seat Board of Directors' report pursuant to Articles 2501-quinquies and 2505 Italian Civil Code and Article 70 of the Issuers' Regulation, made available to the public in accordance with the law and published on the "Governance/SEATPG-SEATPG Italia Merger" section of the Company's website, www.seat.it.

On February 21, 2014, the Merger Prospectus, which was drafted pursuant to Article 5 of Consob Regulation No. 17221 of March 12, 2010, as subsequently amended, on related-party transactions, was also made available to the public via filing at the Company's registered and secondary offices as well as publication on the "Governance" section of the Company's website, www.seat.it, and on the website of Borsa Italiana S.p.A., www.borsaitaliana.it;

- the Company's Extraordinary Shareholders' Meeting approved the extraordinary corporate actions which, together with the Merger, are required for the successful completion of the composition with creditors procedure. Specifically, it resolved:

- to approve the Company's statements of financial position and operations as at November 30, 2013, showing negative equity of € 3,879,783.26;
- subject to the Reserved Capital Increase (as described below), to cover the total losses as at November 30, 2013 by using all net reserves outstanding on said date, reducing the share capital to € 120,000.00 without annulling existing shares and, for the remaining amount, using the reserves arising from the Reserved Capital Increase;
- to perform a paid capital increase, in a single tranche, from € 120,000.00 to € 20,000,000.00, excluding option rights pursuant to Article 2441, paragraphs 5 and 6, via the issue of 6,410,695,320,951 new ordinary shares without par value and with the same characteristics as existing ordinary shares, to be issued against the clearance of the debts of Seat PG and Seat PG Italia to financial creditors in Classes B and C, as categorized in the respective composition procedure proposals, with the new shares allocated in accordance with said proposals ("Reserved Capital Increase");
- to allocate the difference between the overall nominal amount (including interest) of the debts being cleared and the nominal amount of the Reserved Capital Increase as follows: (i) to cover the residual losses accrued and accruing as at the date of the capital increase, together with the deficit from the Merger; (ii) to the legal reserve in the amount of € 4,000,000.00 (four million), i.e. one fifth of the share capital; and (iii) the remaining portion of said difference to available reserves, following the calculation of allocations pursuant to (i) and (ii);
- in the immediate aftermath of the Reserved Capital Increase, to perform a reverse share split (the "Reverse Share Split") with the ratio of one new ordinary share with regular dividend rights for every 100 existing post-Reserved Capital Increase ordinary shares, and one new savings share with regular dividend rights for every 100 existing savings shares;
- to issue warrants (the "Warrants") enabling paid subscription of ordinary shares representing around 5% of the post-Reserved Capital Increase fully diluted

share capital, to be allocated free of charge, fully and exclusively to ordinary shareholders of the Company who took part, either directly or through a proxy, in the Extraordinary Shareholders' Meeting of March 4, 2014, as well as to the savings shareholders;

- to perform a paid capital increase, in one or more tranches, excluding option rights pursuant to Article 2441, paragraphs 5 and 6, totaling € 100,000.00, plus the premium, by issuing up to 3,391,431,376 ordinary shares (post-Reverse Share Split) with the same characteristics as the existing ordinary shares destined exclusively and irrevocably for servicing the Warrants and therefore for exercising the subscription right of the warrant holders. The strike price of the Warrants shall be determined by the average market price of the Company's ordinary shares after the Reserved Capital Increase, plus 15%. The Extraordinary Shareholders' Meeting also resolved to approve amendments to Articles 5 (Size of capital) and 6 (Shares) of the Articles of Association following the aforementioned resolutions.

More information on the resolutions of the Extraordinary Shareholders' Meeting of March 4, 2014 can be found in the relevant documentation made available to the public in accordance with the law and published on the "Governance" section of the Company's website, www.seat.it.

In order to achieve the quorum for the Extraordinary Shareholders' Meeting of March 4, 2014, the Company encouraged proxy voting pursuant to Article 136, paragraph 7 of Consob Regulation No. 11971/1999. To this end, the Company employed Proxitalia S.r.l., a firm that provides shareholder communications and proxy voting services and advice to companies listed on the Italian stock market.

On March 5, 2014 and March 12, 2014, the Company, in its capacity as promoter pursuant to Article 137, paragraph 5 of Consob Regulation No. 11971/1999, served notice of how votes were cast and the results thereof.

Specifications concerning the proposed composition with creditors sent to the creditors of Seat Pagine Gialle S.p.A. and Seat Pagine Gialle Italia S.p.A. on December 20 and bringing forward the creditors' meetings

On June 12, 2014, the Boards of Directors of Seat Pagine Gialle S.p.A. and Seat Pagine Gialle Italia S.p.A. resolved to make some marginal amendments and to add specifications to the composition with creditors proposals submitted on December 20, 2013, due, inter alia, to:

- the decision to request authorization for the cancellation, pursuant to article 169-bis of the Bankruptcy Act, of some outstanding finance leases with Leasint S.p.A., raised for the purchase of the Corso Mortara real-estate complex in Turin where Seat Pagine Gialle S.p.A. and Seat Pagine Gialle Italia S.p.A. have their offices, in line with current business requirements;
- the planned settlement agreement to be entered into with the Rotosud/ILTE group concerning the arbitration proceedings pending at the time and the new contract to be entered into between Seat Pagine Gialle Italia

S.p.A. and Rotosud S.p.A. engaging the latter to print SEAT's printed products.

The above specifications and amendments to the composition with creditors proposals, submitted to the Court of Turin on June 16, 2014, are not material since they do not result in any significant change in the income, balance sheet and cash flow indicators set forth in the 2014-2018 business plan previously sent to the creditors of Seat Pagine Gialle S.p.A. and Seat Pagine Gialle Italia S.p.A. on December 20, 2013.

Subsequently, by an order dated June 18, 2014, the Court of Turin brought forward the creditors' meetings, originally scheduled for July 15, 2014, to July 10, 2014, and also ordered the disclosure of the official receiver's report by June 30, 2014 via submission to the Court registry and publication on the website: <http://www.seat.it/seat/it/governance/concordato/index.html>.

Assignment of receivables relating to the loan agreement entered into with The Royal Bank of Scotland on August 31, 2012

In a notification dated July 1, 2014, The Royal Bank of Scotland – as the fronting bank of the Term and Revolving Facility Agreement of August 31, 2012, in relation to which that bank received financial support from third-party funders – notified Seat Pagine Gialle

S.p.A. and Seat Pagine Gialle Italia S.p.A. that it had transferred the receivables associated with the aforementioned loan to the individual funders, pro rata, together with the relative accessory commitments and guarantees.

Bondholders' Meetings

On July 7, 2014, the meetings of the holders of Seat Pagine Gialle Italia S.p.A. bonds originally issued by Seat Pagine Gialle S.p.A., named "€ 550,000,000 10½% Senior Secured Notes due 2017", "€ 200,000,000 10½% Senior Secured Notes due 2017" and "€ 65,000,000 10½% Senior Secured Notes due 2017", met on first call and voted to approve the composition with creditors proposal of both Companies. As a result, the Common Representatives of

the bonds in question, lawyers Dario Loiacono and Annamaria Marcone, were vested with the necessary powers to implement the aforementioned resolution, therefore including the power to vote in favor of the composition with creditors proposals of Seat Pagine Gialle S.p.A. and Seat Pagine Gialle Italia S.p.A. for all bondholders in relation to the bonds they represent at the creditors' meetings scheduled for July 10.

Approval of the composition with creditors proposals of Seat Pagine Gialle S.p.A. and Seat Pagine Gialle Italia S.p.A. by their respective creditors eligible to vote - Scheduling of the hearing for approval

On July 10, 2014, the meetings of the creditors of Seat Pagine Gialle S.p.A. and Seat Pagine Gialle Italia S.p.A. were held at the Court of Turin before delegated judge Giovanna Dominici and the official receiver Enrico Laghi. During the meetings, the receiver illustrated and confirmed the content of his report, which had also been disclosed on June 30, 2014 as established by the Court, and the voting proceedings were opened. The Company's creditors who had not yet voted on July 10 were able to do so in the subsequent 20 days in compliance with

article 178 of the Bankruptcy Act. As disclosed in the press release dated August 1, 2014, the proposed agreements with creditors of Seat Pagine Gialle S.p.A. and Seat Pagine Gialle Italia S.p.A. were approved by a majority of over 99% of the receivables subject to the vote (and by all classes eligible to vote).

The hearing pursuant to Article 180 of the Bankruptcy Act for the approval of the composition procedures with the creditors of Seat Pagine Gialle S.p.A. and Seat Pagine Gialle Italia S.p.A. was set for September 26, 2014.

Expiry of 2012 Ordinary and Savings Warrants

On September 9, 2014, the Company announced that the Exercise Conditions of the "Warrant azioni ordinarie Seat Pagine Gialle S.p.A. 2012 - 2014" and the "Warrant azioni di risparmio Seat Pagine Gialle S.p.A. 2012 - 2014" (allocated to ordinary and savings shareholders of Seat Pagine Gialle S.p.A. as part of the merger of

Lighthouse International Company S.A. in 2012) were not satisfied on any verification date during the warrant validity period.

Therefore, the ordinary and savings warrants became null and void for all effects and purposes due to the elimination of the relative rights.

Composition with creditors approval hearing

On September 26, 2014, the hearing for the approval of the composition with creditors of Seat Pagine Gialle S.p.A. and Seat Pagine Gialle Italia S.p.A. was held at the Court of Turin with the attendance of the official

receiver Enrico Laghi. As no challenge was made, the hearing was held with no opposing parties.

At the end of the hearing, the Court reserved its decision.

Approval of the composition procedures with the creditors of Seat Pagine Gialle S.p.A. and Seat Pagine Gialle Italia S.p.A.

In orders handed down on October 3, 2014, the Court of Turin approved the composition with creditors procedures proposed by Seat Pagine Gialle S.p.A. and by the subsidiary Seat Pagine Gialle Italia S.p.A. in light of

the favorable opinion of the official receiver and having verified the legal compliance of the procedures, the regular conduct and positive outcome of the vote and the feasibility of the proposed procedures themselves.

Document signed for the merger of Seat Pagine Gialle Italia S.p.A. into Seat Pagine Gialle S.p.A.

On October 24, 2014, the document was signed for the merger of Seat Pagine Gialle Italia S.p.A. into Seat Pagine Gialle S.p.A. Subject to registration at the competent offices of the Companies Register pursuant

to Article 2504 of the Italian Civil Code, the Merger came into effect on November 1, 2014 and became effective for accounting and tax purposes on January 1, 2014.

Seat Pagine Gialle S.p.A. 2014-2016 Warrants

On November 11, 2014, with reference to the "Warrant Seat Pagine Gialle S.p.A. 2014-2016" (the "Warrants") to be issued to ordinary shareholders of the Company who took part, either directly or through a proxy, in the Extraordinary Shareholders' Meeting held on March 4, 2014, as well as to the savings shareholders, the Board of Directors decided to proceed with a reverse warrant split with a ratio of 1 Warrant for every 100 to be

allocated or held (before or after their issue and allocation) as part of the measures taken to list them and to simplify their stock market and administrative management, to make the exercise ratio 1 share (after the reverse share split) for every 1 Warrant.

The Board also decided to amend and update the "Warrant Seat Pagine Gialle S.p.A. 2014-2016 Regulation" as a result.

Admission to listing prospectus

Following Consob's approval on December 19, 2014 by note prot. No. 0097478/14, on December 20, 2013 the Prospectus was published relating to the admission to trading on the Mercato Telematico Azionario [Telematic Stock Market] (the screen-based segment of the Milan stock exchange) of 6,410,695,320,951 new ordinary shares of SEAT PG allocated to the creditors involved in the

composition procedure of the Company and of SEAT PG Italia belonging to classes B and C pursuant to the composition procedure proposals and 3,391,431,376 warrants allocated to the Company's ordinary shareholders that participated in the Extraordinary Shareholders' Meeting on March 4, 2014 and to the Company's savings shareholders.

Evolution of the share capital

As announced by the Company on December 23, 2014, the number and categories of shares currently forming the share capital result from the completion of transactions approved by the Company's Extraordinary Shareholders' Meeting on March 4, 2014, summarized below:

- (i) capital reduction from € 450,265,793.58 to € 120,000.00, without annulling shares, since they have no par value;
- (ii) paid capital increase, in a single tranche, for a nominal amount of € 19,880,000.00, up to € 20,000,000.00, excluding option rights pursuant to Article 2441, paragraphs 5 and 6 of the Italian Civil Code, via the issue of 6,410,695,320,951 new ordinary shares without par value and with the same characteristics as existing ordinary shares at the unit price of € 0.000031 per share, to be paid up in cash against the clearance of the debts of the Company and of SEAT PG Italia S.p.A. - the latter merged into the Company effective as of November 1, 2014 - to financial creditors involved in the composition procedure in Classes B and C, as categorized in the respective proposals, with

the allocation of the above-mentioned new shares;

- (iii) reverse split - with a ratio of 1 new ordinary share with regular dividend rights for every 100 ordinary shares - of the 6,426,761,533,909 ordinary shares existing after the execution of the reserved capital increase described above, without par value and with regular dividend rights, after annulling 9 ordinary shares for the sake of the overall reconciliation of the transaction, to 64,267,615,339 ordinary shares, without par value and with regular dividend rights;
- (iv) reverse split - with a ratio of 1 new savings share with regular dividend rights for every 100 savings shares - of the 680,373 existing savings shares, without par value and with regular dividend rights, after annulling 73 savings shares for the sake of the overall reconciliation of the transaction, to 6,803 savings shares, without par value and with regular dividend rights.

The share capital was registered at the companies register on December 29, 2014.

Sale of subsidiary Cipi S.p.A.

On March 13, 2014, the entire equity investment in Cipi S.p.A. - a wholly owned subsidiary of Seat Pagine Gialle Italia S.p.A. that has been operating in the promotional items and corporate gifts sector since 1964 - was sold

to CIFIN S.r.l., since it was no longer considered to be compatible with the Group's activities. This transaction was authorized by the competent bodies under the ongoing composition with creditors procedure.

Information received in relation to the pension fund of UK subsidiary Thomson Directories Ltd.

With regard to the talks initiated with the UK pensions authority ("The Pensions Regulator" - TPR) and the trustee of the pension fund of UK subsidiary Thomson Directories Ltd, on March 28, 2014, SEAT sent TPR the

information it had requested concerning the financial situation of Telegate AG, considered relevant by TPR for the calculation of resources test required under the UK Pension Act.

Start of administrative proceedings preliminary investigation by Consob

On April 16, 2014, Consob announced the start of a preliminary investigation as part of administrative proceedings concerning communications published by the Company on January 28, February 4/5 and March 8, 2013.

The Company was notified of the start of the proceedings on September 25, 2013 and presented its pleadings on October 24 and May 15, 2014, claiming that the allegations made by Consob were groundless.

The proceedings concern an alleged breach of Article 114, paragraph 1 of the Consolidated Finance Act as implemented

by Article 66, paragraph 2 of Consob Regulation 11971/1999 concerning issuers.

By Resolution No. 19023 of September 10, 2014, Consob imposed a fine of € 5,000.00 on SEAT (paid by the Company on October 14, 2014) and ordered the resolution not to be published in the Consob Bulletin pursuant to Article 195, paragraph 3 of the Consolidated Finance Act. On October 20, 2014, SEAT lodged an appeal pursuant to Article 195, fourth paragraph of the Consolidated Finance Act against Consob for the cancellation of this penalty.

The hearing is scheduled for May 12, 2015.

Assessment of the binding expression of interest submitted by D.Holding

On May 9, 2014, D.Holding S.r.l., acting as the agent of GF1 S.p.A. and Odissea S.r.l., submitted a binding expression of interest concerning an integration process involving D. Mail Group S.p.A. ("D.Mail") and the SEAT Group, which would result in the amendment of the composition with creditors proposals previously prepared.

This expression of interest was subject to certain conditions, particularly the condition precedent of the definitive approval and execution of the restructuring agreements pursuant to Article 182-bis of the Bankruptcy Act (also relating to a capital increase), which D.Mail reported it had recently entered into, as well as the definitive approval of the composition with creditors proposals and plans of Seat Pagine Gialle S.p.A. and Seat Pagine Gialle Italia S.p.A., as amended in light of the proposal of D.Holding S.r.l.

On June 12, 2014, the Boards of Directors of Seat Pagine Gialle S.p.A. and Seat Pagine Gialle Italia S.p.A. completed the assessment of the binding expression of interest submitted by D.Holding S.r.l. on May 9, 2014 (as subsequently amended on June 9, 2014), the information it had provided and the results of investigations conducted in light of this.

They decided that the transaction proposed by D.Holding did not present the characteristics of certainty, cost-effectiveness and absence of risk that could have justified, in the interest of Seat Pagine Gialle S.p.A., Seat Pagine Gialle Italia S.p.A. and their respective creditors, the interruption of the current composition with creditors procedure, which has been carried out successfully thus far, to submit a drastically different proposal to the creditors envisaging the integration of the SEAT Group and the D.Mail group.

Settlement with the Rotosud/ILTE group

On June 13, 2014, as authorized by the bodies of the ongoing composition with creditors procedure, the parties to the combined arbitration proceedings, Seat Pagine Gialle S.p.A., Seat Pagine Gialle Italia S.p.A. and the Rotosud/ILTE group, entered into a settlement agreement which will end the proceedings and also put an end to the dispute with one of the Company's main suppliers and establish a relationship with the

printing company for the 2014-2016 three-year period. As part of the agreement, the Rotosud/ILTE group will be paid € 9,850 thousand.

By order of the Arbitration Board dated July 9-14, 2014, the above combined arbitration proceedings were declared settled due to the resolution of the matter in issue, with each party bearing its own legal costs.

Acquisition of Glamoo

On June 20, 2014, Seat Pagine Gialle Italia S.p.A. completed the acquisition of the entire share capital of Glamoo Ltd - a company that holds the entire share capital of Glamoo S.r.l. - with the payment of total consideration of € 3,960,000, of which (i) € 50,000 was paid at the closing; and (ii) € 3,910,000 was paid after the composition with creditors was approved. The acquisition of Glamoo Ltd, which was funded with cash and cash equivalents, was set out in the business plan forming the basis of the SeatPG Group's composition with creditors procedure.

By looking for new opportunities for growth, the Group intends to continue to offer small and medium-sized businesses modern solutions to obtain visibility, attract customers and boost their marketing activities, thereby expanding its business and strengthening its position on the couponing market.

This transaction was authorized by the competent bodies under the ongoing composition with creditors procedure.

On January 28, 2015, Glamoo Ltd transferred its entire stake in Glamoo S.r.l. to Seat Pagine Gialle S.p.A.

Telegate AG dividend award

On June 25, 2014, the shareholders' meeting of Telegate AG decided to distribute a dividend of € 0.2 per share. The amounts pertaining to Seat Pagine Gialle Italia S.p.A. and the sub-holding Telegate Holding GmbH, of € 1,241,120.40 and € 4,673,215.60, respectively,

remained in a Telegate AG account pending the development of the composition procedure.

These dividends were collected in December 2014 when the composition with creditors was carried out.

Resignation of Standing Auditors from the Board of Statutory Auditors

On October 14, 2014, the Company announced that it had received resignations from the Chairman Board of Statutory Auditors, Enrico Cervellera, and from the two Standing Auditors, Vincenzo Ciruzzi and Andrea Vasapolli, with immediate effect. These members of the

Board of Statutory Auditors also submitted their resignations from the same positions held in Seat Pagine Gialle Italia S.p.A. With immediate effect, Maurizio Gili and Marco Lovati took over from the resigning Statutory Auditors.

Transfer of registered office

On November 11, 2014, the Company's Board of Directors decided, on the basis of the authority granted to it under Article 19 of the Articles of Association

pursuant to Article 2365, paragraph 2 of the Italian Civil Code, to transfer the registered office from Milan to Turin.

Subsequent significant events \

Resignation of Director and Chairman of the Board of Directors

On January 14, 2015, the Board of Directors, acknowledging the resignation of the former Chairman of the Board of Directors, Guido de Vivo, on January 2, 2015, decided not to take any decision concerning his replacement since the

term of office of the current management body will expire with the approval of the financial statements as at December 31, 2014.

Appointment of the Board of Statutory Auditors

On January 27, 2015, the Seat Pagine Gialle S.p.A. Ordinary Shareholders' Meeting took the necessary measures to appoint new members to the Board of Statutory Auditors in the wake of the resignation of the standing members of that control body who were in office until October 14, 2014. As a result, the Board of Statutory Auditors now consists of standing auditors Maurizio Michele Eugenio Gili, Guido Nori and Ada

Alessandra Garzino Demo and alternate auditors Roberta Battistin and Marco Benvenuto Lovati. Mr. Gili was confirmed as Chairman of the Board of Statutory Auditors. The statutory auditors thus appointed will remain in office until the end of the term of the control body, i.e., until the shareholders' meeting called to approve the financial statements as at December 31, 2014.

Liability action and settlement proposal

On March 4, 2014, the Company's Ordinary Shareholders' Meeting - convened following a decision by the Board of Directors on January 24, 2014 - resolved to promote a liability action, pursuant to Articles 2392 and 2393 of the Italian Civil Code, against former directors who held office between August 8, 2003 and October 21, 2012.

As announced to the market on April 7, 2014, in light of the resolution of the Ordinary Shareholders' Meeting held on March 4, 2014, on the same date the Company initiated corporate liability actions against former directors and took the additional measures required to

fully implement the aforementioned resolution. On January 27, 2015, the Seat Pagine Gialle S.p.A. Ordinary Shareholders' Meeting approved the settlement proposal (received by the Company on November 26, 2014) concerning the liability action against the former directors that held office between August 8, 2003 and October 21, 2012 and the settlement of relationships with parties other than the former directors called before the court, for the payment of a total of € 30 million, which the Company announced on February 10, 2015.

Industrial relations: overview of the company restructuring agreement with trade unions signed on February 12, 2015 at the Ministry of Employment and Social Policies in Rome

On February 12, 2015 Seat Pagine Gialle S.p.A. signed a company restructuring agreement with trade unions, which was approved on the same day by the Ministry of Employment and Social Policies.

The new agreement involves making recourse to the wage guarantee fund (CIGS) for up to 160 workers. This policy will remain in place from February 12, 2015 to February 11, 2017 and will apply to all offices and company departments. Furthermore, the remaining

personnel will be suspended through a CIGS rotation mechanism for a maximum of 36 days per person during the two-year period.

While CIGS is applied, initiatives may be put into place to safeguard employment levels and reduce the number of excess staff using retirement incentives, part-time arrangements and turnover blocks and new job placements via transfers between operating offices, primarily resulting from the closure of four offices.

Transaction with *Mediocredito Italiano* S.p.A. related to the termination of the lease agreements

On March 31, 2015 *Mediocredito Italiano* S.p.A. and Seat Pagine Gialle S.p.A. have reached an agreement for the dissolution of five of the seven leases agreements pursuant to art. 169-bis of the Bankruptcy Law in connection with the authorization of the Court of Turin

with a order filed on July 9, 2014. The agreement provides for the payment of compensation of about € 3.2 million which will be paid by April 2, 2015. The residual debt of these agreements, after dissolution, is approximately € 10 million as at December 31, 2014.

Outlook \

During the course of 2015, SEAT will continue to focus on implementing its strategic priorities set forth in the 2014-2018 business plan (the "Plan"), in order to position itself as the only media agency capable of offering local marketing services throughout Italy. The Company's aim is to become a business partner that can offer companies a complete range of support services to promote their business online via a network of SEAT media agencies and roughly 1,400 consultants throughout the country, in addition to traditional print and voice advertising. From that perspective, the substantial achievement of

the targets set for 2014 provides confirmation of the validity of the Plan assumptions and the effectiveness of the measures and actions adopted to re-launch operations and to define a plan to return to sustainable growth and satisfactory profitability in the medium term. As regards business performance in the first part of this year, planned financial targets for 2015 remain unchanged in light of customer orders obtained by the end of February 2015. Although there is a delay in these preliminary results with respect to forecasts, this is expected to be recovered throughout the rest of the year.

Going concern evaluation \

In accordance with the provisions of Banca d'Italia - CONSOB - ISVAP joint document No. 2 of February 6, 2009, and similarly to what occurred with the 2012 and 2013 Annual Reports, when it approved this Annual Report as at December 31, 2014, the Board of Directors had to perform the necessary checks on the Company's ability to continue as a going concern, taking into account all available information on the foreseeable future, i.e. at least the 12 months following the reporting date (although the Board considers it preferable to consider a period of 18 months, i.e. up to June 30, 2016).

Please be reminded that these evaluations, conducted at the time of approval of all annual and interim reports with special attention since the initiation of the composition with creditors procedures, were necessary in light of significant uncertainties linked to the impossibility of meeting financial debt payment obligations and the financial deficit which, in February 2013, resulted in the decision to make recourse to the composition with creditors procedure on a going-concern basis. These assessments led the Directors to believe that the ability for the Company and the Group to continue operating as a going concern was necessarily linked to the execution and completion of the transactions established in the proposed composition with creditors procedures, which would also result in the re-establishment of the Company's equity and eliminate the situation pursuant to Articles 2446 and 2447 of the Italian Civil Code, without prejudice to difficulties connected with the continuation of the negative macroeconomic and economic scenario.

As previously reported in the Introduction, approximately two years after it began, the composition with creditors was completed with the company's full return to performing status and the substantial elimination of financial debt. Indeed, after the approval of both procedures, the extraordinary transactions approved by the Company's

Shareholders' Meeting held on March 4, 2014 were carried out, including: on October 24, 2014, the document was signed for the merger of Seat Pagine Gialle Italia S.p.A. into Seat Pagine Gialle S.p.A.; the merger came into effect on November 1, 2014 and became effective for accounting and tax purposes on January 1, 2014; on December 23, 2014 the Company announced that it had completed: *i)* the Seat PG capital reduction from € 450,265,793.58 to € 120,000.00, without annulling shares, since they have no par value, *ii)* the reserved capital increase from € 120,000 to € 20,000,000 with the issue of 6,410,695,320,951 ordinary shares paid up in cash against the clearance of debts involved in the composition with creditors of SEAT PG and SEAT PG Italia S.p.A. to the creditors in Classes B and C, *iii)* the reverse split of existing ordinary and savings shares with a ratio of 1 new ordinary and savings share with regular dividend rights for every 100 ordinary and savings shares, and *iv)* the issue of 3,391,431,376 warrants convertible into ordinary shares in accordance with the terms and conditions pursuant to the relative regulation.

For further details on this topic, please refer to the press releases published on December 17, 19 and 23, 2014, the documentation available on the website www.seat.it in the "Investor & Governance/Extraordinary Transactions" section, and the previous monthly reports drafted pursuant to Article 114, paragraph 5 of the Consolidated Finance Act. As set forth in the approval decree, cash payments were also made to satisfy creditors according to the procedures and terms described in the respective proposals for the composition with creditors.

In light of the above, the Directors believe that, despite the continuation of the difficult macroeconomic scenario, there are no doubts as to the applicability of the going concern assumption. Therefore, it is possible to approve the Annual Report as at December 31, 2014 on the basis of that assumption.

Financial performance by Business Area \

<i>(euro million)</i>		Italian Directories	Other Activities	Aggregate total	Eliminations and other adjustments	(*) Consolidated total
Revenues from sales and services	Year 2014	389,9	24,3	414,2	(6,0)	408,2
	Year 2013	475,1	36,6	511,7	(8,4)	503,3
GOP	Year 2014	58,6	0,9	59,5	2,1	61,6
	Year 2013	133,0	(0,9)	132,1	0,1	132,2
EBITDA	Year 2014	30,4	0,4	30,8	1,8	32,6
	Year 2013	91,5	(2,0)	89,5	-	89,5
EBIT	Year 2014	(20,6)	(6,3)	(26,9)	1,4	(25,5)
	Year 2013	(217,5)	(17,0)	(234,5)	-	(234,5)
Total assets	December 31, 2014	543,2	20,4	563,6	(20,3)	543,3
	December 31, 2013	674,3	31,4	705,7	134,9 (**)	840,6
Total liabilities	December 31, 2014	362,7	22,5	385,2	(16,3)	368,9
	December 31, 2013	2.115,3	30,8	2.146,1	17,9 (**)	2.164,0
Net invested capital	December 31, 2014	104,6	5,5	101,1	(7,2)	102,9
	December 31, 2013	9,5	10,0	19,5	117,0 (**)	136,5
Capital expenditure	Year 2014	27,2	2,6	29,8	0,1	29,9
	Year 2013	29,9	4,3	34,2	(0,5)	33,7
Average workforce	Year 2014	1.613	172	1.785	-	1.785
	Year 2013	1.605	293	1.898	-	1.898
Average number of sales agents	Year 2014	1.382	51	1.433	-	1.433
	Year 2013	1.155	44	1.199	-	1.199

(*) This includes the effects of Cipi S.p.A. deconsolidation.

(**) This included the financial position of Telegate Group following its reclassification to Discontinued operations.

Key performance indicators of the Group	Year 2014	Year 2013
Number of published directories		
PAGINEBIANCHE® (*)	103	103
PAGINEGIALLE®	153	191
Number of distributed directories (values in million)		
PAGINEBIANCHE®	20.2	21.4
PAGINEGIALLE®	15.1	16.2
Number of visits (values in million)		
<i>uninterrupted site access for 30 minutes</i>		
PAGINEBIANCHE.it® (**)	169.9	161.6
PAGINEGIALLE.it® (**)	366.1	329.9
TuttoCittà.it®	58.4	43.5
Europages.com (**)	25.3	38.3

(*) This includes Gorizia, Trieste, Avellino, Benevento, Rieti, Viterbo, Caltanissetta, Enna, Ragusa and Siracusa "One Book".

(**) The total traffic included the web and mobile visits and online websites of customers.

Italian Directories \

Market scenario

Since the Italian Directories Business Area accounts for the bulk of the Group's activity, the relevant market situation and strategic positioning are those described in the

introductory section under the same heading in relation to the Group as a whole and to SEAT in particular.

Revenue per product

				Year 2014 % on total revenues
Print		PAGINE GIALLE®	classified directories of italian business	6.5
		PAGINE BIANCHE®	alphabetical directories	9.7
		Others		4.9
Internet & Mobile		PAGINE GIALLE.it®	search engine specialised in business search	51.9
		PAGINE BIANCHE.it®	search engine specialised in subscriber search	12.4
		Glamoo	Coupons	0.1
Voice		89.24.24. Pronto PAGINEGIALLE®	voice service which provides directory assistance valued added services	2.1
		12.40. Pronto PAGINEBIANCHE™	voice service which provides directory subscriber information services	
Total core revenues				87.6

Product innovation

Despite the uncertain market scenario, SEAT has strengthened its positioning in the SME segment by taking a “one-stop-shop” approach, offering a wide range of products and services from traditional directory products to web agency-like products, from traditional media advertising to digital advertising.

By strengthening its partnerships (Google, Facebook, Rai, Sky, etc.), SEAT has expanded its product range and increasingly positioned itself as the media agency for SMEs. At the same time, it has continued to invest to increase the usage of its properties, both traditional - with print format innovations - and digital. Indeed, the digital segment was able to claim a significant growth rate once again in 2014, for both the desktop and mobile components.

Online and mobile directory services

SEAT has continued to invest in product and process innovation within its digital directory product range, in order to ensure that it remains competitive and in order to consolidate its leadership in the local advertising segment. The main investments in 2014 concerned: *i)* monitoring usage and making up for a usability gap that had been created over the years, to guarantee the best possible user experience; *ii)* developing innovative offers aimed at satisfying customers’ needs, thereby ensuring competitiveness and market appeal; and *iii)* improving the performance of existing products by implementing new functions and technologies and integrating them with the overall ecosystem in order to guarantee the best possible return in terms of advertiser visibility.

Some of the main development initiatives launched during the year are listed below.

Usage: in 2014, the usage growth strategy involved desktop and mobile product innovations:

- I.* full overhaul of the *paginegialle.it* website in terms of interactive design, usability and enrichment of interactive services that add value for users and merchants (multi-media reviews, reservations, estimates);
- II.* continuing technological developments and improvement of content and services on all web and mobile properties in order to improve customer experience and boost traffic;
- III.* development of vertical sections on *paginegialle.it* focusing on specific topics: estimates, offers, reservations;
- IV.* development of new vertical applications focusing on specific moments of use, based on area (Torino App, in collaboration with the Municipality of Turin) and

product (*GialloEmergenza*, for home and car assistance services);

- V.* continuing updates of mobile sites and apps in order to meet the needs of new devices and operating systems (e.g., iOS8 and iPhone6 for Apple or Material Design for Android) and enhance coverage (e.g., new *TuttoCittà* Map app for iPad and for Android tablets).

Advertisers: in 2014, particular attention was dedicated to developing products and services that can generate and add value for advertisers whilst maintaining appeal and competitiveness. To be more specific:

- I.* presence in property directories was significantly improved with a focus on visibility and enhanced content, while providing increased integration with the SEAT ecosystem;
- II.* introduction of new impactful display ADV formats (e.g., mastheads) and initiation of monetization in programmatic auctions (e.g., RTB) and private deals;
- III.* new product range dedicated to mobile devices, in order to add value for advertisers by generating measurable leads (calls and leads generated).

Directory assistance services

In 2014, the strategy of efficiently managing structurally decreasing volumes caused by profound market changes, specifically focusing on cost reduction, has been confirmed. For the 89.24.24 service, customer management received a good deal of attention with the evolved CRM system, which provides hyper-segmentation and highly targeted management of initiatives and promotions.

The partnerships with national brand leaders were extended for the 12.40 service with a view to adding value for the customer base, especially in areas associated with the public sector and public interest.

Publishing products

In 2014, the publishing products *PAGINEBIANCHE* and *PAGINEGIALLE* were radically overhauled and improved in view of the single *SmartBook* volume that will be distributed in 2015. This is a completely new product, in terms of size (compact format), structure (*Pagine Gialle*, *Pagine Bianche* and *Tuttocittà* altogether), content and graphic design. To round off the product overhaul, significant investments have been defined in order to increase the legibility of last names, addresses and telephone numbers, as well as to reintroduce the prefix in all non-metropolitan directory areas.

A single double-sided volume combining the 2 products was already tested in 12 directory areas in 2014.

Evolution of Pagine Bianche value-added content

Useful content for residents has been gathered for a new "Service Guide" to be included in the 2015 editions. Specifically, multiple useful services for residents, strictly linked to areas of public interest and the public sector, have been gathered, inserted and catalogued within a new integrated publishing system. In this manner, Pagine Bianche regains its institutional position and especially its role as a point of reference in daily life, especially for people who are less engaged in the digital world. This change, in addition to the directory's proximity to residents, is immediately visible in the new simple and modern graphic design.

Evolution of Pagine Gialle

In view of the roll-out of Smartbooks, the pre-directory content of Pagine Gialle has also been overhauled with the aim of publishing a "Shopping Guide" in 2015 that suggests how to best address our daily life decisions: from large to everyday purchases. With this in mind, the product has been improved with useful information, ranging from shopping to a variety of home-related recommendations (renovations, energy saving tips, etc.) and advice regarding professionals or specific regional aspects. Also in this case, the graphic design has been updated with a completely new, more modern look.

On the commercial side, the range of standard advertising spaces has been optimized, making it easier to navigate through the pages, while larger spaces now have more modern and impactful designs created based on customer needs. Aside from these innovations, the distribution process is also completely new and, above all, certified, ensuring greater actual distribution as well as, and especially, certainty as to where, when and how much was distributed.

Web agency products

This area has been the focus of special attention, with a view to strengthening the expansion of the traditional directories business model. In particular, the product range has increased to gain greater competitive advantage over local web agencies. We especially focused on improving and expanding the commercial offering and product quality and performance.

2014 saw the launch of the new SmartSite, a website in line with the most cutting-edge multi-device usability and user engagement trends. With this product, websites are designed based on customer needs, and can also be created and managed by local offices throughout the country. The outdated template concept has been set aside in favor of increasing customization and value for our advertisers, whilst maintaining competitive pricing.

Lastly, the foundations have been laid to re-launch products relating to e-commerce, social media presence, the completion of the new range of websites and specific solutions for B2B customers. A hyper-local advertising service has also been rolled out, enabling our customers to offer secure Wi-Fi to their clients.

A service has also been launched with Google that uses highly impactful multi-media content to allow SEAT customers to increase the value of their activities on SEAT properties as well as on the leading search engine. In this regard, SEAT has received the "Google Sales Trusted Agency" certification and, as a result of its sales, it is considered to be one of the main European resellers by Google.

Traffic (reselling) products and partnerships

In line with SEAT's new "one-stop-shop" approach, in 2014, significant investments were made to expand the reselling product range, involving a continuation and acceleration of partnerships with the leading international, domestic and local media companies. SEAT therefore expanded its product range and increasingly positioned itself as the media agency for SMEs.

Considerable innovation was also seen in digital and traditional products. Advertising market developments opened up new opportunities for companies which, like SEAT, are able to leverage a particularly widespread sales force and a broad product range.

In the digital realm, we concentrated on the main audience drivers, leveraging well-established partnerships (Google) by making them increasingly competitive, and on new partnerships (Facebook), in order to obtain leadership and competitive advantages.

In 2014, the Pgclick product (Google AdWords reselling) was completely overhauled in order to make campaigns more efficient, accompanied by a commercial policy increasingly devoted to the traffic component to increase advertiser ROI.

We also entered into an important partnership with Facebook, within which we developed a unique offer with a clear and innovative selling proposition for the entire online world. This is a truly targetable, hyper-local advertising campaign. It is an effective way for SMEs to contact a specific target residing in their area through the evolved channel of Facebook, with its large online audience.

In traditional media, SEAT has significantly expanded its offerings by entering into agreements with leaders at the national and local levels in all types of media: TV, radio, outdoor advertising, print and cinema. SEAT is therefore capable of offering all customers a full range of communication products practically throughout Italy that can be used for the shared creation of a complete media plan.

Development of new IT systems

Our IT investments during the year primarily concerned:

- product innovation aimed at providing a service that increasingly meets customers' needs, focusing on flexibility and faster response times;
- commercial offering innovation with the introduction of the OPEN contract, a lifetime contract type with no restrictions for the customer;
- upgrading of the main IT systems in order to incorporate advanced iPad e-signature capabilities for use by the sales force, to replace paper forms;
- upgrading of commercial IT systems to revise sales force portfolio assignment methods, providing for greater management flexibility and increased acquisitions;
- overhaul of the www.seat.it institutional site to update the portal in line with the company's new strategic positioning.

In terms of product innovation, changes continued to be made on IT systems during the year in order to respond to new Marketing Plan requirements, particularly by repositioning the entire range of websites with a full overhaul of template layouts and translations into

European languages, and the releases of Pgclick with translation capabilities, the new Paginegialle.it, the new mobile product range and the new Facebook Adv tool used to configure and estimate the costs of advertising campaigns on Facebook.

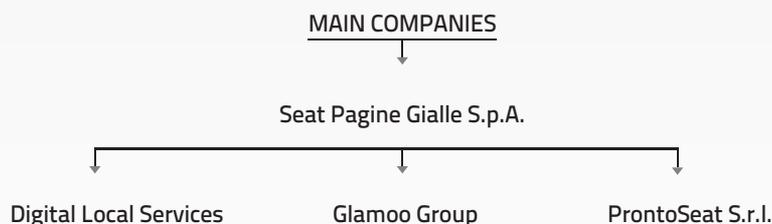
In addition, the following Media Offer initiatives have all been released: SKY - Diventa Protagonista ("Become a Star"), the new Centostazioni ("One hundred stations") offer (advertising at railway stations), and the new AVIP offer (street furniture and road advertising boards).

In terms of infrastructure technologies, in 2014 we continued our efforts to 'virtualize' centralized hardware and streamline storage. We also updated our employees' workstations and network hardware. The 'Multibrowser' Project was also launched to adjust SEAT's systems and applications to enable the use of the most popular browsers such as Internet Explorer 11, Firefox and Chrome.

The Remedy application for the management of Sales Care tickets, which provides support to the sales network, Digital Local Services and the Regional Divisions, was also updated.

Structure of the Business Area

The Italian Directories Business Area is organized as follows:



Economic and financial data

The table below shows the main results for 2014 compared with those from the previous year:

<i>(euro million)</i>	Year 2014	Year 2013	Change	
			Absolute	%
Revenues from sales and services	389.9	475.1	(85.2)	(17.9)
GOP	58.6	133.0	(74.4)	(55.9)
EBITDA	30.4	91.5	(61.1)	(66.8)
EBIT	(20.6)	(217.5)	196.9	90.5
Capital expenditure	27.2	29.9	(2.7)	(9.0)
Average workforce	1,613	1,605	8	0.5
Net invested capital	104.6	9.5	95.1	n.s.

Below is an analysis of the data for the SEAT Business Area, for ProntoSeat S.r.l. and for Glamoo.

SEAT

This area comprises the data relating to Seat Pagine Gialle S.p.A. and the 74 Digital Local Services companies set up to provide greater oversight of the sales network and support agents and customers.

The table below shows the main results for 2014 compared with those from the previous year:

<i>(euro million)</i>	Year 2014	Year 2013	Change	
			Absolute	%
Revenues from sales and services	388.9	474.9	(86.0)	(18.1)
GOP	60.6	133.3	(72.7)	(54.5)
EBITDA	32.5	92.2	(59.7)	(64.8)
EBIT	(13.2)	(216.6)	203.4	93.9
Capital expenditure	27.1	29.8	(2.7)	(9.1)
Average workforce	1,462	1,467	(5)	(0.3)
Net invested capital	92.6	8.5	84.1	n.s.

SEAT's **revenues from sales and services** totaled € 388.9 million in 2014, down by 18.1% on 2013, essentially in line with the planned objective of € 400 million set forth in the budget. In this regard, the difference compared with the forecast is largely due to lower online revenues recognized for the year, in applying the calculation algorithm adopted in 2012 for revenues, at the time subject to the practice of renewing contracts ahead of their expiry.

More specifically:

a) Core revenues: this item totaled € 340.5 million in 2014, down by 20.8% year-on-year. They break down as follows:

- *print:* revenues from print products, including revenues from the two Pagine Gialle and Pagine Bianche e-book apps for iPad, launched in late April 2011, totaled € 81.9 million in 2014, down by 32.3% compared with the previous year, with revenues falling for both PAGINEBIANCHE® and PAGINEGIALLE®;
- *online&mobile:* online&mobile products generated revenues of € 250.3 million in 2014, down by 14.0% on the previous year. Net of the spin-off of the online revenues of PAGINEBIANCHE®, traditional advertising and online marketing revenues fell by 10.5%. Revenues from

online&mobile products accounted for 64.2% of total revenue during the period. Some of the most significant product development initiatives include the December launch of the simple, effective and innovative "ADV on Facebook" product allowing all merchants, SMEs and economic operators to plan veritable hyper-local adv campaigns to reach a specific target demographic.

Total traffic, including visits to PAGINEGIALLE.it® from both the web and mobile devices and to customers' online and mobile sites, amounted to approximately 366.1 million visits in 2014, up by 10.9% compared with the previous year. Visits to PAGINEGIALLE.it®, PagineGialle Mobile, 89.24.24 Mobile and Glamoo Mobile increased (+10.7% to 252.8 million), as did visits to web and mobile sites created for SEAT customers (+11.4% to 113.1 million). Visits to PAGINEBIANCHE.it® amounted to approximately 169.9 million during the period, up by 5.1% compared with the previous year. As at the end of December, downloads of SEAT mobile apps were in excess of approximately 8.9 million (+27.9% compared with December 2013) for Apple devices and the other major platforms, with 3.5 million downloads (around 39.7% of the total) for PagineGialle Mobile, 3.0 million (approximately 33.3%) for PagineBianche Mobile, 1.8 million (approximately 20.3%) for TuttocittàMobile and 0.3 million each for Glamoo Mobile and 89.24.24 Mobile. In this regard, in December, Seat PG's app range was enhanced with the launch of the "Giallo Emergenza" tool for smartphones and tablets, which suggests and notifies users of the real-time availability of all emergency professionals for car, health and other assistance needs, as well as for help at home.

- *voice*: advertising revenue from the 89.24.24 Pronto PAGINEGIALLE® and 12.40 Pronto PAGINEBIANCHE® services totaled € 8.4 million, down by € 9.7 million (-53.7%) compared with 2013.

b) Other revenue and products: revenue from other products amounted to € 48.4 million in 2014, up by 7.3% compared with 2013. Media agency revenue (€ 10.0 million, mostly referring to the current TV offer with Sky) in particular contributed to this trend due to partnership agreements entered into with important media companies, as did revenue from direct marketing products and merchandising (€ 8.2 million), which was up by € 3.8 million compared with 2013. Among others, revenue from voice traffic generated by the 89.24.24 Pronto PAGINEGIALLE® and 12.40 Pronto PAGINEBIANCHE® services was down to € 19.5 million, a reduction of € 7.5 million (-27.9%) compared with 2013.

GOP totaled € 60.6 million in 2014 down by € 72.7 million compared with the previous year. The reduction is due to the fall in revenue, which was offset only partially by lower operating costs.

Materials and external services, net of costs debited to third parties, totaled € 248.6 million in 2014, down by € 7.8 million (-3.1%) compared with the previous year. Specifically, *industrial costs* of € 107.4 million in 2014 were € 0.5 million lower than in 2013 (€ 107.9 million) due mainly to the fall in print revenue and consequent reduction in volumes printed and to lower labor costs. In addition, tariffs decreased by approximately 40% following the renegotiation of the contract with the printing company, the ILTE/Rotosud group. The fall in the volume of calls to the 89.24.24 Pronto PAGINEGIALLE® and 12.40 Pronto PAGINEBIANCHE® services caused inbound call center service costs to fall by € 2.1 million, to € 8.7 million. Commissions rose significantly by € 2.9 million to € 34.8 million due to the management of online offers aimed at increasing web traffic and the new media agency services.

Commercial costs fell by € 1.6 million to € 95.8 million in 2014 compared with the previous year (€ 97.4 million), owing to lower advertising spending (down to € 15.1 million in 2014, a decline of € 7.4 million compared with last year). Commissions and other agent costs increased by € 6.2 million due to the introduction of a new sales force commission model in early 2014, based on which agents receive a fixed bonus for the visits they make each month.

Overheads totaled € 45.3 million in 2014, down by € 5.7 million compared with last year.

Salaries, wages and employee benefits, net of recovered costs for personnel seconded to other Group companies, totaled € 79.7 million, down € 5.5 million (-6.5%) compared with 2013. The full implementation of the new sales organizational structure, which transformed zone managers into SEAT employees while also expanding coverage throughout the country (DLS), resulted in € 5.8 million in higher expenses in 2014. However, these higher costs were more than offset by savings achieved by downsizing management staff and, for the rest, by activating solidarity arrangements (wage guarantee fund on a rotating basis).

The workforce, including directors, project workers and trainees, consisted of 1,539 employees as at December 31, 2014 (1,629 employees as at December 31, 2013).

EBITDA amounted to € 32.5 million in 2014, down by € 59.7 million compared with 2013 (-64.8%) and representing a margin of 8.4% (19.4% in the previous year). The margin essentially reflects the downward trend in GOP, offset partially by lower provisions to the allowance for doubtful trade receivables (€ 16.0 million). Provisions to the allowance

for doubtful trade receivables totaled € 24.9 million. Although this was down compared with the previous year, it still enabled sufficient coverage of past-due receivables.

EBIT was -€ 13.2 million in 2014, reflecting the trend in EBITDA, and included operating and non-operating amortization, depreciation and write-downs of € 39.8 million and net non-recurring expense of € 5.8 million, which includes € 7.4 million for consultancy and other expenses connected with the composition with creditors procedure, and benefits from the € 7.9 million revision of the estimated liability recognized previously in the provision for risks and charges for the dispute with ILTE/Rotosud, as a result of the settlement agreement entered into and authorized by the competent bodies of the composition with creditors procedure, which put an end to the dispute that had arisen with one of the company's top suppliers and made it possible to establish a relationship with the printing company for the 2014-2016 period.

Capital expenditure amounted to € 27.1 million in 2014, and related mainly to: *i*) improvements to the online and mobile platforms (approximately € 7.5 million), relating to structural updates to improve the performance of the integration between the various systems and developments that enable customers to use Content Management Systems for real-time updating and publication of content, as well as for the identification of

new graphical/functional solutions for the various web portals; *ii*) improvements to commercial online products (approximately € 4.7 million), relating mainly to product development, the optimization of mobile graphic design, developments for the new range of websites, smart sites and the Wi-Fi offer, and the creation of new custom-made product lines for customers that want to customize digital communications services; *iii*) commercial and publishing improvements (approximately € 8.3 million) to upgrade the systems and adapt them to new product ranges; and *iv*) the acquisition of software to be used for technological updates for agents and employees (approximately € 4.1 million).

The **average workforce** amounted to 1,462 in 2014, compared with 1,467 in 2013. This increase in employees, due to the implementation of the New Sales Model, was offset by staff restructuring measures.

Net of the book value of equity investments in subsidiaries, **net invested capital** totaled € 92.6 million as at December 31, 2014, up by € 84.1 million compared with December 31, 2013 (€ 8.5 million), owing mainly to the reduction of € 45.8 million in trade receivables, offset by the € 78.1 million decrease in operating debts and trade payables and the decrease of € 42.2 million in non-operating reserves, mainly due to the extinguishing of debts as a result of the composition with creditors procedure.

Glamoo group

Wholly owned by Seat Pagine Gialle S.p.A.

Glamoo S.r.l. works in the e-commerce sector's flash sale segment, which was introduced in Italy in 2003.

The company has three business lines within this segment: *Local Couponing*, *Products* and *Travel*.

With *Local Couponing*, users can take advantage of special offers from local businesses (restaurants, wellness centers, events, etc.) in more than 50 Italian provinces. The *Products* line operates in partnership with several internationally known brands to cover all of the main product sectors from fashion to electronics, and from furnishings to gadgets.

Travel offers users deals on short trips (weekend getaway in Italy) as well as longer trips.

With around two million registered users, a portfolio of commercial relationships developed over four years and significant brand equity, Glamoo is a leader in Italy.

Glamoo Ltd and its wholly owned operating subsidiary Glamoo S.r.l. have been consolidated since May 31, 2014. Therefore, the table includes their economic data from June 1 to December 31, 2014

<i>(euro million)</i>	Year 2014	Year 2013	Change Absolute	%
Revenues from sales and services	1.0	-	1.0	n.s.
GOP	(1.4)	-	(1.4)	n.s.
EBITDA	(1.5)	-	(1.5)	n.s.
EBIT	(2.0)	-	(2.0)	n.s.
Average workforce	29	-	29	n.s.

From June 1 to December 31, 2014, **revenues from sales and services** amounted to € 1.0 million.

This downward trend compared with prior years was due to the serious economic crisis that also began to impact the couponing sector during the year, in addition to the lack of significant advertising investments beginning in the final months of 2013.

However, in the last quarter of the year, some activities and initiatives were launched to boost sales, such as the

commercial agreement with Groupalia, as were initiatives aimed at increasing turnover from traditional and new major customers and brands.

The **GOP** amounted to a loss of € 1.4 million.

EBITDA and **EBIT**, which showed respective losses of € 1.5 million and € 2.0 million, performed in line with **GOP**.

In 2014, the **average workforce** was 29 employees.

Prontoseat S.r.l.

Wholly owned by Seat Pagine Gialle S.p.A.

Main company events

On October 30, 2014, the Prontoseat S.r.l. Board of Directors decided to transfer the registered office in Turin from Via Sant'Ambrogio 21/E to Corso Svizzera 185.

The table below shows the main results for 2014 compared with those from the previous year:

(euro million)	Year 2014	Year 2013	Change	
			Absolute	%
Revenues from sales and services	3.7	5.5	(1.8)	(32.7)
GOP	(0.6)	(0.3)	(0.3)	(100.0)
EBITDA	(0.6)	(0.7)	0.1	14.3
EBIT	(0.9)	(0.9)	-	-
Capital expenditure	0.2	0.1	0.1	100.0
Average workforce	122	138	(16)	(11.6)
Net invested capital	0.6	1.0	(0.4)	(40.0)

Revenues from sales and services totaled € 3.7 million in 2014, down by 32.7% compared with the previous year. This reduction in turnover was essentially due to the fall in outbound revenue (–€ 1.4 million compared with 2013) as a result of fewer telephone sales since the 12.40 Pronto PAGINEBIANCHE® service is no longer managed on behalf of SEAT.

Inbound revenue fell by € 0.7 million following the termination in the final quarter of 2013 of the agreement with SEAT for the management of calls to the 89.24.24 Prontissimo service.

Despite revenue falling by € 1.8 million, **GOP** was down by only € 0.3 million compared with the previous year owing mainly to lower salaries, wages and employee benefits as a result of there being fewer telephone operators, and a thorough cost-cutting policy.

EBITDA and **EBIT**, which showed respective losses of € 0.6 million and € 0.9 million, performed in line with GOP.

The **average workforce** (122 employees in 2014) fell by 16 compared with the previous year.

Regulation

The regulations applicable to the activities carried out by the SEAT Group in general and by Seat Pagine Gialle S.p.A. in particular fall under the scope of the package of EU Directives on telecommunications:

Directive **2002/19/EC** on access to electronic communications networks; Directive **2002/20/EC** on the authorization of electronic communications networks and services; Directive **2002/21/EC** on a common regulatory framework for electronic communications networks and services; Directive **2002/22/EC** on universal service; and Directive **2002/58/EC** on the processing of personal data and the protection of privacy in the electronic communications sector.

These directives were reformed and, at the end of 2009, the European Commission approved a new package of regulations: **Directive 2009/140/EC** (Directive for "Better Regulation"); **Directive 2009/136/EC** (Directive on "Citizens' Rights"); and **Regulation (EC) No 1211/2009**, which set up a supranational regulatory body, BEREC (Body of European Regulators for Electronic Communications).

While the reform came into force on May 25, 2011 in most EU countries, in Italy the timeframe for adoption was longer:

- On June 1, 2012, the new **Electronic Communications Code** came into force through Legislative Decree 70 of May 28, 2012 (implementing EU Directive 2009/140/EC). As far as Seat Pagine Gialle is concerned, the most important aspect introduced by the decree is the exclusion of telephone directories from the universal-service obligations.

- On May 28, 2012, **Legislative Decree 69** (implementing EU Directives 136/2009/EC and 140/2009/EC) was issued, introducing a number of amendments to the Personal Data Protection Code (Legislative Decree 69/2012). The aspect most relevant to the Company concerns the regulations governing the use of cookies, which state that, in order for cookies to be installed on a user's computer (for marketing or other identification purposes) the user must receive clear notification and give their express authorization. The Italian data protection authority has issued a general measure establishing detailed rules on the technical and communication methods used to send this online notification, to inform users about the use of cookies and provide instructions to obtain consent (when required by law). These provisions must be implemented within one year of the date on which the measure was published in the Italian Official Gazette of June 3, 2014.
- In January 2012, the European Commission presented its draft General Data Protection Regulation, which will supersede Directive 95/46/EC and will govern the new European legal framework on data protection, together with a directive on data processing for judicial and police purposes (this is also under discussion). Once approved, the EU Regulation shall immediately become enforceable. Unlike directives, it will not need to go through the transposition process in each Member State.

SEAT actively participated in the discussions on the text and submitted its own position paper to ensure that the final version of the Regulation takes our recommendations into consideration.

Privacy - Telemarketing - New rules on the processing of data relating to persons included in public directories of telephone service subscribers: introduction of the opt-out principle and creation of the objections register

Law 166 of November 20, 2009 ("Urgent provisions for the implementation of EU obligations and the execution of judgments of the Court of Justice of the European Union") converted Decree 135 of September 25, 2009 (the "Malan amendment") into law and made significant amendments to Article 130 of the personal data protection code ("unwanted communication"). The new provisions of law permit telephone processing of the data of subscribers included in telephone directories

for advertising, direct sales, market research and commercial communications purposes for those who have not exercised their right to opt out. Subscribers may opt out by including their telephone number in a public opt-out register created on November 2, 2010 following the publication of Presidential Decree 178 of September 7, 2010, "**Public register of subscribers opposed to the use of their telephone number for direct-marketing purposes**". The register, which is

managed by the Ugo Bordononi Foundation, was activated on February 1, 2011.

With effect from this date:

- companies operating in the telemarketing sector may no longer contact subscribers with numbers included in the register. All telesales lists taken from telephone directories (such as Pagine Bianche and Pagine Gialle) must therefore be checked against the opt-out database before being used. The validity of lists containing the names of subscribers who can be contacted has been reduced to 15 days;
- direct-marketing companies must describe themselves as such to the Ugo Bordononi Foundation and must sign a contract under which they agree to match their lists with the opt-out database.

The Order of the Italian data protection authority issued on January 19, 2011 ("Regulations on operator-assisted telephone processing of personal data for marketing purposes following the creation of the public opt-out register") stipulates that the new regulatory framework also gives businesses the right to opt out.

Therefore, telesales of the products of any company aimed at a business audience may be carried out using the aforementioned matching procedure (or using lists of parties that have given their express consent). SEAT has

therefore signed up to the opt-out register for matching. In February 2011, the Italian data protection authority issued Order 73 of February 24, 2011 ("Models of information and request for consent to process personal data of subscribers to fixed and mobile telephone services"), which, in light of the introduction of the new opt-out regime for telemarketing activities, is aimed at telecommunications operators, with a view to clarifying the methods of including and/or keeping the data of subscribers in the single database and the publication of these data in directories.

Lastly, on May 22, 2011, the previous regulation on postal marketing, which established an opt-out system (the possibility of being contacted without express consent), without prejudice to the right of individuals to object to postal marketing by signing up to the public opt-out register, was modified within the "Development Decree" (Legislative Decree 70 of May 22, 2011, Article 6). As a result, regulations on direct marketing provided for equal treatment for telephone and postal marketing.

For Seat, the only consequence of these new provisions is the removal of the "envelope" symbol printed in the Pagine Bianche directory to indicate (under the previous regime) consent from the subscriber to receive postal marketing. This will take place as soon as an implementing order is issued by the Italian data protection authority.

Other activities \

Main company events

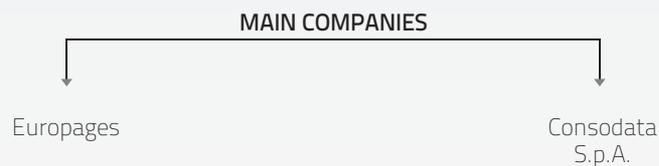
On March 13, 2014, the entire equity investment in Cipi S.p.A. - a wholly owned subsidiary of Seat Pagine Gialle Italia S.p.A. that has been operating in the promotional items and corporate gifts sector since 1964 - was sold to CIFIN S.r.l., since it was no longer considered to be compatible with the Group's activities. This transaction was authorized by the competent bodies under the ongoing composition with creditors procedure.

On October 3, 2014, the Consodata S.p.A. Board of Directors passed a resolution to acquire the entire share capital of "DEALCOME S.r.l." - a special purpose company - at the price of € 13,905.00, to access the face-to-face market.

On October 24, 2014, the Dealcome S.r.l. Extraordinary Shareholders' Meeting approved a capital increase from € 10,000.00 to € 20,000.00.

Structure of the Business Area

This Business Area comprises all activities not included in the previous area. It is organized as follows:



Economic and financial data

The table below shows the main results for 2014 compared with those from the previous year:

<i>(euro million)</i>	Year 2014	Year 2013	Change	
			Absolute	%
Revenues from sales and services	24.3	36.6	(12.3)	(33.6)
GOP	0.9	(0.9)	1.8	n.s.
EBITDA	0.4	(2.0)	2.4	n.s.
EBIT	(6.3)	(17.0)	10.7	62.9
Capital expenditure	2.6	4.3	(1.7)	(39.5)
Average workforce	172	293	(121)	(41.3)
Net invested capital	5.5	10.0	(4.5)	(45.0)

Below is an analysis of the data for each company that makes up the Business Area.

Europages

Seat Pagine Gialle S.p.A. holds 98.37%

Europages is a lead generation and company search platform operating in the business-to-business (B2B) segment. It has a multilingual search engine that allows users to select and contact potential suppliers, clients and distributors from 35 countries, mainly in Europe. Firms are free to create their own profile on web pages that are set up for indexing on the major search engines. Europages gives its members the chance to manage

published content and to monitor a series of useful indicators for optimizing results. Its database consists of more than 2.6 million companies.

Europages offers a thorough range of services for online marketing on company-owned media, from positioning in multilingual search results to display advertising, from online catalogs to email campaigns.

The table below shows the main results for 2014 compared with those from the previous year:

(euro million)	Year 2014	Year 2013	Change	
			Absolute	%
Revenues from sales and services	8.0	9.8	(1.8)	(18.4)
GOP	(1.8)	(1.1)	(0.7)	(63.6)
EBITDA	(1.9)	(1.4)	(0.5)	(35.7)
EBIT	(2.8)	(2.4)	(0.4)	(16.7)
Capital expenditure	0.1	0.7	(0.6)	(85.7)
Average workforce	72	82	(10)	(12.2)
Net invested capital	(2.7)	(0.9)	(1.8)	n.s.

In 2014, revenues from sales and services totaled € 8.0 million (€ 9.8 million in 2013). Difficulties continue in Italy, which had a 24.5% decline in turnover since the previous year (-46% in 2013). Trends continue to suffer from economic difficulties and the continuation of negative advertising market performance. Revenue in other countries remained substantially stable; declines in countries such as France and Spain were largely offset by positive trends in Germany and Benelux.

The online search segment has experienced profound changes in the last two years. This segment is dominated by the most popular search engines, especially Google, which have accelerated the frequency and extent of changes in algorithms as well as search result selection and display criteria. Another important change under way is the increasingly widespread use of mobile devices, which has had a stunning impact on search platform use methods, especially in the B2B segment where consultation is still easier on traditional devices than on mobile devices.

The company responded to these changes in 2013 by launching a restructuring process on all language versions

of the platform. This process involved the replacement and re-indexing of all pages on the site, with the pages with poor content removed so as to improve the quality of visits.

A reduction in indexed pages means significantly lower traffic volumes. To date, traffic has stabilized at over 2 million visits per month. The main traffic quality indicators, such as the number of pages viewed per visitor, the number of searches and visit duration, are up.

GOP was -€ 1.8 million (compared with -€ 1.1 million in 2012), owing to the aforementioned fall in revenues.

EBITDA and **EBIT** were -€ 1.9 million and -€ 2.8 million respectively (-€ 1.4 million and -€ 2.4 million respectively in 2013), performing in line with **GOP**.

The **average workforce** was 72 employees in 2014, down from 82 in 2013.

Net invested capital was -€ 2.7 million as at December 31, 2014 (compared with -€ 0.9 million as at December 31, 2013).

Consodata S.p.A.

Wholly owned subsidiary of Seat Pagine Gialle S.p.A.

Consodata S.p.A., the market leader in Italy for one-to-one marketing and geomarketing, with an increasingly significant presence in the promising business&credit information market, has been offering wide-ranging and innovative customer acquisition, evaluation and

management services to thousands of businesses operating in various product sectors for over 20 years. Consodata S.p.A.'s business is focused on the wealth of personal and statistical information in its database and on its recognized data processing and leveraging skills.

The table below shows the main results for 2014 compared with those from the previous year:

(euro million)	Year 2014	Year 2013	Change	
			Absolute	%
Revenues from sales and services	16.3	15.7	0.6	3.8
GOP	2.6	1.6	1.0	62.5
EBITDA	2.3	1.5	0.8	53.3
EBIT	(3.5)	(3.2)	(0.3)	(9.4)
Capital expenditure	2.5	3.6	(1.1)	(30.6)
Average workforce	100	105	(5.0)	(4.8)
Net invested capital	8.2	9.4	(1.2)	(12.8)

Revenues from sales and services totaled € 16.3 million in 2014, up by 3.8% compared with the previous year.

This increase stems from higher sales by the SEAT agent network (+€ 1.8 million compared with the previous year), driven by positive performance of publishing products linked to summer 2014 sporting events (World Cup). Revenue was also driven by improving performance by the Consodata sales agent network (+8% on 2013) due to the sale of own-brand commercial information products and services (in line with the company strategy of devoting increasing attention to this product line).

Revenues from products and services marketed by the Large Clients channel were down 19% due to the gradual downturn in direct marketing campaign, data and geomarketing product sales.

Revenue continued to rise in the business&credit information area in 2014, amounting to € 3.3 million (+€ 0.8 million compared with 2013), in line with the increasing strategic focus on this area and product type.

The overall increase in revenues, combined with improved sales margins due to the different mix of products sold and the pursuit of operational efficiency in overheads, made it possible to achieve a **GOP** of € 2.6 million in 2014, up by € 1.0 million compared with to last year.

EBITDA, at € 2.3 million, performed in line with **GOP**.

EBIT showed a loss of € 3.5 million (loss of € 3.2 million in 2013), down by € 0.3 million compared with the previous year, mainly due to costs incurred in the company's staff restructuring process.

Capital expenditure in 2014 amounted to € 2.5 million, down by € 1.1 million year-on-year (€ 3.6 million last year) due to the optimization of investments in data and software. In addition to the usual development of software platforms, capital expenditure focused on enhancing databases and purchasing data banks.

The **average workforce** was 100 employees in 2014, down from 105 in 2013.

Net invested capital stood at € 8.2 million as at December 31, 2014 (versus € 9.4 million as at December 31, 2013).

Regulation

In June 2008, the Italian data protection authority issued an order against Consodata S.p.A. preventing the company (and a number of telephone operators) from continuing to process personal data obtained from telephone directories published prior to August 1, 2005, on the grounds that such data had been obtained without providing required information to the individuals concerned or obtaining their express consent where required to do so by law.

Consodata S.p.A. appealed to the Court of Rome to have the order annulled. The appeal was rejected in light of new legislation (the "one thousand extensions decree") allowing subscriber data obtained prior to August 2005 to be used by direct marketing operators until December 31, 2009.

At the end of November 2009, the authority issued a prohibitive order, which Consodata also appealed before the Court of Rome. On October 5, 2011, the Court of Rome totally rejected the appeal lodged by Consodata on March 19, 2010. It was therefore confirmed that Consodata was not able to use data obtained without specific consent, apart from for postal purposes.

In February 2010, the authority gave notification that it was initiating a sanction procedure relating to certain databases used by Consodata S.p.A., giving the company the possibility to either submit a statement of defense to

the authority or pay a reduced amount of the fine issued via a cash settlement. The company again decided to submit a statement of defense in order to clarify its actions.

In response to this statement, the authority acknowledged Consodata's new operational set-up for controlling data processing and reiterated the need for specific consent to data processing to be obtained for each method used to contact subscribers. The authority also accepted the company's proposal to use the data contained in some of its databases where consent had been given, in compliance with the principle of "single use" (whereby the customer undertakes to restore or delete the data after an agreed period of use).

On January 10, 2013, an order of injunction was finally issued to definitively impose the fine resulting from the prohibitive order issued by the Italian data protection authority on November 26, 2009. Through this order of injunction, which imposed a fine of € 0.4 million in total, the authority issued a severe and definitive punishment, but also acknowledged that Consodata has substantially altered its behavior since 2009 with a view to bringing a more cautious and informed approach to its operating and commercial processes.

Other information \

Human resources \

Seat Pagine Gialle Group

	As at 12.31.2014	As at 12.31.2013	Change
Employees	1,916	2,003	(87)
Directors, project workers and trainees	16	26	(10)
Total workforce at the end of the year	1,932	2,029	(97)

	Year 2014	Year 2013	Change
Senior managers	111	124	(13)
Managers	212	236	(24)
White collars	1,333	1,349	(16)
Blue collars	-	42	(42)
Journalists	1	1	-
Call operators	95	100	(5)
Employees	1,752	1,852	(100)
Directors, projects workers and trainees	33	46	(13)
Average workforce for the year	1,785	1,898	(113)

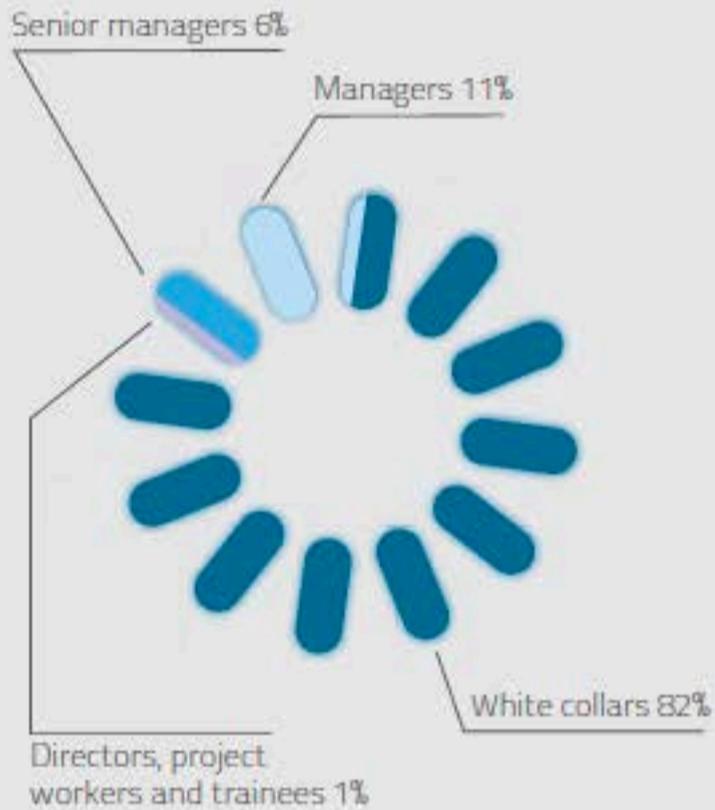
The Seat Pagine Gialle Group had a total workforce of 1,932 employees as at December 31, 2014, down by 97 compared with December 31, 2013, with an average workforce during the year of 1,785 employees (1,898 employees in 2013).

Despite the increase of 23 employees due to the consolidation of Glamoo Ltd and Glamoo S.r.l., the workforce had decreased by a total of 97 at the end of 2014 mainly due to the restructuring process in all group companies.

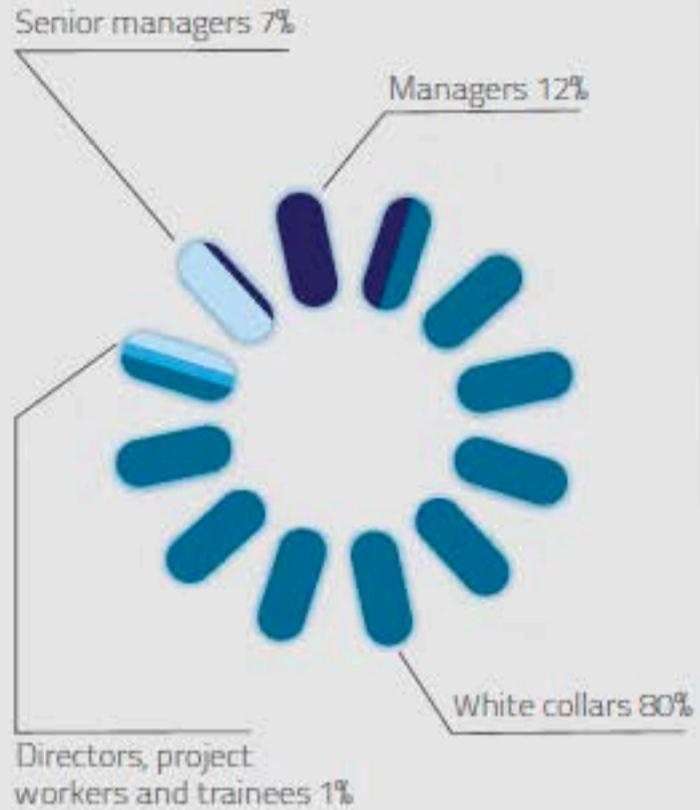
In 2014, the average workforce was 1,785 employees (1,898 in 2013, 106 of whom were from Cipi S.r.l.).

As regards the distribution of human resources across the various Business Areas, the SEAT Business Area (Seat Pagine Gialle S.p.A. and the Digital Local Services companies) employed 81.9% of the average total workforce in 2014, despite having generated approximately 95.2% of the revenue in 2014.

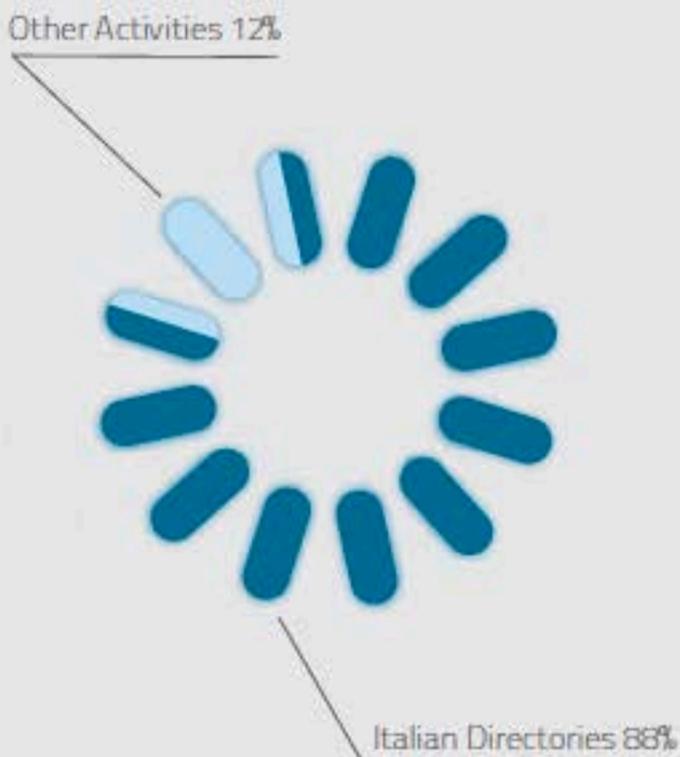
Seat Pagine Gialle Group



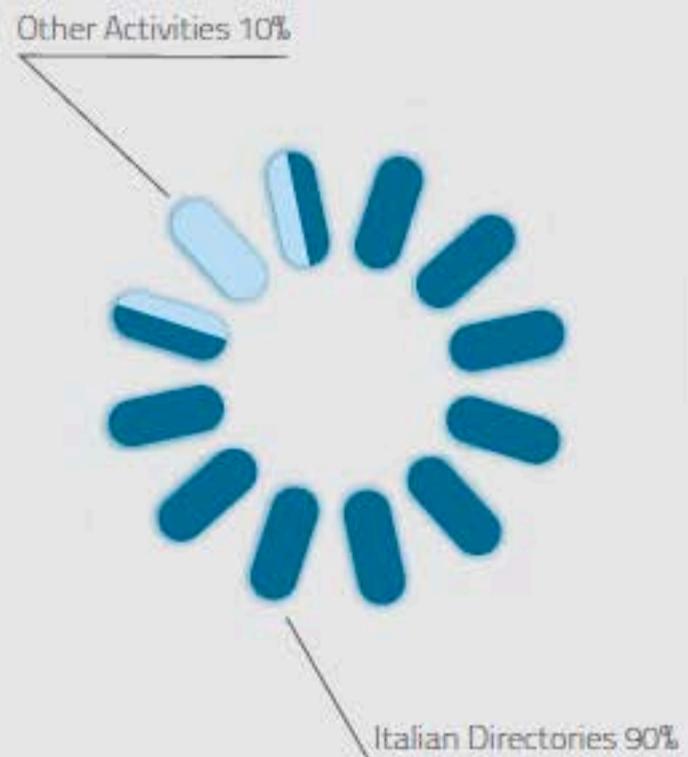
SEAT (Seat Pagine Gialle S.p.A., Digital Local Services)



Labor cost by Business Area



Average workforce by Business Area



SEAT Business Area (Seat Pagine Gialle S.p.A. and the Digital Local Services companies)

	As at 12.31.2014	As at 12.31.2013	Change
Employees	1,528	1,608	(80)
Directors, project workers and trainees	11	21	(10)
Total workforce at the end of the year	1,539	1,629	(90)

	Year 2014	Year 2013	Change
Senior managers	103	112	(9)
Managers	179	199	(20)
White collars	1,152	1,113	39
Journalists	1	1	-
Employees	1,435	1,425	10
Directors, projects workers and trainees	27	42	(15)
Average workforce for the year	1,462	1,467	(5)

The *New Sales Model* introduced in 2013 became fully operational in 2014. Therefore, the year closed with 512 resources in the Digital Local Services companies, an increase of around 35 compared with the end of the previous year. At the same time, the Seat Pagine Gialle S.p.A. staff decreased by 115, to 1,016 resources, due to the continuing implementation of the restructuring plan. The length of time on the job of trainees participating in the Talent Factory project (recruitment and training of

young sales staff) was also reduced, helping to cut back a total of 90 resources by year-end.

The reduction of the average workforce during the period was less evident. For the Digital Local Services companies, this phenomenon is linked to the reinforcement of the *New Sales Model* in 2014, compared with the gradual hire of new resources in 2013; for Seat Pagine Gialle S.p.A., it is linked to the departure in 2014 of resources subject to the CIGS arrangement in 2013.

Sales network

As at December 31, 2014, Seat Pagine Gialle S.p.A.'s sales network comprised 1,393 agents and dealers and 137 employees, categorized by type of customer and market potential. To be more specific:

- the National Clients segment, which comprises nationwide companies with specific communication needs, is served by a sales force of 24 employees, consisting of a channel head; 8 sales/area/channel managers and 18 key account managers, in addition to 11 agents. The network is supported by a team of highly skilled specialists who are responsible for overseeing market developments, responding to the need for innovation and specialization, proposing and developing new solutions, ensuring a service level-based market approach following accurate customer segmentation, and sharing expertise within the organization;

- the SME segment, which ranges from small businesses to high-spending clients with local and specialized service needs, is overseen by nine Regional Divisions containing 74 branches (SEAT Media Agencies) managed by employee field managers and a telephone sales channel that also manages customer care and retention. Each structure provides the network with support with planning, training coordination, sales operations and couponing sales. Customers are served by a network of 1,382 agents, who cover the SME communication market, Top Customer agents, and around 600 telesales and customer care operators. The 74 SEAT Media Agencies, regional limited-liability companies wholly owned by SEAT P.G. Italia S.p.A., use a workforce of roughly 500 people to provide back office and website creation services, technical assistance, and commercial and training support to the agents.

Organizational development

In 2014, no substantial changes were made to the organizational structure. Therefore, the new organization defined in the last quarter of 2013 continued to be applied and was consolidated in 2014, involving significant

streamlining within the top management structure and the creation of four divisions reporting to the CEO: Sales & Marketing, IT & Operations, Administration, Finance & Control and HR & Organization.

Selection, training, sales & marketing and learning

As in the second half of 2013, recruiting in 2014 focused especially on junior sales positions targeted at the potential market, and 546 new resources were hired.

Search and recruitment activities also continued for positions in the DLS companies, and there are now 101 media consultants and 165 web masters.

The Talent@Factory, designed for recent graduates, continues to produce excellent results: the scheme has now been run 20 times, with more than 90 employees having been hired, including 77 involved in direct sales. At the same time, a similar project for recent high school graduates was carried out on a trial basis, as a result of which 8 hires were made in particularly critical areas in terms of recruiting.

The Company also continued its activities aimed at improving its positioning on the job market, including through the use of modern employer branding tools, with a special focus on the management of corporate career

pages on LinkedIn and the creation of fan pages on Facebook, which received more than 3,000 "likes". Employer branding is also reinforced with participation in career days and job fairs.

As part of the employee training plan financed by Fondimpresa (a fund for continuing vocational training), website design courses taught by internal instructors began being offered to IT&O Division employees.

In 2014 several Office (Excel, PowerPoint) courses were provided, based on business needs and requests.

Early in the year, the IT director and his direct reports developed the "Moments of Glory" course, which teaches employees how to develop the capacity to identify challenges, work towards objectives and overcome moments of crisis. Also within the IT&O Division, a teambuilding course was offered to create synergy between the new working groups that have been formed.

A training course on digital and social marketing with the MIP (Polytechnic University of Milan business school), designed specifically for senior employees in the online and mobile division, was completed in May with the final discussion of project work.

In December 2014, a Coaching training course was developed for field managers to support awareness of the role and provide the knowledge and tools needed to develop an action plan for employee development through coaching. In addition, the second part of the professional coaching course dedicated to training coordinators and the first part of the same course devoted to trainers began.

In February, in partnership with Internal Audit, an online questionnaire was sent to all Company employees (SEAT employees, DLS employees and the sales network) on the update to Legislative Decree 231/2001. In June, targeted sessions were organized for the various roles within the different departments both in the classroom and via streaming for the local companies (particularly for the Regional Divisions and the field managers).

In October, compulsory employee safety training (low risk) began. This course will be completed in 2015 and will involve all company employees throughout the country. In addition, refresher courses were provided for emergency response and fire prevention staff, as well as Health and Safety unit staff and managers.

Also in October, the Large Customer account managers took a two-day course on sales, in collaboration with Studio Ambrosetti.

In partnership with the MIP (Polytechnic University of Milan business school), a technical and behavioral training course called MI.TO was launched for 60 resources in the IT&OP Division. This course will be completed in May 2015 with the discussion of project work.

In November, the process of planning and organizing English language courses began with the administration of proficiency testing, to collect the information needed to identify the most suitable course type for each employee (classroom or online).

A course consisting of one day in the classroom and subsequent coaching sessions by phone was also designed and launched to support middle management in communications and providing effective feedback to colleagues. The course will continue in the beginning of 2015 until it has been completed by the entire target population.

In December, planning began on a training project regarding resilience, which will engage all employees to promote the enhancement of skills and positive change management.

The course is expected to kick off in February 2015.

In December, some employees participated in a storytelling course organized with the Holden School in Turin.

During the year, individual employees also attended external courses on specialized topics as requested by the management.

With regard to specialist training, technical courses were organized for IT staff and the Product Division. Refresher courses on office automation were held for a total of 312 employees, including some from the Digital Local Services companies.

Throughout 2014, a total of 56 orientation courses were held for new Sales Assistants. A new orientation process was also established with the introduction of an initial e-learning component followed by classroom training alternating with on-the-job training and in-the-field sales training. The first pilots of this course will take place in early 2015.

A new training course was also designed for team leaders to improve their managerial skills, particularly skills relating to the recruitment, management and motivation of the sales force, as well as providing feedback.

In 2014, Digital Local Services company employees (back office (BO) staff, web masters and media consultants) underwent skill mapping and were offered technical and behavioral training for their specific roles.

The training initiatives planned and completed include courses to enhance knowledge about products, proprietary web platforms and copywriting for web masters (Gestionale and Smarteditor 3.0 for local website creation and copywriting course for web content development) and orientation courses providing information about the range of websites and the use of all platforms. Classroom management courses were also provided for the media consultants (public speaking training sessions). The media consultants also enrolled and participated in 7 events and seminars on digital topics and attended webinars on ADWORDS conducted by a Google instructor to continuously develop and refresh their knowledge.

A media planning training course was also planned and provided with the MIP (Polytechnic University of Milan business school), with the participation of all 120 media consultants and digital consultants.

For DLS back office resources, Office (Excel) training continued with a view to boosting autonomy in the management of office activities.

Activities also included the design, planning and launch of new products/tools across the entire salesforce.

More specifically, the following were introduced: offerings relating to specialized national and local products (Gambero Rosso, SKY Diventa protagonista, Cairo Di più, Rai, CentoStazioni, TeleLombardia, AVIP, Radio, Stadiums, etc.), new web products (new e-commerce project flow, new pg.it, PGC in different languages, SmartSites in different languages, Adv on FB, etc.) and innovations relating to the Smartbook product.

New payment conditions and new sales procedures were also rolled out with dedicated contracts and offers.

New multimedia tools were designed and created (2 apps to calculate offer pricing and payment conditions) and new sections were developed and updated on the Company's intranet, Yellow Friend, to facilitate the provision of training and information for the sales network. The 74 local SeatMediaAgency responsive design SmartSites with company fact sheets on paginegialle.it and paginebianche.it were also designed and went live. The DLS office rebranding was also completed with new display materials.

Editorial activities and content updating continue on the website and on the SEAT Media Agency national fan pages, which direct to the 74 local websites and fan pages. A publishing plan was also developed to plan and quantify 74 ADWORDS campaigns to promote and increase traffic on the DLS SmartSites.

In 2014 the logistics and organization of sales meetings, committees and plenary sessions were closely managed.

As a result of the initially positive results of a training module devoted to increasing telephone contact effectiveness, a new format named the "Media Agency Revolution" was planned for DLS back office resources, with the goal of improving existing and potential customer contact skills. This format will be rolled out in February 2015.

At the request of the telesales channel, a training module was developed and provided to improve call center operator sales effectiveness. This training will also continue in 2015.

People services

The SEAT4PEOPLE program continued its work in 2014 by signing agreements and creating initiatives for SEAT employees and agents, e.g. employee service desks located at Company offices, conventions, travel events and English courses at SEAT's offices.

The SEAT community is kept up-to-date via SEAT4PEOPLE on the Company's intranet, Company notice boards and personalized emails.

SEAT4PEOPLE also managed initiatives in collaboration with the CRAL DLF (a workers' recreational organization) and with the CUS at its offices in Turin, Rome and Milan and with the CRAL DLF at its regional offices.

SEAT4PEOPLE organized holiday camps for employees' children aged between 6 and 12 for the seventh year

running, involving approximately 80 children, in addition to the usual corporate events such as the Loyalty Award for seniority with the Company, during which 80 employees and agents were recognized, and a Christmas event for children in December.

The vehicle fleet was streamlined in order to reduce costs. The Company continues to provide health cover through Cassa Mutua, which insures around 4,000 members. During the year, the insurance company introduced a series of new functions and services for members, including online requests for reimbursements and an expansion of the provider network. The new Cassa Mutua member database management system was also designed and implemented.

Industrial relations

In 2014, the Company continued its involvement in a two-year reorganization plan (February 2013 - January 2015) defined on the basis of an agreement signed by ministers on December 21, 2012. This plan provides for a maximum of 150 employees covered by the special wage guarantee fund (CIGS) across the Company's various sites. In this context, the Company is using the tools provided for by the aforementioned agreement to manage lay-offs and CIGS coverage as well as structural redundancies, for the latter making considerable use of early retirement pursuant to Law 416/81 et seq. for publishing jobs.

Although the plan was being gradually implemented, in early 2014 it was necessary to reopen talks with unions to identify new, urgent measures to supplement the existing plan and thereby deal with a negative market situation that would not allow the Company to bring its transformation process to a successful conclusion.

To that end, a memorandum of agreement was drawn up and signed at the Ministry of Rome on February 18, 2014, providing for a review of and supplement to the reorganization plan with the involvement of all Company employees, broken down as follows:

- 30 workers will be suspended from work and pay, and placed on a zero-hours CIGS contract;
- the rest of the employees will be suspended from work and pay, and will be subject to CIGS on a rotating basis for a maximum of 35 days per person between February 2014 and January 2015.

Within this context, trade union relations were managed in accordance with the guidelines set out in the plan by holding joint talks to monitor the reorganization process and workloads as well as to manage training, particularly by defining the Company training plan financed by Fondimpresa.

Additional union agreements were also entered into as part of this reorganization to support the transformation process and overcome the challenges of the composition with creditors. In particular, agreements were made to place a moratorium on the 2014 Company bonus, clear remaining holidays from previous years and manage the new car policy, as well as on the "waiver" of tax on "2013 productivity pay" and the definition of a system of shared rules intended to improve work-life balance (covering issues such as holiday planning, Company closures, etc.).

Property and facilities management

Throughout the year, the Property and facilities management department provided ordinary and extraordinary maintenance and internal and external logistics services, as well as everyday services such as the mail service, access control, materials handling and cleaning. Throughout the year, the department was heavily involved in implementing the New Sales Model, providing property,

logistics and security services to the individual Digital Local Services companies (operational management, reviewing, maintenance, compliance, relocation and the opening of new offices).

The department was also responsible for workplace health and safety monitoring via the Health and Safety unit for all applicable areas.

a) Litigation involving Seat Pagine Gialle S.p.A.

With regard to disputes where Seat Pagine Gialle S.p.A. - as the beneficiary company of the partial proportional spin-off of Telecom Italia Media S.p.A. (hereinafter the "Spun-Off Company") - is jointly and severally liable with the Spun-Off Company, pursuant to Article 2506-quater, paragraph 3 of the Italian Civil Code, for payables arising from such disputes which have not been honored by the Spun-Off Company, there are still two proceedings ongoing against the Cecchi Gori group.

1) Deed of pledge

This concerns the proceedings brought by Finmavi and Media with the Court of Milan, seeking to ascertain the invalidity or ineffectiveness of the deed of pledge with which shares in Cecchi Gori Communication S.p.A. (now HMC) held by Media had been given in guarantee to the Spun-Off Company and, in any case, seeking an order for the Spun-Off Company to pay damages of no less than 750 billion lira, plus appreciation and interest.

After losing the case at the first two instances, Finmavi and Media filed an appeal with the Court of Cassation.

At the hearing on September 20, 2007, the court accepted the appeal of Finmavi and Media, but also accepted a ground for cross-appeal put forward by the Spun-Off Company, referring the matter to another division of the Court of Appeal of Milan, including for costs relating to the Court of Cassation. By a claim filed on November 10, 2008, Finmavi and Media resumed the case with the Court of Appeal of Milan and the Spun-Off Company entered an appearance at the hearing on March 24, 2009.

At the hearing on January 28, 2014, the proceedings were suspended following the announcement of the bankruptcy of Media Holding. Fallimento di Cecchi Gori Group Media Holding in liquidation resumed the case, and the Presiding Judge ordered the case to continue.

The closing arguments were duly presented at the hearing of June 17, 2014. By judgement of October 27, 2014 - January 20, 2015, the Court of Appeal of Milan rejected the appeal lodged by Fallimento Cecchi Gori Group Media Holding and Fallimento Cecchi Gori Group Finmavi, and sentenced them to pay the costs of all stages of the proceedings.

On April 6, 2011, Fallimento Cecchi Gori Group Fin.Ma.Vi. S.p.A. in liquidation and Cecchi Gori Group Media Holding S.r.l. in liquidation served the Spun-Off Company with an injunction to pay € 387,342,672.32, corresponding to the

value of 11,500 shares with a nominal value of 1 million lire, representing the entire share capital of Cecchi Gori Communications S.p.A.

By serving this injunction, the two parties requested the payment of the value of the shares given as security to the Spun-Off Company.

The request is part of the dispute mentioned earlier pending before the Court of Appeal of Milan, where the Cecchi Gori Group companies have already won the right to claim compensation in the form of payment of the value of the shares given as security (the present injunction appears to have been served in order to toll the statute of limitations relating to said action for compensation, given that said action is no longer part of the pending case).

TI Media responded to the injunction with a letter dated April 7, 2011.

2) Challenge of the decision of the Shareholders' Meeting of August 11, 2000

This refers to the legal proceedings brought by Finmavi and Media against HMC concerning the decisions taken on August 11, 2000 by the Extraordinary Shareholders' Meeting of Cecchi Gori Communications S.p.A., which introduced changes to the company's Articles of Association aimed at awarding special rights to category B shareholders. After losing the case at the first two levels, Finmavi and Media filed an appeal with the Court of Cassation, and the Spun-Off Company appeared at the hearing with a counter-appeal and cross-appeal on October 16, 2007.

The appeal was discussed before the Court of Cassation on September 17, 2014.

At that hearing, after the discussion, the Attorney General rejected the opposing party's appeal after correctly confirming Finmavi's lack of legal standing, already declared by the trial judge, and therefore the inadmissibility and/or lack of grounds of the appeal.

By judgement No. 1041/15 of September 17, 2014 (filed on January 21, 2015), the Court of Cassation rejected the primary petition lodged by Fallimento Finmavi, declared the cross-appeals moot and sentenced Fallimento Finmavi to cover Telecom Italia Media's legal fees.

3) Conclusion of arbitration proceedings with Rotosud S.p.A. and ILTE S.p.A.

On June 13, 2014, as authorized by the bodies of the composition with creditors procedure, the parties to the

combined arbitration proceedings, Seat Pagine Gialle S.p.A., Seat Pagine Gialle Italia S.p.A. and the Rotosud/ILTE group, entered into a settlement agreement which ended the proceedings and also put an end to the dispute with one of the Company's main suppliers and established a relationship with the printing company for the 2014-2016 three-year period. As part of the agreement, the Rotosud/ILTE group was paid € 9,850 thousand. By order of the Arbitration Board dated July 9-14, 2014, the above combined arbitration proceedings were declared settled due to the resolution of the matter in issue, with each party bearing its own legal costs.

4) Arbitration initiated by Contacta S.p.A.

In November 2014, SEAT received a request for arbitration from the Chamber of National and International Arbitration of Milan at the initiative of Contacta S.p.A., with which SEAT entered into a series of agreements in May 2010 linked to the sale of call centers (also through legal entities distinct from but associated with Contacta) dedicated to SEAT telephone services, such as 89.24.24 and 12.40, as part of the sale of business units of Telegate Italia S.r.l., at the time a member of the Group.

These five-year agreements require SEAT to guarantee the payment of a minimum guaranteed amount to Contacta S.p.A. every year. In the arbitration request the opposing party appointed its arbitrator and requested that SEAT be sentenced to pay Contacta S.p.A. € 1,669,986.49 plus VAT, interest and legal fees, equal to the difference between the sums received in 2012-2013 and the period's minimum guaranteed amount, which SEAT allegedly failed to pay, after finding that such claimed amount is not covered by the composition with creditors. On December 18, 2014, Seat Pagine Gialle S.p.A. duly entered an appearance in the arbitration proceeding by submitting its reply, in which it also appointed its own arbitrator. It requested that the opposing party's demands be rejected, that the obligations relating to the minimum guaranteed amount be found null and void (due to Contacta S.p.A.'s breach of its obligation to maintain employment levels) and, subordinately, that the amount due for this purpose be reduced, with Contacta S.p.A. sentenced to pay back € 1,735,381.20, plus interest, with offsetting between the respective items.

The two parties' arbitrators chose a third party to act as chairman of the Arbitration Board.

On March 12, 2015, the arbitration board was established and set deadlines for the parties of April 17 and May 8 for the submission of briefs. The hearing for the in-person appearance of the parties was set for May 21, 2015, and the final deadline for the arbitration award was confirmed as September 14, 2015.

5) Claim for damages

In an arraignment of 30 July 2014, Mr. Rocco Amabile and additional 32 individuals (the "Actors") - by representing minority shareholders of Seat - have hinged at the Court of Rome, an action for damages against, among others, of Seat Pagine Gialle. "Actors" have asked to establish the liability of Seat Pagine Gialle contractually and extra contractually, "the financial collapse of the company and related degradation of the stock and, consequently, to ascertain and declare the right of Actors to be recognized as having the amounts resulting banking documents attached". The facts alleged by the Actors include a series of operations that involved Seat Pagine Gialle (in particular, the merger of 2003, the distribution of a dividend in 2004, the restructuring of the Debt of 2012 and the admission to the composition with creditors procedure made in 2013).

Seat Pagine Gialle was constituted in terms calling for the rejection of the demands of Actors based on a series of preliminary objections (in particular, a lack of locus standi of Actors, lack of passive legitimacy of Seat Pagine Gialle, the statute of limitations), and as unfounded on the merits.

During the first hearing held on February 10, 2014, Actors have asked for a hearing for the personal appearance of the parties and in the alternative terms for preliminary briefs art. 183, sixth paragraph, the Civil Procedure Code. The company has insisted on the acceptance of various preliminary objections formulated as absorbent for the definition of judgment.

The outcome of the discussion, the judge granted terms for preliminary briefs art. 183, sixth paragraph, the Civil Procedure Code.

The next date for the hearing of preliminary motions is scheduled for May 19, 2015.

Corporate Governance \

Introduction

To better understand the Company's situation, please refer to the information provided regarding the composition with creditors procedure involving Seat Pagine Gialle S.p.A. and SEAT PG Italia.

Please note that:

- on April 24, 2013, the Company's Board of Directors resolved to adhere to the Corporate Governance Code for Listed Companies, as subsequently amended at the end of 2011 (the "Code"), identifying the necessary steps to be taken to adopt the recommendations set out therein;
- on July 14, 2014, the Corporate Governance Committee made some amendments to the Code with respect to those which on August 5, 2014, the Board of Directors resolved to delegate the CEO and to conduct investigations and identify the actions deemed necessary to implement the Code recommendations that have not yet been incorporated by the Company.

Management and coordination activities

SEAT is not subject to the management and coordination of other companies or entities. Pursuant to Article 2497-bis of the Italian Civil Code, as a result of the Merger, SEAT's direct subsidiaries have identified it as the party which conducts management and coordination activities.

These activities involve indicating the Group's operating and general strategic direction by defining and updating the internal control and governance model and drawing up general policies for managing financial and human resources, procuring factors of production, training and communication.

Company organization

SEAT has a traditional organizational structure, consisting of:

- Shareholders' Meeting
- Board of Directors
- Board of Statutory Auditors

The legal auditing of accounts is entrusted to the Independent Auditors.

The Board of Directors plays a central role in the Company's corporate-governance system. It meets regularly (usually once a month, though the meetings were more frequent in

2014 due to the Company's composition with creditors procedure) and is structured and operates in such a way as to ensure the effective and efficient performance of its duties.

The Board is invested with the broadest powers for the ordinary and extraordinary administration of the Company. It is therefore able to take any measure it deems appropriate to implement and achieve corporate goals in Italy and abroad, with the sole exception of measures which, by law, are the preserve of the Shareholders' Meeting (Article 19 of the Articles of Association).

Board of Directors

Following the completion of the Restructuring, the Ordinary Shareholders' Meeting of October 22, 2012 resolved to:

- set the number of members of the Board of Directors at nine and fix its term of office until the approval of the financial statements for the year to December 31, 2014;
- appoint Guido de Vivo, Vincenzo Santelia, Chiara Damiana Maria Burberi, Mauro Pretolani, Paul Douek, Luca Rossetto, Francesca Fiore, Harald Rösch and Mauro Del Rio as directors (all of whom were selected from the only list submitted by the Shareholders' Meeting), and appoint Guido de Vivo as Chairman of the Board of Directors. This resolution was passed with the approval of 62.99% of the voting capital.

Directors Chiara Damiana Maria Burberi, Mauro Pretolani, Luca Rossetto, Francesca Fiore, Harald Rösch and Mauro Del Rio stated that they met the independence criteria set forth in Articles 147-ter, paragraph 4, and 148, paragraph 3, of Legislative Decree 58/1998 and in the Code (see below).

Furthermore, on October 26, 2012, the Board of Directors appointed Vincenzo Santelia as CEO of the Company.

On July 25, 2013, the Ordinary Shareholders' Meeting resolved to appoint Michaela Castelli, who had been co-opted on July 10, 2013, to the Board of Directors (subject to a check on whether she met the independence requirements) to replace Paul Douek, who resigned with effect from April 29, 2013.

On January 2, 2015, Guido De Vivo resigned from the position of Director and, as a result, from the position of Chairman of the Board of Directors. On January 14, 2015, the Board of Directors, acknowledging this resignation, decided not to take any decision concerning a replacement since the term of office of the current management body will expire with the approval of the financial statements as at December 31, 2014.

The appointment of directors is governed by Article 14 of the Articles of Association, which was most recently modified by the Extraordinary Shareholders' Meeting on June 12, 2012.

Specifically, the proposed changes to Article 14 of the Articles of Association (Composition of the Board of Directors) arose from the need to comply with the regulations introduced by Law 120 of July 12, 2011 concerning gender balance in the composition of the management and control bodies of listed companies, which, by changing the provisions on the appointment of members of management and control bodies set out in Legislative Decree 58 of February 24, 1998, as subsequently amended (the "Consolidated Finance Act"), require listed

companies to comply with gender balance criteria under which the least represented gender must account for at least one fifth of members for the first term following August 12, 2012 and at least one third for the two subsequent terms.

Furthermore, the Issuers' Regulation requires listed companies, inter alia, to set out rules in their articles of association governing the compilation of lists and the replacement of board members whose terms come to an end, in order to guarantee compliance with the gender balance criteria.

The Board of Directors is appointed on the basis of lists submitted by the shareholders or by the outgoing Board. Each list must contain and expressly indicate at least two candidates who meet the independence requirements pursuant to Article 147-ter, paragraph 4 of Legislative Decree 58/1998.

All lists presented by the outgoing Board of Directors and by shareholders must be submitted to the Company's registered office at least 25 days before the Shareholders' Meeting that will appoint the Board of Directors. They must be made available to the public at the registered office, on the Company's website and in other ways stipulated by Consob regulations at least 21 days before said Shareholders' Meeting.

Each shareholder may present or participate in the presentation of only one list, and each candidate may appear on only one list; otherwise they are not eligible for election.

Lists may be presented only by shareholders who individually or jointly hold shares with voting rights representing at least 2% of the voting capital in the Ordinary Shareholders' Meeting, which is the minimum established by Consob pursuant to Article 147-ter, paragraph 1 of Legislative Decree 58/1998. In this regard, please also note that on January 28, 2015, by Resolution No. 19109, Consob declared pursuant to Article 144-septies, paragraph 1 of the Issuers' Regulation that lists of candidates for the election of the management and control bodies must be submitted by shareholders with a stake of at least 4.5% in the company, without prejudice to any lower percentages set forth in the Articles of Association. Therefore, pursuant to the article currently in force, the percentage threshold for the submission of lists for the appointment of the Board of Directors must be considered reduced to 2%.

In order to prove ownership of the aforementioned rights, copies of ownership certificates issued by authorized intermediaries must be submitted to the Company's registered office before the list publication deadline.

Within the same deadline, each list must be accompanied by the CVs of nominees and personal statements in which each candidate accepts their nomination, declaring that they are eligible and suitable for election and that they fulfill the requirements of law and the Articles of Association to become a director, and, where appropriate, that they qualify as independent pursuant to Article 147-ter, paragraph 4 of Legislative Decree No. 58/1998. Lists containing three or more candidates must include candidates of different genders, in accordance with the provisions set out in the notice of convocation of the Shareholders' Meeting, so that the composition of the

Board of Directors may comply with the regulations in force concerning gender balance.

Lists that fail to comply with the aforementioned requirements will be considered null and void.

For further details on Board appointment procedures, please see Article 14 of the Articles of Association and the Report on Corporate Governance and Shareholder Structure.

Therefore, on the basis of information received, the following applies to SEAT directors' roles as directors or statutory auditors of other companies pursuant to Article 1C2 of the Code:

Guido de Vivo	Director of BRT S.p.A. and Gruppo Cimbali S.p.A.
Vincenzo Santelia	-
Chiara Burberi	Independent Director of Gruppo MutuiOnLine S.p.A. and Prima Industrie S.p.A., Independent Director of Aviva Italia Holding S.p.A.
Michaela Castelli	Director of A2A S.p.A. and Recordati S.p.A.
Mauro Pretolani	Senior Advisor for Venture Capital, Member of the FoF Venture Capital Technical Advisory Committee for Fondo Italiano d'Investimento SGR S.p.A.
Luca Rossetto	-
Francesca Fiore	Director of Vodafone GmbH
Harald Rösch	Director of Sky Deutschland
Mauro Del Rio	Director of Gazzetta di Parma, Buongiorno S.p.A., Docomo Deutschland GmbH (DDL)

Personal and professional information on the directors can be found in the Report on Corporate Governance

and Shareholder Structure, as well as in the Company Boards section of the Company's website, www.seat.it.

Chairman and CEO

The Company's two most senior posts are split between two directors: the Chairman and the CEO. Pursuant to application criterion 2C1, only the CEO, Vincenzo Santelia, is considered an executive director. The other, non-executive, directors are sufficient in number, competence and independence to ensure that their opinion carries significant weight in the Board's decision-making process. They are particularly vigilant over areas where there could be a conflict of interests.

Please be reminded that on January 2, 2015, Guido De Vivo resigned from the position of Director and, as a result, from the position of Chairman of the Board of Directors. In 2014, there was no need for a lead independent director since the Chairman was neither the main person responsible for managing the business nor the person who controlled the Company. Please also be reminded that, on January 14, 2015, the Board of Directors, in acknowledging the resignation of the Chairman of the Board of Directors, decided not to take any decision concerning a replacement for Mr. de Vivo since the term of office of the current management body will expire with the approval of the financial statements as at December 31, 2014.

Independent directors

The Board of Directors adopts a process for assessing the independence of its members whereby said directors sign, following their appointment and on an annual basis, a declaration (addressed to the Board of Directors and the Chairman of the Board of Statutory Auditors) of compliance with the independence requirements established by Article 3 of the Code, with respect to the assessment criteria indicated in application criterion 3C1 of the Code.

On the basis of the information received, at its meeting on March 12, 2015 the Board has assessed whether each of its non-executive directors meets the independence requirements. As a result, it can confirm that Chiara Burberi, Francesca Fiore, Mauro Del Rio,

For purposes of full disclosure, the powers of the Chairman and the CEO, as well as the system of managerial powers, are outlined below. The Chairman of the Company has signing authority and is a legal representative of the Company in dealings with third parties and in court. The Chairman, who is not usually awarded managerial powers, is responsible for organizing Board business and liaising between the CEO and the non-executive directors.

The CEO, Vincenzo Santelia, oversees the technical and administrative performance of the Company and carries out the decisions taken by the Board of Directors. Mr. Santelia has signing authority and is a legal representative of the Company in dealings with third parties and in court, and he has – in compliance with the requirements of law and the Articles of Association, with regard to matters that may not be delegated by the Board of Directors – specific powers and responsibilities for ensuring the operating management of Company business, up to a general limit of € 10 million. There are specific limits for some types of action. The CEO has also been appointed as the director in charge of the Company's internal control and risk management system (described below), and as the head of the Company's secondary site.

Mauro Pretolani, Luca Rossetto and Harald Rösch qualify as independent directors. These directors also meet the independence requirements pursuant to Article 148, paragraph 3 of the Consolidated Finance Act.

It should be noted that, during the appointment of the Board of Directors currently in office by the Ordinary Shareholders' Meeting of October 22, 2014, Directors Chiara Damiana Maria Burberi, Mauro Pretolani, Luca Rossetto, Francesca Fiore, Harald Rösch and Mauro Del Rio stated that they met the independence criteria set forth in Articles 147-ter, paragraph 4, and 148, paragraph 3, of Legislative Decree 58/1998 and in the Code of Corporate Governance for Listed Companies.

Internal committees of the Board of Directors

In compliance with principle 4P1 and criterion 4C1 of the Code, the Board of Directors has established the following internal committees, most recently with a resolution passed on October 26, 2012:

- the Appointments and Remuneration Committee; and
- the Control and Risk Committee,

to make suggestions and provide advice.

In accordance with the note to Article 4 of the Code, as a result of the organizational structure of the Group and the skills of the appointed members, the Board has resolved that the functions pursuant to Articles 5 and 6 of the Code of Corporate Governance shall be performed by a single committee (the Appointments and Remuneration Committee) composed of three members with suitable professional skills. The Chairman was appointed for both Committees. Their remits were established by the Board of Directors and can be supplemented or modified by a subsequent Board decision.

In accordance with Articles 5P1 and 6P3 of the Code, the Appointments and Remuneration Committee is composed entirely of non-executive directors, the majority of whom are independent, in the persons of Mauro Pretolani (Chairman), Francesca Fiore and Michaela Castelli.

The chairmanship of the Committee is awarded to an independent director, and all members have adequate knowledge and experience of finance and pay policies.

The Committee was most recently appointed by the Board of Directors on October 26, 2012.

With regard to the duties provided for by Article 5 of the Code, the Committee is tasked with the following duties:

- presenting opinions to the Board concerning its size and composition, and issuing recommendations concerning individual candidates for the Board, as well as recommendations concerning the issues mentioned in Articles 1C3 and 1C4;
- presenting proposals to the Board concerning candidates for the role of director in the event that independent members need to be replaced.

With regard to Article 5C2 of the Code, during its meeting of April 24, 2013, the Board, *inter alia*, resolved that it was not necessary at the time to adopt a succession plan for the executive directors.

With regard to the duties assigned to the Committee pursuant to Article 6P4 of the Code, the Committee submits proposals to the Board of Directors concerning the remuneration of directors and managers with strategic responsibilities.

Since the Company was involved in a composition with creditors procedure throughout 2014, as described in further detail above, the Company Remuneration Policy for directors and managers with strategic responsibilities is limited to offering a reference framework for 2014.

On October 26, 2012, in compliance with criterion 6C5 of the Code, the Board of Directors tasked the committee in question with:

- regularly assessing the adequacy, overall consistency and concrete application of the policy on the remuneration of directors and managers with strategic responsibilities, making use in this last case of information supplied by directors; making suggestions on the matter to the Board of Directors;
- making suggestions and expressing opinions to the Board of Directors on the remuneration of executive directors and other directors in specific jobs, as well as on the setting of performance targets with regard to the variable portion of this remuneration; monitoring the application of decisions made by the Board, checking in particular that performance targets are actually met.

Unless expressly invited in order to provide useful information, no directors may take part in the Committee meetings in which the proposals put to the Board of Directors concerning the directors' remuneration are formulated (criterion 6C6 of the Code). Furthermore, if the Committee intends to use the services of a consultant in order to obtain information on market practices concerning pay policy, the Committee shall carry out prior checks to ascertain whether the consultant's situation could compromise the independence of his/her opinion.

Finally, in accordance with the note to Article 6 of the Code, the Appointments and Remuneration Committee:

- is supported by the competent corporate departments in the performance of its tasks;
- provides for the Chairman of the Board of Statutory Auditors or any statutory auditor designated by the latter to attend its meetings; the other statutory auditors may also attend.

General remuneration policy

The policy concerning the remuneration of the CEO and the managers with strategic responsibilities of Seat Pagine Gialle S.p.A., as defined by the Board of Directors at the proposal of the Appointments and Remuneration

Committee pursuant to Article 6.P.4 and criterion 6.C.1 of the Code of Corporate Governance, is set out in the Report on Corporate Governance and Shareholder Structure, which should be referred to for further information.

Internal control and risk management system

1) Control and Risk Committee

The Control and Risk Committee, which was appointed most recently by the meeting of the Board of Directors held after the Shareholders' Meeting on October 26, 2012, consists of the directors Chiara Burberi (the Chairman), Luca Rossetto and Harald Rösch.

All the Committee members are independent directors and have sufficient experience in accounting and finance or risk management (in accordance with Article 7P4 of the Code).

In addition to the Committee members, the meetings are attended by the Chairman of the Board of Statutory Auditors or another statutory auditor, the Secretary of the Board of Directors, and the Head of the Internal Audit Department. Depending on the items on the agenda, the meetings may also be attended - at the invitation of the Committee - by the CEO and by representatives from the Independent Auditors and management.

During the aforementioned meeting on October 26, 2012, the Board of Directors resolved to task the Committee with duties pursuant to Article 7.C.2 of the Code¹.

In line with the provisions of the Code, the regulations that govern the Committee include rules on its appointments, composition and functioning. More specifically, pursuant to the regulations approved on December 18, 2012 and in accordance with the aforementioned Article 7C2, the Committee:

1. works with the Chief Financial Officer, and in consultation with the Independent Auditors and the Board of Statutory Auditors, to assess the correct use of accounting principles and, in group cases, their consistency for the purposes of preparing the consolidated financial statements;
2. expresses opinions on specific aspects concerning the identification of the main risks facing the Company;
3. examines the periodic reports on the assessment of the internal control and risk management system, as well as the reports of particular importance prepared by the Internal Audit Department;

4. monitors the autonomy, adequacy, effectiveness and efficiency of the Internal Audit Department;
5. may request that the Internal Audit Department perform checks on specific operational areas, simultaneously informing the Chairman of the Board of Statutory Auditors;
6. reports to the Board, at least every six months, upon the approval of the annual and half-year financial report, on the activities it performs and on the adequacy of the internal control and risk management system.

The Committee is constantly supported in the performance of its control duties by the Internal Audit department, and may also make use both of other internal departments and of external entities, whose professional skills may occasionally be required.

The Control and Risk Committee met 7 times in 2014, with meetings lasting around two hours on average. It met four times between January 1, 2015 and the date of approval of this Report.

The work carried out during the committee meetings included the following:

- monitoring the development of the organizational and operational model of the Internal Audit Department;
- examining and assessing the progress of the activities set out in the audit plan prepared by the Internal Audit Department for 2014 and the results of measures carried out;
- meeting with the Chief Financial Officer, senior figures from the Administration, Finance and Control Department, the Board of Statutory Auditors and the representatives of the Independent Auditors to examine the main points of the separate financial statements at December 31, 2013, the correct use of accounting principles and their consistency for the purposes of preparing the consolidated financial statements;
- meeting with the Supervisory Board at the meetings held on February 7, 2014 and December 19, 2014 in order to report, inter alia, on the progress and results of audits carried out, particularly with regard to activities associated

¹ As previously mentioned, given that all members of the Control and Risk Committee possess the independence requirements for directors, the Board also resolved to task the Committee with the duties of the Committee of Independent Directors pursuant to and for the purposes of the provisions of the regulations on related-party transactions.

- with Legislative Decree 231 and the "231" training plan prepared by the Company and completed in 2014;
- meeting with the representatives of the Independent Auditors to examine the issues dealt with during auditing;
 - meeting with Company management to examine the main corporate processes and analyze certain accounting issues;
 - examining and evaluating the methodology used to carry out impairment tests, already examined by the Independent Auditors;
 - examining and assessing the results of the enterprise risk management (ERM) process aimed at defining an integrated approach to identifying, assessing, managing and monitoring corporate risk;
 - examining the "document on the organizational, administrative and accounting structure" prepared by the competent corporate departments in order to assist the assessment of the Company's corporate-governance system, the Group structure and the organizational, administrative and accounting structure of SEAT pursuant to Article 1.C.1 of the Code.

The Committee also submitted a preliminary opinion to the Board of Directors for the performance of the tasks assigned to the Board pursuant to Article 7C1 of the Code (mentioned below).

2) Internal control system

Pursuant to Article 7.P.1 of the Code, the Company has an internal control and risk management system intended to identify, measure, manage and monitor the main risks it faces. This system is integrated into the Company's more general organizational and corporate-governance structures and takes sufficient consideration of national and international best practice and reference models.

As indicated in Article 7.P.3 of the Code, in addition to the aforementioned Control and Risk Committee, the internal control system involves: *i)* the Board of Directors; *ii)* the director in charge of the internal control and risk management system; *iii)* the Head of the Internal Audit Department; *iv)* the Board of Statutory Auditors; and *v)* other specific corporate departments and roles. The Company promotes coordination between these various entities via dedicated meetings attended by the different control bodies (the Control and Risk Committee, Board of Statutory Auditors, Supervisory Board, Independent Auditors, Chief Financial Officer and Head of the Internal Audit Department).

In order to raise awareness of controls across the board, the Company has made all levels of the organizational structure responsible for creating and ensuring an efficient internal control system, as specified in its Code of Ethics. All employees are therefore responsible for the correct functioning of the control system within their own departments.

2.1.) Board of Directors

The Board of Directors is responsible for guiding and assesses the adequacy of the internal control system.

Pursuant to Article 7.C.1 of the Code, the Board, in consultation with the Control and Risk Committee:

- defines the guidelines for the internal control and risk management system;
- pursuant to Article 7.C.1, letter b) of the Code, assessed the adequacy of the internal control and risk management system in light of the Company's characteristics and risk profile, as well as the system's effectiveness. This assessment was carried out following the Board's examination of the adequacy of the Company's corporate-governance system, the Group's structure and the Company's organizational, administrative and accounting structure (see previous paragraph on the role of the Board of Directors, referring to Article 1 of the Code); pursuant to Article 7.C.1, letter d) of the Code, the Board resolved that the Company's internal control system was adequate, efficient and effective;
- approves, at least once a year, the work schedule prepared by the Head of the Internal Audit Department;
- assesses, in consultation with the Board of Statutory Auditors, the results set forth by the Independent Auditors in their suggestion letter (where applicable) and in the report on the fundamental issues arising from the audit.

More specifically, the Board carries out an annual examination of the results of the enterprise risk management (ERM) process (described in paragraph 2.4.1 below) with a view to identifying, assessing and monitoring the main risks to which the Company is exposed. In this context, the Board approves the Internal Audit Department's work schedule, in consultation with the Board of Statutory Auditors and the director in charge of the internal control and risk management system.

At the proposal of the director in charge of the internal control system and having obtained the favorable opinion of the Board of Statutory Auditors, the Board also: *(i)* appoints and revokes the mandate of the Head of the Internal Audit Department; *(ii)* ensures that the latter has sufficient resources to perform his/her duties; and *(iii)* determines his/her remuneration in accordance with corporate policy (as described below).

2.2.) Director in charge of the internal control and risk management system

In accordance with Article 7.C.4. of the Code, on October 26, 2012, the CEO was identified by the Board of Directors as the director in charge of the internal control and risk management system. Consequently, the following tasks were assigned to him:

- identifying the main corporate risks, taking into account the nature of the business conducted by the issuer and

- its subsidiaries, and regularly putting them before the Board of Directors;
- executing the guidelines established by the Board of Directors, overseeing the design, creation and management of the internal control and risk management system, and constantly checking that the system is adequate and effective;
- adapting the system to changing operating, legal and regulatory conditions;
- requesting that the Internal Audit department perform checks on specific operational areas and on compliance with internal procedures and rules when carrying out Company operations, simultaneously informing the Chairman of the Board of Directors, the Chairman of the Control and Risk Committee and the Chairman of the Board of Statutory Auditors;
- promptly informing the Control and Risk Committee (or the Board of Directors) of any problems that arise during the performance of his activities or that have come to his attention, so that the Committee (or the Board) may take the necessary steps.

2.3.) Head of the Internal Audit Department

The Company relies on the support of the Internal Audit Department. The Internal Audit Department is organized so as to: (i) verify and ensure that the internal control system is efficient and effective; and (ii) check that this system provides reasonable guarantees that the Company can achieve its objectives economically and efficiently.

It should be noted that, during the Board meeting held on April 24, 2013, at the proposal of Mr. Santelia, the Board (following a favorable opinion from the Control and Risk Committee and in consultation with the Board of Statutory Auditors) resolved, inter alia, to: (i) ensure that the Head of the Internal Audit Department has sufficient resources to perform his duties; and (ii) give the Appointments and Remuneration Committee a mandate to check that the remuneration of the Head of the Internal Audit Department is in line with corporate policy and to inform the Board of the outcome of its checks. Furthermore, the Board: (i) acknowledged that the Head of the Internal Audit Department is not responsible for any operational areas; and (ii) resolved that the Head of the Internal Audit Department should report directly to the Company's Board of Directors.

The Head of the Internal Audit Department is responsible for verifying that the internal control and risk management system is adequate and functioning properly. Furthermore, in accordance with Article 7.C.5 of the Code, he:

- a) verifies that the internal control and risk management system is suitable and functioning properly, both on an ongoing basis and in relation to specific needs and in

compliance with international standards, via an audit plan that is approved by the Board of Directors and based on a structured process of analyzing and assessing the main risks;

- b) is not responsible for any operational areas and reports directly to the Board of Directors;
- c) has direct access to all information that may be useful to him in performing his duties;
- d) prepares periodic reports containing adequate information on his activities, the methods he uses to manage risks, and compliance with the plans defined to contain said risks; these reports contain an evaluation of the suitability of the internal control and risk management system;
- e) promptly prepares reports on events of particular importance;
- f) submits the reports mentioned in points d) and e) to the Chairmen of the Board of Statutory Auditors, the Control and Risk Committee and the Board of Directors, as well as to the director in charge of the internal control and risk management system;
- g) verifies the reliability of the accounting systems and other IT systems used, within the context of the audit plan.

The Head of the Internal Audit Department has access to all necessary information and resources for the purposes of carrying out his duties, and works to the plan of action drawn up using risk-based methods and approved by the Control and Risk Committee. This plan of action mainly includes activities related to risk assessment pursuant to Legislative Decree 231/2001 and Law 262/2005, audits of specific processes, audits upon instruction by management and following up previous interventions.

In 2014, the Head of the Internal Audit Department:

- carried out the checks provided for in the year's plan of action;
- reported regularly to the director in charge of the internal control and risk management system on his activities and the results of his interventions;
- attended all meetings of the Control and Risk Committee, illustrating the results of the interventions carried out;
- attended all meetings of the Supervisory Board and, upon request, meetings of the Board of Statutory Auditors.

2.4.) Main characteristics of the internal control and risk management system in relation to financial disclosure (pursuant to Article 123-bis, paragraph 2, letter b) of the Consolidated Finance Act)

2.4.1) Introduction

For several years, the Company has developed an enterprise risk management (ERM) process aimed at identifying, measuring and monitoring the main corporate risks.

Management implements ERM in order to:

- identify events that may prevent the Company from reaching its goals, measure the risk that these events pose and set a level of acceptability;
- provide the Board of Directors and management with useful information for defining the Company's operating and organizational strategies;
- provide reasonable confidence that the processes and major controls drawn up are effective and designed to ensure the Company achieves its targets.

With this in mind, a web-based application has been developed to collate, manage and consolidate information. In keeping with international best practice, the identified risks to which the Company is exposed are broken down into four broad categories: strategic, operating, financial (reporting), and compliance.

The annual process, coordinated by the Internal Audit Department, uses self-assessment across the various departments to identify the key activities and controls that can reduce the manifestation of identified risks and/or mitigate their impact. A calculation algorithm, which considers the initial measurement of risk and the effectiveness of the control system in place, gives a residual rating to each risk. The identified risks with a high residual rating are brought to the attention of the director in charge of the internal control system, the Risk and Control Committee, the Board of Statutory Auditors and the Board of Directors on an annual basis.

2.4.2) Description of the main characteristics of the internal control and risk management system in relation to financial disclosure

With regard to financial and reporting risks identified during the ERM process, the Company has had a specific process in place for several years which aims to ensure the credibility, accuracy, reliability and timeliness of financial disclosure pursuant to Law 262/05.

This process involves:

- *defining the scope*, i.e. a quantitative analysis of the importance of the companies included in the scope of consolidation. This analysis is carried out in the event of significant changes to the Group structure or to the core business of each subsidiary. On the basis of this analysis, it has been determined that, in quantitative terms (as indicated by the Board), the subsidiaries are not currently of significant size (see the section above concerning the Board's assessment of the adequacy of the organizational, administrative and general accounting structure pursuant to Article 1 of the Code);
- *identifying the major corporate processes* and the risks arising from failing to meet control objectives. This

involves quantitative and qualitative analysis of the processes in place and subsequent identification of the most significant ones;

- *evaluating controls*. The processes identified at the previous stage are subject to specific analyses that involve preparing and/or updating the administration and accounting system and in particular the flowcharts, narratives and control matrix. The control matrix identifies the key controls and their characteristics: type of control (automatic or manual), frequency, person responsible for the process or sub-process and person responsible for the control;
- *performing tests* on the key controls identified in order to check compliance in relation to the financial-statement assertions (completeness, existence, rights and obligations, valuation, recognition, presentation and disclosure);
- *identifying any improvements* that could be made to the current internal control system in order to ensure better oversight of the areas and processes that are deemed significant in terms of their impact on financial disclosure. The Internal Audit Department carries out these activities on the basis of an annual plan of action. The results and any remedial action identified are brought to the attention of the Chief Financial Officer, the Control and Risk Committee and the Board of Statutory Auditors. If required, the Internal Audit Department checks the adequacy of the internal control system at the subsidiaries - as part of their administrative and accounting procedures - on the basis of information provided by the Company's management and supervisory bodies.

2.5) Organization, management and control model pursuant to Legislative Decree 231/2001 - Supervisory Board

Since 2004, the Company has had an organizational, management and control model as provided for by Legislative Decree 231/2001 on the subject of corporate administrative liability for crimes committed by senior persons or by those under their management or supervision. In this context, the following documents, which are considered appropriate to highlight the procedures and controls in place to reduce the likelihood of the crimes mentioned in said piece of legislation being committed, have been issued: the "Group Code of Ethics", the "Principles and Guidelines of the Organization, Management and Control Model", and the "Organizational Model".

The Company's website, www.seat.it, contains a section dedicated to this issue.

It should be noted that the Organizational Model has been subject to a number of updates, that last of which was in 2013 and was approved by the Board of Directors at the proposal of the Supervisory Board.

The Model addresses and governs the following topics:

- summary of the reference regulation set forth in Legislative Decree 231/2001;
- system adopted to implement the organization, management and control model;
- composition, functioning and authorities of the Supervisory Board;
- description of information flows regarding the Supervisory Board;
- sections governing the crimes established ((i) offences in relations with the public administration; (ii) cybercrime and the unlawful processing of data; (iii) offences of falsification of documents or distinctive signs and crimes against industry and commerce; (iv) corporate offences; (v) offences of abuse of inside information and market manipulation; (vi) offences of

negligent homicide and serious or very serious bodily injury, committed due to the violation of accident prevention and occupational health and safety rules; (vii) crimes of receipt, recycling and use of ill-gotten money, assets or benefits; (viii) copyright violation offences; (ix) environmental offences; (x) incitement not to make statements or to make false statements to the judicial authorities; (xi) employment of illegally staying third-country nationals);

- sections were also included concerning training, communications and the disciplinary system, as well as the Code of Ethics.

The system pursuant to Legislative Decree 231/2001 was also implemented for the main subsidiaries, and the Organizational Models were updated as a result.

Supervisory Board (pursuant to Legislative Decree 231/2001)

The Supervisory Board consists of Marco Rigotti (an adjunct professor of commercial law at Bocconi University) in the role of Chairman, and Directors Chiara Burberi and Michaela Castelli. Their term of office is until the Shareholders' Meeting called to approve the 2014 separate financial statements. This setup is suitable for enforcing the guidelines contained in the report accompanying Legislative Decree No. 231/2001, giving the Supervisory Board the autonomy, independence, professionalism and continuity required to carry out its business effectively.

The Board resolved to ensure that a member of the statutory control body is invited to all meetings of the Supervisory Board.

The Supervisory Board is tasked with the following activities:

- *monitoring the effectiveness of the model* to ensure that conduct within the Company complies with it;
- *monitoring the effectiveness of the model* by checking the suitability of the system designed to prevent the crimes mentioned in the above legislation;
- *updating the model* by promoting appropriate modifications following environmental and/or organizational changes at the Company.

The Supervisory Board is supported by the Internal Audit

Department in the performance of the aforementioned activities. When carrying out its duties, the Supervisory Board has unlimited access to Company information for investigations, analysis and control.

All Company departments, employees and/or members of corporate bodies are obliged to provide information in response to requests by the Supervisory Board or upon the occurrence of events or circumstances that are significant for the purposes of the activities of the Supervisory Board.

The Supervisory Board met four times in 2014 and once between January 1, 2015 and the date of this report.

During 2014, the Supervisory Board continued its ordinary supervisory activities and, with reference to training, an online "231" course (based on the new Code of Ethics and Organizational Model approved by the Board of Directors on August 6, 2013 and the training plan approved by the Supervisory Board during its meeting on December 11, 2013) was made available to all employees and agents. Classroom training sessions were also developed and held for directors and departmental managers and particularly for resources that carry out potentially sensitive activities in view of the offences set forth in Legislative Decree 213/2001.

Independent Auditors

Pursuant to Article 159 of the Consolidated Act, the Ordinary Shareholders' Meeting of June 12, 2012 mandated the Independent Auditors PricewaterhouseCoopers S.p.A. to conduct the full audit of the Company's separate and consolidated financial statements for 2012-2020 and

the limited audit of the half-year reports to June 30 for 2012-2020, and to verify that the Company's accounts are kept correctly and that the accounting entries accurately reflect operations in said years.

Chief Financial Officer (pursuant to Article 154-bis of the Consolidated Finance Act)

In accordance with Article 154-*bis* of Legislative Decree 58/98, which was introduced by the "Legge Risparmio" (Savings Law), the Extraordinary Shareholders' Meeting of April 19, 2007 resolved to modify Article 19 of the Articles of Association to give the Board of Directors (subject to the approval of the Board of Statutory Auditors) the power to appoint and revoke the mandate of the Chief Financial Officer (the "CFO") and to determine his term of office. CFOs must have at least three years' experience in a position of sufficient administrative and/or financial responsibility at the Company or at another company that is comparable in size or organizational structure.

Lastly, during the meeting of the Board of Directors held on May 12, 2014, Andrea Servo (who was also appointed Head of the Company's Administration, Finance and Control Department) was appointed to the role of CFO, since his position complies fully with the technical and professional requirements pursuant to Article 154-*bis* No. 3 of the Consolidated Finance Act and to Article 19 of the Articles of Association. The Board of Statutory Auditors

approved Mr. Servo's appointment. His term of office was set to expire at the Shareholders' Meeting called to approve the financial statements as at December 31, 2014.

The Board also resolved that the CFO shall exercise the powers and have the resources to effectively perform his duties pursuant to the aforementioned Article 154-*bis* of Legislative Decree 58/98. The CFO reports at least twice a year on the methods used to manage and control the preparation of the financial statements, on any critical issues encountered during the reporting period, and on the adequacy of the structure and the resources made available.

The CFO plays a crucial role in reinforcing the Company's internal control system, particularly with reference to the internal process of preparing the draft financial statements and, in general, to the main documents disclosing information on the Company's financial situation.

Board of Statutory Auditors

Board of Statutory Auditors

The Board of Statutory Auditors consists of three acting auditors and two alternate auditors. They are appointed by the Shareholders' Meeting, which also establishes their remuneration.

The Shareholders' Meeting of June 12, 2012 appointed the Board of Statutory Auditors for 2012-2014, re-electing all previous members, i.e., Enrico Cervellera, Andrea Vasapolli and Vincenzo Ciruzzi as standing auditors and Guido Costa and Guido Vasapolli as alternate auditors, assigning Mr. Cervellera the role of Chairman of the Board of Statutory Auditors.

This being stated:

- on July 25, 2013, the Shareholders' Meeting appointed Marco Benvenuto Lovati and Maurizio Michele Eugenio Gili as alternate auditors to replace Guido Vasapolli and Guido Costa, who resigned on April 24, 2013 and May 2, 2013, respectively;
- on October 14, 2014, Enrico Cervellera, Vincenzo Ciruzzi and Andrea Vasapolli resigned from their positions with immediate effect. Pursuant to Article 2401 of the Italian Civil Code, alternate auditors Maurizio Gili and Marco Lovati took over the roles of Chairman of the Board of Statutory Auditors and Standing Auditor, respectively, and shall remain in office until the shareholders' meeting called to appoint the rest of the Board of Statutory Auditors.

On January 27, 2015, the Company's Ordinary Shareholders' Meeting passed the necessary resolutions to appoint new members to the Board of Statutory Auditors. As a result, at the date of this Report, the Board of Statutory Auditors consists of standing auditors Maurizio Michele Eugenio Gili, Guido Nori and Ada Alessandra Garzino Demo and alternate auditors Roberta Battistin and Marco Benvenuto Lovati. Mr. Gili was confirmed as Chairman of the Board of Statutory Auditors.

The statutory auditors thus appointed shall remain in office until the end of the term of the control body, i.e., until the shareholders' meeting called to approve the financial statements as at December 31, 2014.

Lists may be presented only by shareholders who individually or jointly hold shares with voting rights representing at least 2% of the voting capital in the Ordinary Shareholders' Meeting, which is the minimum established by Consob pursuant to Article 147-ter, paragraph 1 of Legislative Decree 58/1998.

In this regard, please also note that on January 28, 2015, by Resolution No. 19109, Consob declared pursuant to Article 144-septies, paragraph 1 of the Issuers' Regulation that lists of candidates for the election of the management and control bodies must be submitted by shareholders with a stake of at least 4.5% in the company, without prejudice to any lower percentages set forth in the Articles of Association. Therefore, pursuant to the article currently in force, the percentage threshold for the submission of lists for the appointment of the board of directors must be deemed reduced to 2%.

Lists must be submitted to the Company's registered office at least 25 days before the Shareholders' Meeting that will appoint the Board of Statutory Auditors. In order to prove ownership of the aforementioned rights, copies of ownership certificates issued by authorized intermediaries must be submitted to the Company's registered office before the list publication deadline.

Each shareholder, as well as shareholders belonging to the same group, may not present more than one list or vote for more than one list, including through third parties or trust companies. Each candidate may be presented on only one list, under penalty of being declared ineligible.

Lists may not include candidates who do not fulfill the reputational and professional requirements established by law. Outgoing statutory auditors may be re-elected.

Within the same deadline, each list must be accompanied by the CVs of nominees and personal statements in which each candidate accepts their nomination, declaring that they are eligible and suitable for election and that they fulfill the requirements of law and the Articles of Association to become a statutory auditor.

Lists that fail to comply with the aforementioned requirements will be considered null and void.

Statutory auditors are elected as follows:

- 1) two standing auditors and one alternate auditor are taken from the list that obtained the highest number of votes at the Shareholders' Meeting, based on the order in which they are listed in the respective sections of the list;
- 2) the remaining standing auditor and the other alternate auditor are taken from the list that obtained the next-highest number of votes at the Shareholders' Meeting and is not directly or indirectly related to the shareholders that presented or voted for the list that obtained the highest number of votes, based on the order in which they are listed in the respective sections of the list.

The chairmanship of the Board of Statutory Auditors is assigned to the candidate on the list that obtained the second-highest number of votes, where applicable.

If the requirements of the applicable regulations and the Articles of Association are not fulfilled, the auditor shall step down from the post.

In the event that an auditor must be replaced, he/she shall be succeeded by the alternate auditor from the same list as the replaced auditor. If said replacement does not allow for compliance with the regulations in force on gender balance, the second alternate auditor, where applicable, belonging to the least represented gender and elected from the list of the replaced candidate shall be the replacement. If the application of the above procedures does not allow for compliance with the regulations in force on gender balance, the Shareholders' Meeting must be called as soon as possible to ensure compliance with the provisions of said regulations.

The aforementioned provisions on the appointment of the Board of Statutory Auditors do not apply to Shareholders' Meetings that must, pursuant to law or the Articles of Association, appoint standing and/or alternate auditors and the Chairman in order to make the Board of Statutory Auditors complete following a replacement or the end of an auditor's mandate, or to the appointment of auditors who, for any reason whatsoever, are not appointed pursuant to the above provisions. In such cases, the Shareholders' Meeting passes resolutions in accordance with the quorums required by law, without prejudice to the provisions - where applicable - of Article 144-*sexies*, paragraph 12 of the Issuers' Regulation, as adopted by Consob with Resolution No. 11971 of May 14, 1999, and in compliance with the regulations on gender balance and the other applicable provisions of law.

More information on the list vote used to appoint the Board of Statutory Auditors can be found in Article 22 of the Articles of Association and in the Report on Corporate Governance and Shareholder Structure. This document provides information on the list presented upon renewal of the Company boards.

List presented for the appointment of the Board of Statutory Auditors (disclosure pursuant to Article 144-*decies* of the Consob Issuers' Regulation)

During the Ordinary Shareholders' Meeting of June 12, 2012, and in accordance with applicable legislation, information was provided and documentation was prepared pursuant to Article 144-*sexies*, paragraph 4 of the Consob Issuers' Regulation. The shareholder that presented the list (Sterling Sub Holdings S.A.) was also identified, together with the proportion of the Company's share capital held by the latter (29.41% of the ordinary share capital, prior to the completion of the Restructuring mentioned in paragraph 1 of this Report).

The Company promptly made information on the presented list available to the public on its website, http://www.seat.it/documents/10184/27631/Lista_Sterling_CS.pdf

With reference to the provisions of Article 144-*octies*, paragraph 2 of the Consob Issuers' Regulation, the Company gave notice that no minority shareholders' lists were submitted before the deadline for submitting nominations for the Board of Statutory Auditors. Pursuant to Article 144-*sexies*, paragraph 5 of said Issuers' Regulation, notice was given that additional nomination lists for the Board of Statutory Auditors could be submitted no later than May 21, 2012 and that the statutory shareholding threshold required to present a list had been halved to 1% of the voting capital in the Ordinary Shareholders' Meeting.

Further information on this matter can be found in the Company's press release:

<http://www.seat.it/comunicati-price-sensitive/-/listing/2012/deposito-di-liste-di-minoranza-per-la-nomina-del-collegio-sindacale-di-seat-pagine-gialle-s-p-a>

Lastly, it should be noted that during the Shareholders' Meeting of June 12, 2012, the Company informed the public, through the press release that may be found at <http://www.seat.it/comunicati-price-sensitive/-/listing/2012/comunicato-sta-43> that the Board of Directors and the Board of Statutory Auditors had been appointed.

Shareholders' Meeting

As mentioned previously, Legislative Decree 27 of January 27, 2010, as subsequently amended, transposed into national law EU Directive 2007/36/EC on the rights of shareholders of listed companies. The decree modified Articles 2366/2373 of the Italian Civil Code and brought about significant changes to Legislative Decree 58 of 2008 (Consolidated Finance Act), introducing important new measures for listed companies, particularly with regard to the activities of shareholders' meetings.

In light of this new legislation, Article 8 of the Articles of Association (as annexed to this document), as most recently amended by resolution of the Shareholders' Meeting of October 22, 2012, now states that those with voting rights, and who are eligible by law, may address the Shareholders' Meeting in accordance with the established methods and timeframes². Each person with voting rights who is entitled to address the Shareholders' Meeting may be represented by written proxy or proxy granted via a written document in electronic format in accordance with the law.

The Extraordinary Shareholders' Meeting of April 20, 2011 resolved to amend the text of Article 8 in order to make it more compliant with the provisions of Article 135-*novies* of the Consolidated Finance Act, which provides for the possibility to grant a proxy electronically. Each person with voting rights who is entitled to address the Shareholders' Meeting may be represented by written proxy or proxy granted electronically in accordance with the law.

The proxy may be issued to a natural or legal person.

The electronic notification may take place via the relevant section of the Company's website, as described in the notice of convocation, or by certified email sent to the address mentioned in the notice of convocation.

Pursuant to Article 135-*undecies* of the Consolidated Finance Act, as introduced by Legislative Decree 27/2010, for each

Shareholders' Meeting, listed companies appoint a person to whom shareholders may grant a proxy with voting instructions on some or all of the proposals on the agenda, subject to the terms and conditions set forth by the legislation. This legislation is applicable unless otherwise provided for in the Articles of Association. In consideration of this, the Board deemed it in the interest of the Company not to deprive itself of the possibility, in certain circumstances, to appoint the person indicated pursuant to the aforementioned paragraph 1 of Article 135-*undecies* of the Consolidated Finance Act. The Extraordinary Shareholders' Meeting of April 20, 2011 therefore resolved to grant the Board, where it deems it appropriate, the right to make the aforementioned appointment, provided that it specifically announces said appointment in the notice of convocation of the relevant Shareholders' Meeting.

The Extraordinary Shareholders' Meeting of April 20, 2011 also resolved to ensure that the Shareholders' Meetings are held in the municipality in which the Company's registered office (or its secondary site, where applicable) is located (Article 10 of the Articles of Association), with a view to facilitating the organization of the technical and logistical aspects of the meetings.

Article 10 of the Articles of Association, as amended by the aforementioned Extraordinary Shareholders' Meeting³, now states the following.

The Shareholders' Meeting is held, pursuant to law, in the municipality in which the Company's registered office (or, where applicable, its secondary site) is located, through a notice published under the terms and conditions provided for by the applicable regulations. The Ordinary Shareholders' Meeting for the approval of the financial statements must be called within 180 days of the end of the financial year, in

² According to the provisions in force, persons that hold shares as at the end of the seventh trading day prior to the date set for the Shareholders' Meeting may vote at said meeting. Since ownership of the shares may change in the seven days leading up to the Shareholders' Meeting, it is not necessarily correct to speak of "shareholders"; such persons should therefore be referred to as "those with voting rights".

³ The Shareholders' Meeting of April 20, 2011 resolved as follows, with reference to Article 10:

Amendment to the second paragraph

The combined provisions of Article 154-*ter* of the Consolidated Finance Act, as amended by Legislative Decree 27/2010, and Article 2364, paragraph 2 of the Italian Civil Code enable companies that are required to prepare consolidated financial statements to again make use of the option to call the Shareholders' Meeting to approve the financial statements up to a maximum of 180 days after the end of the financial year, without prejudice to the period of 120 days during which the relevant documentation must be made available to the public. The Shareholders' Meeting resolved to make use of this option in order to allow for greater flexibility.

Amendment to the fourth paragraph and introduction of a new fifth paragraph Legislative Decree 27/2010 amended Article 2369 of the Italian Civil Code, stipulating that the Articles of Association of companies that seek to raise funds from the venture capital market may rule out the possibility of holding more than one session of a Shareholders' Meeting. The amendment also stipulated that the majorities set forth for the second session shall apply to single sessions of the Ordinary Shareholders' Meeting, while those set forth for sessions subsequent to the second one shall apply to single sessions of the Extraordinary Shareholders' Meeting.

compliance with the applicable provisions of law, with the Company being required to prepare consolidated financial statements, or, in any case, when specific requirements relating to the Company's structure and purpose require that it be called.

The Shareholders' Meeting is also called whenever the Board deems it appropriate or when convocation is required by law. The Extraordinary Shareholders' Meeting held on October 22, 2012 amended Article 10 of the Articles of Association, stipulating that Ordinary and Extraordinary Shareholders' Meetings for which the notice of convocation is published after January 1, 2013 should be held in a single session, pursuant to law.

Pursuant to Article 11 of the Articles of Association, the quorums required for the Shareholders' Meeting to be held and to pass resolutions are those provided for by law.

At the proposal of the Chairman, the Shareholders' Meeting appoints a secretary, who does not have to be one of the shareholders. In cases where it is required by law, and where the Chairman of the Shareholders' Meeting deems it necessary, the minutes are drawn up as a public deed by a notary appointed by the Chairman.

Pursuant to Article 2635, paragraph 2 of the Italian Civil Code, Article 19 of the Articles of Association stipulates that the powers provided for therein are taken away from the Shareholders' Meeting and assigned to the Board of Directors (see the "The role of the Board of Directors Article 1 of the Code" section above).

The directors will make every effort to facilitate shareholder participation. Where possible, all directors and statutory auditors (especially the directors whose role dictates that they can make a valuable contribution to discussions) attend the Shareholders' Meetings.

With reference to application criterion 9C3 of the Code, to date it has not been proposed that the Company

adopt Shareholders' Meeting regulations, in light of the efficient management of its Shareholders' Meetings and the absence of any critical issues. Moreover, it should also be noted that Article 2371 of the Italian Civil Code expressly stipulates that the Chairman of the Shareholders' Meeting should verify the validity of the meetings and the identity and eligibility of those present, regulate the proceedings and ascertain the results of the votes (pursuant to Article 12 of the Articles of Association, the Chairman of the meeting verifies (either directly or through third parties appointed to do so) attendees' right to speak, proxies' compliance with the legislation in force, the validity of the meeting, and the identity and eligibility of those present, and should lead proceedings and take the necessary steps to ensure the discussions and votes are carried out in an orderly fashion, setting forth the procedures for voting and ascertaining the results.

More specifically:

- with regard to the agenda items, the Board has taken measures to ensure that shareholders receive adequate information about the necessary elements so they may take the decisions for which the shareholders' meeting is responsible;
- to ensure that each shareholder is entitled to take the floor on topics being discussed, before proceeding with the discussion of each agenda item the meeting Chairman reminds participants that intend to speak to reserve their slot and that in order to guarantee an effective meeting debate, these comments must be concise, relate to the agenda and typically last for up to 10 minutes per speaker; lastly, those that have already taken part in the discussion may request to respond, generally for no more than 5 minutes.

Shareholders' Meetings in 2014

The following meetings were held in 2014:

1) Ordinary and Extraordinary Shareholders' Meetings

a) As mentioned in the Introduction, on March 4, 2014, the Company's Extraordinary Shareholders' Meeting approved the extraordinary transactions required to carry out the agreement with creditors.

It specifically resolved:

- to approve the Company's statements of financial position and operations as at November 30, 2013, showing negative equity of € 3,879,783.26;
- to proceed with the Capital Reduction;
- to proceed with the Reserved Capital Increase;
- to allocate the difference between the overall nominal amount (including interest) of the debts being cleared and the nominal amount of the Reserved Capital Increase as follows: (i) to cover the residual losses accrued and accruing as at the date of the capital increase, together with the deficit from the Merger; (ii) to the legal reserve in the amount of € 4,000,000.00 (four million), i.e. one fifth of the share capital; and (iii) the remaining portion of said difference to available reserves, following the calculation of allocations pursuant to (i) and (ii);
- in the immediate aftermath of the Reserved Capital Increase, to perform a reverse share split with the ratio of one new ordinary share with regular dividend rights for every 100 existing post-Reserved Capital Increase ordinary shares, and one new savings share with regular dividend rights for every 100 existing savings shares;
- to issue warrants enabling the paid subscription of ordinary shares representing around 5% of the post-Reserved Capital Increase fully diluted share capital, to be allocated free of charge, fully and exclusively to ordinary shareholders of the Company who took part, either directly or through a proxy, in the Extraordinary Shareholders' Meeting, as well as to the savings shareholders;
- to perform a paid capital increase, in one or more tranches, excluding option rights pursuant to Article 2441, paragraphs 5 and 6, totaling € 100,000.00, plus any premium owed, by issuing up to 3,391,431,376 ordinary shares (post-Reverse Share Split) with the same characteristics as the existing ordinary shares destined exclusively and irrevocably for servicing the Warrants and therefore for exercising the subscription right of the warrant holders themselves. The strike price of the Warrants shall be determined by the average market price of the Company's ordinary shares after the Reserved Capital Increase, plus 15%.

Seven directors participated in that shareholders' meeting.

b) On March 4, 2014, the Company's Ordinary Shareholders' Meeting resolved to promote a liability action against former directors who held office between August 8, 2003 and October 21, 2012.

Six directors participated in that shareholders' meeting.

c) On May 9, 2014, the Company's Ordinary Shareholders' Meeting approved the Company's separate financial statements for 2013, the draft version of which had been approved by the Board of Directors on April 1, 2014, recognizing total losses (including previous losses) of € 462,093,388.74 net of net reserves and, as a result, negative equity of € 11,827,595.16. Also keeping in mind the provisions of Article 182-sexies of the Bankruptcy Act (Royal Decree 267/1942), the Shareholders' Meeting resolved not to pass a resolution to cover the aforementioned losses as at December 31, 2013 in addition to that already passed by the Extraordinary Shareholders' Meeting on March 4, 2014, the effectiveness of which is subject to the Merger into the Company of Seat Pagine Gialle Italia S.p.A. and the final approval of the composition with creditors proposals of Seat Pagine Gialle S.p.A. and Seat Pagine Gialle Italia S.p.A.

The Shareholders' Meeting also resolved to approve Section I of the Remuneration Report pursuant to Article 123-ter of Legislative Decree 58 of February 24, 1998.

Four directors participated in that shareholders' meeting.

2) Savings Shareholders' Meeting

a) On July 2, 2014, the Special Meeting of Savings Shareholders met to analyze certain aspects of the composition with creditors proposal of the Company and SEAT Italia of interest to the savings shareholders.

b) The meeting acknowledged that the transactions resolved upon by the Shareholders' Meeting of March 4, 2014, as well as the composition with creditors procedure as a whole, do not harm the specific rights of that category; resolved to approve the actions of the common representative; and expressed its hope that the composition with creditors procedure would be a success.

Three directors participated in that shareholders' meeting.

For purposes of full disclosure, on January 27, 2015 the Ordinary Shareholders' Meeting:

- i) approved the settlement proposal received by the Company concerning the liability action against the former directors that held office between August 8, 2003 and October 21, 2012 and the settlement of relationships with parties other than the former directors called before the court, for the payment of a total of € 30 million;
- ii) took the necessary measures to appoint new members to the Board of Statutory Auditors in the wake of the resignation of the standing members of that control

body who were in office until October 14, 2014. As a result, the Board of Statutory Auditors now consists of standing auditors Maurizio Michele Eugenio Gili, Guido Nori and Ada Alessandra Garzino Demo and alternate auditors Roberta Battistin and Marco Benvenuto Lovati. Mr. Gili was confirmed as Chairman of the Board of Statutory Auditors. The statutory auditors thus appointed will remain in office until the shareholders' meeting called to approve the financial statements as at December 31, 2014.

Two directors participated in that shareholders' meeting.

Relations with shareholders

In accordance with the principles of Article 9 of the Code, pursuant to which the Board of Directors promotes initiatives to encourage the maximum possible participation of shareholders at Shareholders' Meetings and to facilitate the exercise of shareholders' rights, the Shareholders' Meetings are usually held at the Company's registered office in Turin.

The documentation for the Shareholders' Meeting, which is available pursuant to the legislation in force, is sent to all shareholders who request it, and can be sent by email. Information can also be received by phone.

With reference to the application criteria under Article 9 of the Code, in compliance with the "Seat Pagine Gialle S.p.A. procedure for the management and disclosure to the market of privileged information" (as mentioned above), throughout 2014 the Company disclosed information about its activities accurately, promptly and transparently, in accordance with the proper procedures.

Dedicated departments look after relations with the national and international financial communities (Investor Relations) and with shareholders (Corporate Affairs).

During 2014, the Investor Relations department organized

several formal meetings with the market (analysts, institutional investors and representatives of the financial community):

- London, April 1 "Results for 2013 and initial projections for 2014, 2014-2018 Business Plan" presentation;
- London, December 10 "Investor & Analyst presentation".

In order to encourage dialogue with financial-market operators, the Company has put the following on its website (subject to a complete graphic design and content restyling, and also with improved navigation capabilities, ensuring faster and more direct access to the SEAT world): all economic and financial documents (annual, half-yearly and quarterly reports); support documentation (presentations to the financial community); a special Investors & Governance section (including documents on the Company's governance system, information on company boards and reports and materials for Shareholders' Meetings); and Company press releases, all in both Italian and English. The website also has a section with general information for shareholders and real-time Group share prices.

Agreements known to the Company pursuant to Article 122 of the Consolidated Finance Act

The Company is not aware of any significant agreements pursuant to Article 122 of the Consolidated Finance Act.

Environmental sustainability \

Since the end of 2009, Seat Pagine Gialle S.p.A. has been one of the promoters of a pan-European project, alongside other leading operators and associations representing the entire printed-paper industry.

This project, under the single brand "Print Power", can be broken down into two initiatives aimed at proving to the market that printed products are sustainable, in terms of both their advertising effectiveness and their environmental impact:

1) "Print Power" is an advertising campaign that highlights the effectiveness of specific qualities of printed materials (to reinforce or complement campaigns online or in other media). It is aimed at advertising investment decision-makers in companies, media centers and advertising agencies. Thanks to all the project participants making pages available for free, the multi-approach campaign, which was launched in September 2010, has featured 250 times in all the major national and regional daily newspapers, and in the main industry magazines (worth an estimated € 1.5 million). At the beginning of 2013 the second phase of the project was launched.

2) "Two Sides - the green side of paper" is an information campaign on the environmental sustainability of the printed-paper industry aimed at a wide range of individuals. The campaign uses facts and figures to highlight the recyclable nature of printed paper and to objectively overcome certain stereotypes about the presumed negative impact that this material has on the environment.

Begun in late 2010 (and re-launched in May 2011), the Two Sides campaign has featured 110 times in the national and local press and in magazines through adverts provided for free by project participants, for an estimated value of over € 500 thousand. The third edition of the campaign was launched in early 2013.

SEAT's contribution consists of the publication of a full color page in PAGINEBIANCHE®.

In addition to the publication of advertising pages, the Two Sides campaign has been developed online, with the launch of the Italian version of the website (www.it.TwoSides.info) and several links on social networks.

Social responsibility \

In 2014, Seat Pagine Gialle remained committed to fostering a culture of marketing, whilst also promoting multichannel packages (with a special focus on online and mobile) as the best way to boost business for SMEs and effectively face the effects of the crisis, in the hope of ushering in a new phase of economic and social development for the country.

The dissemination of new multimedia information technologies online and on mobile devices is increasingly linked with the evolution new forms of citizenship and democratic participation in urban areas, in addition to social and behavioral problems. The opportunities provided by the digital realm to learn about and take advantage of the services of the public administration, the wide range of associations and the entrepreneurial system without time or space restrictions provide SEAT PG with daily inspiration for the development of new products and services that directly respond to new consumption habits and requirements.

Strategic digital partnerships for businesses

As part of the cultivation of a digital culture to support SMEs, SEAT PG entered into an important agreement at the end of November with CNA, Amazon, Registro.it of CNR and Google to launch the "DigItaly" project: a project to promote the digitalization of traditional SMEs, involving a series of business match meetings with "digital" companies throughout Italy. In September, SEAT PG - with its expert knowledge of communities and SMEs - accepted Google's proposal to participate in the "Digital Excellence" program, developed in collaboration with Symbola, Ca' Foscari University in Venice, CNA (National Confederation of Craftsmanship and Small- and Medium-Sized Businesses) and Coldiretti (National Farmers' Federation).

ANCIperEXPO 2015

In line with its traditional role as the daily partner of businesses and local public administrations, SEAT PG agreed to the proposal of the National Association of Italian Municipalities (ANCI) to become an ambassador of the ANCI initiative for EXPO 2015, a great tour that will unfold in all Italian regions to spread the experience and the spirit of Expo 2015 throughout the country between 2014 and 2015, in preparation for the final event in Milan from May to October.

"ANCI for EXPO 2015", included by the government in the "Italy Agenda", is a project based on the conviction of ANCI president Piero Fassino that EXPO 2015 should

become an event for Italy as a whole, which celebrates municipalities and businesses before and during the Expo by highlighting the excellence of the various Italian regions. Some of the stops in 2014 were: Gorizia, Monza, Catania, Cuneo, Pisa, Maranello, Chiavari, Cagliari, Courmayeur, Matera and Naples. The tour will begin in the Marche in 2015 and will end in Latina, Lazio.

Expo 2015 in Milan will see SEAT PG alongside ANCI during the days managed at the Italy Pavilion and at Cascina Triulza, an ancient rural construction of 8000 square meters that will host the Civil Society Pavilion.

To foster greater engagement by SEAT PG employees in the run-up to this great event, meetings with local chefs have been promoted in the company restaurant, where employees can learn about and taste the specialties of traditional regional cuisine.

Ministry of Health

The Ministry of Health has chosen SEAT PG to enhance the www.dovesalute.it portal with data from paginegialle.it. "*Dove Salute*" is a unique tool for learning about healthcare facilities and services available throughout Italy. It provides citizens with the information needed to find a response to their own and their families' health questions, while also facilitating contact with public services, reducing and increasing the efficiency of travel between regions, incentivizing improved facility performance and attracting patients and investments from other European countries.

All of this makes our Health Service increasingly competitive on the international stage. SEAT PG's knowledge of local realities, of citizens and of their different consumption habits is a unique characteristic that is difficult to replicate. Its database is the real beating heart of a multi-platform portal consulted more than 2 billion times every year.

This is why this important cooperation agreement has been signed between the Ministry of Health and SEAT PG, with integrated multi-media platforms (online, mobile, voice and print) and its database that are the most well-known, accredited, effective and widely used informational system for contact between residents, institutions and public and private facilities located throughout the country and for the management of daily emergencies, large and small alike, which require a timely response from law enforcement agencies, emergency response teams and the entire national and local organizational and governance system.

Polytechnic University of Turin

Social responsibility in the area of Research and Development is fundamental for any business looking to innovate. Today, modern businesses must pay particular attention to the community and respect the needs of end consumers by consistently focusing on production excellence and offering increasingly effective and efficient products.

Therefore, SEAT PG has begun to work together and share knowledge with the Polytechnic University of Turin for the technological and social enhancement of its products. The research activities consist of identifying innovative, multi-channel technological solutions with the goal of creating a model in which the end user can appreciate the actual value added. An additional action implemented for the common good was the creation of a contest for students from the Polytechnic University aimed to rediscover and celebrate an almost forgotten historical asset: the Universal Mechanical Calendar created by engineer Giovanni Plana, conserved at the Chapel of Merchants in Turin. This ingenious mechanical system is able to identify any day from year 1 to year 4000 A.D., and also provides moon and tide information. The calendar as a whole and the enormous set of data stored (over 40,000 pieces of data) causes many to consider this to be the world's first computer.

As the technical partner, SEAT PG is committed to making this work available within an innovative online environment, and will also provide prizes for the winning students who identify the algorithm that makes the calendar work and a marketing plan to publicly celebrate the project.

Municipality of Turin

In line with its well-established support of central and local public administrations in informing citizens about services designed and developed to help them in day-to-day life, while also making these services easier to use, SEAT PG has created Torino APP in collaboration with the public administration of this capital city of Piedmont. This mobile app acts as a complete and versatile guidebook that makes the city easily accessible. This is another demonstration of how much the partnership between a company like SEAT PG, with its advanced technological and innovative skills, and a public administration such as that in Turin, with its cutting edge ability to provide citizens and businesses alike with the valuable wealth of public data, can actually improve the lives of residents, workers and tourists. The goal is to define effective, efficient and low-cost standards for the creation of local information tools that can meet the wide-ranging needs of the public administration.

Abele Group

As part of the Company's ongoing efforts in support of the general public, the "Abele" project was officially launched in April. Every day, in compliance with food safety requirements, unconsumed meals are collected from the SEAT PG offices on Corso Mortara in Turin and donated to the food distribution centers that the Abele group coordinates and manages in and around Turin. Meals are picked up daily to ensure that an evening meal can be regularly distributed to the most vulnerable segment of society.

The Company, which has provided employment and business to the Turin area for almost one century, has developed this project to respond to the economic and ethical crisis that residents are going through, which businesses are also called upon to help solve. As part of this collaboration, in December an initiative was carried out to raise awareness of the specialties of LiberaTerra, produced by eight social cooperatives that work on agricultural land confiscated from the mafia in Campania, Sicily, Calabria and Puglia. Some of these products have already been used to create daily menu dishes, and then put on display for purchase in a special dedicated area.

Just the woman I am

In March 2014, SEAT PG acted as the technological and informational partner of the "Just the woman I am" initiative, a sports event dedicated to women - and supplemented with activities in the run-up to the "Turin 2015 European Capital of Sport" event - that aims to raise funds to be donated to the Institute for Cancer Research in Candiolo. The Company also contributed to the advertising campaign linked to the "Turin Woman" event through the internal involvement of employees in a photo shoot focusing on the **fight against violence toward women**.

Flexible work day

In early February, SEAT PG participated in the trial "flexible work" day held in Milan and the surrounding areas. This experiment was associated with the new Regional Working Hours Plan to promote an organization of work which accompanies the transformations of the city. It is a different way to organize work that meets the needs of workers and makes businesses more competitive. With the collaboration of the Agency for Mobility, Environment and Land Use, the advantages of this alternative approach have been confirmed in terms of benefits for employees (time savings) and for the environment (reduction of CO2 and PM10 emissions, traffic and energy consumption).

Fundraising for flood victims in Sardinia

After serious flooding in Sardinia in late 2013, the internal "SEAT for Sardinia" initiative was born, in which employee fundraising goes to support the heavily impacted local population through a donation

to the Italian Red Cross. SEAT PG's commitment to supporting the activities of the Red Cross was also made evident in the informational campaign on the PagineGialle and PagineBianche online properties.

Codes of ethics \

SEAT has proved its commitment to acting correctly and constantly improving relations with stakeholders by signing a code of online conduct, which aims to promote key values within the relationship between providers and users of online services: transparency, visibility and the sharing of rules between company and consumer.

More specifically, SEAT:

- promoted (in collaboration with Consorzio Netcomm, an association that is part of the Italian employers' federation Confindustria and represents e-commerce companies) the "Code of self-regulation on methods of marketing and advertising discount and savings offers in the e-commerce sector".

The Code was signed by the leading companies in the couponing sector, guaranteeing their commitment to appropriate conduct toward consumers;

- signed the "Code of self-regulation on online behavioral advertising" (known as the "Framework OBA") promoted by IAB Europe and leading advertising associations (with the support of the European Advertising Standard Alliance, or EASA). The signatory companies (which include Yell, Google, Microsoft, the BBC and the Financial Times) have undertaken to provide users with clear information about their online advertising activities using a notice and control system.

" il **Giallo**

è professionalità "



Pictured above extracted from the last spot of SEAT PG

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14

Consolidated
Financial Statements
of the Seat
Pagine Gialle Group





Introduction \

For SEAT, 2014 was a turnaround year in which the initial effects of the new business management model, based on the guidelines of the operating plan underlying the proposed agreement with creditors, became visible. At the same time, the financial recovery process was completed with the approval, court approval and execution of the composition with creditors process, initiated by the Company in early 2013, making it possible to eliminate the considerable financial debt generated a decade before.

In terms of business performance, the Company met all of its main targets set for 2014 thanks to adopting a series of measures and actions needed to re-launch operations and to define a plan to return to sustainable growth and satisfactory profitability in the medium term.

In more detail, the SEAT Business Area (including Seat Pagine Gialle S.p.A. and the Digital Local Services companies) obtained net customer orders amounting to € 343 million (just under the target of € 348 million), revenues of € 388.9 million (substantially in line with the yearly target) and EBITDA of € 32.5 million (in line with the plan). Cash and cash equivalents amounted to € 107 million, well above the forecasted figure of approximately € 42 million, due to the combination of structural improvements and changes that will be offset in 2015, including lower payments to the creditors involved in the pre-bankruptcy agreement, which were deferred to 2015 but remain in compliance with the timing set forth in the approval decree, or partly withheld for liabilities that have not yet arisen.

Beyond financial data, the Company has been able to re-launch its business engines through: *i*) renewed adequate growth of the sales network, which has reached almost 1,400 units (30% growth compared with the beginning of 2013); *ii*) product innovation, with the re-launch and updating of all proprietary products, particularly online platforms; *iii*) product range expansion with a view to creating a full media portfolio, also including third-party products (Google, Facebook, Sky, Rai and others); *iv*) the recovery of advertising investment. All of these actions have led not only to a confirmation of expected commercial results, but also and especially to a notable improvement in the company's image among SMEs. In this regard, a recent market survey commissioned by Demoskopoea shows that the Company's brand image has improved significantly with respect to the previous survey conducted halfway through 2013. Likewise, the customer satisfaction index (NPS - Net Promoter Score) provided by Cerved improved by 8 percentage points during the same period. Lastly, in terms of initiatives supporting profitability, an

indirect cost reduction policy was implemented involving the reduction of salaries, wages and employee benefits (indirect) by more than 20 percentage points compared with 2013, and the corporate structure was considerably streamlined after the deconsolidation of Thomson, Cipi and, as part of the composition with creditors, Telegate.

In terms of the composition with creditors, with respect to the information provided in the Report on Operations as at September 30, 2014 (particularly with reference to the completion of the composition with creditors procedure and the Company's full return to performing status), on December 23, 2014, the Company announced that it had completed the share capital transactions set forth in the composition with creditors proposals, required to clear Seat PG's and Seat PG Italia S.p.A.'s debts to the Class B and C financial creditors involved in the procedure. For further details on this topic, please refer to the press releases published on December 17, 19 and 23, 2014, the documentation available on the website www.seat.it in the "Investor & Governance/Extraordinary Transactions" section, and the previous monthly reports drafted pursuant to Article 114, paragraph 5 of the Consolidated Finance Act.

Furthermore, as set forth in the approval decree, cash payments were also made to satisfy creditors according to the procedures and terms described in the respective proposals for the composition with creditors.

The Company therefore met its obligations set forth in the proposed agreement with creditors, thereby rendering the effects of the procedure definitive, primarily that of essentially eliminating financial debt and, as a result, regaining financial balance.

On March 5, 2015, the deadline set by the approval decree for the filing of the final report on the execution of the proposed agreements with creditors, the Court of Turin approved the Company's request for an extension until March 31, 2015, given the complexity of the procedure due to the considerable number of obligations set forth in the agreement and the associated collection and organization of a significant amount of documentation proving the effective fulfilment of such obligations.

It was then prepared the final report on the execution of proposals for the composition with creditors that, on the advice of the organ commissioner, will be filed in a formal way, together with the opinion of this body, once completed the preliminary examination of both documents by the Turin Court which on March 31, 2015 were subjected.

Consolidated statement of financial position at December 31, 2014

Assets

<i>(euro/thousand)</i>	As at 12.31.2014	As at 12.31.2013	Note
Non-current assets			
Intangible assets with indefinite useful life	-	-	(6)
Intangible assets with finite useful life	121,115	130,338	(8)
Property, plant and equipment	9,978	12,744	(9)
Leased assets	24,777	27,303	(10)
Other investments	10,254	-	(11)
Other non-current financial assets	869	1,015	(12)
Deferred tax assets, net	462	696	(30)
Other non-current assets	5,717	5,862	(15)
Total non-current assets	(A) 173,172	177,958	
Current assets			
Inventories	3,927	4,458	(13)
Trade receivables	182,830	229,815	(14)
Current tax assets	27,567	21,786	(30)
Other current assets	44,615	39,056	(15)
Current financial assets	2,718	2,039	(19)
Cash and cash equivalents	108,455	196,426	(19)
Total current assets	(B) 370,112	493,580	
Non-current assets held for sale and discontinued operations	(C) -	169,015	(32)
Total assets	(A+B+C) 543,284	840,553	

Liabilities

<i>(euro/thousand)</i>	As at 12.31.2014	As at 12.31.2013	Note
Equity of the Group			
Share capital	20,000	450,266	(16)
Additional paid-in capital	117,155	466,847	(16)
Reserve for foreign exchange adjustments	4,000	50,071	(16)
Reserve for actuarial gains (losses)	51	1	(16)
Other reserves	(1,768)	(322)	(16)
Profit (loss) for the year	(1,344,176)	(1,962,167)	(16)
Total equity of the Group	1,379,167	(347,603)	
Totale patrimonio netto di Gruppo	(A)	174,429	(1,342,907) (16)
Non-controlling interests			
Share capital and reserves	4,056	19,676	
Profit (loss) for the year	(4,148)	(197)	
Total non-controlling interests	(B)	(92)	19,479 (16)
Total equity	(A+B)	174,337	(1,323,428)
Non-current liabilities			
Non-current financial debts	32,344	35,216	(19)
Non-current reserves to employees	15,651	15,210	(21)
Deferred tax liabilities and non-current tax payables	20,740	10,545	(30)
Other non-current liabilities	26,779	30,018	(22)
Total non-current liabilities	(C)	95,514	90,989
Current liabilities			
Current financial debts	7,428	1,623,178	(19)
Trade payables	94,216	149,796	(24)
Payables for services to be rendered and other current liabilities	130,356	151,898	(24)
Reserve for current risks and charges	26,865	71,705	(23)
Current tax payables	14,318	26,062	(30)
Total current liabilities	(D)	273,183	2,022,639
Liabilities directly associated with non-current assets held for sale and discontinued operations	(E)	250	50,353 (32)
Total liabilities	(C+D+E)	368,947	2,163,981
Total liabilities and equity	(A+B+C+D+E)	543,284	840,553

Consolidated income statement for 2014 \

	Year 2014	Year 2013	Note
<i>(euro/thousand)</i>			
Sales of goods	5,112	11,193	(26)
Rendering of services	403,073	492,127	(26)
Revenues from sales and services	408,185	503,320	(26)
Other income	3,948	4,611	(27)
Total revenues	412,133	507,931	
Costs of materials	(15,670)	(22,419)	(27)
Costs of external services	(238,050)	(244,745)	(27)
Salaries, wages and employee benefits	(95,292)	(105,922)	(27)
Valuation adjustments	(25,093)	(41,501)	(13)
Provisions to reserves for risks and charges, net	(1,933)	(231)	(22;23)
Other operating expenses	(3,467)	(3,622)	
Operating income before amortisation, depreciation, non-recurring and restructuring costs, net	32,628	89,491	
Amortization, depreciation and write-down	(49,921)	(277,896)	(6-10)
Non-recurring costs, net	(7,242)	(43,078)	(27)
Restructuring costs, net	(1,001)	(2,973)	(27)
Operating result	(25,536)	(234,456)	
Interest expense	(130,573)	(132,910)	(28)
Interest income	2,221	2,659	(28)
Profit (loss) before income taxes	(2,648)	-	(29)
Income taxes for the year	1,565,052	-	(30)
Profit (loss) on continuing operations	1,408,516	(364,707)	
Income taxes for the year	(15,069)	13,174	(31)
Profit (loss) on continuing operations	1,393,447	(351,533)	
Profit (loss) from non-current assets held for sale and discontinued operations	(18,428)	3,733	(32)
Profit (loss) for the year	1,375,019	(347,800)	
- of which pertaining to the Group	1,379,167	(347,603)	
- of which non-controlling interests	(4,148)	(197)	
	As at 12.31.2014 (*)	As at 12.31.2013	
Number of Seat Pagine Gialle S.p.A. shares	64,267,622,142	16,066,893,331	
- ordinary shares	n. 64,267,615,339	16,066,212,958	
- savings shares	n. 6,803	680,373	
weighted average shares outstanding	17,255,404,452 (**)	16,066,893,331	
Profit (loss) on continuing operations of the Group	€/thousand 1,393,495	(351,495)	
Profit (loss) from non-current assets held for sale and discontinued operations of the Group	€/thousand (14,328)	3,892	
Profit (loss) par share from continuing operations of the Group	€ 0.081	(0.022)	
Profit (loss) par share from non-current assets held for sale and discontinued operations of the Group	€ (0.00083)	0.0002	

(*) As at March 4, 2014 the Extraordinary Shareholders meeting, has resolved to approve the new composition of Share Capital as a result of extraordinary operations.

(**) The figure has been calculated as the average of shares outstanding, considering the change in the Share Capital as at December 23, 2014.

Consolidated statement of comprehensive income for 2014 \

		Year 2014	Year 2013	Note
<i>(euro/thousand)</i>				
Profit (loss) for the year		1,375,019	(347,800)	
<i>Other comprehensive income (expense) that will not be reclassified subsequently to profit (loss) for the year:</i>				
	(A)	-	-	
Actuarial gain (loss)		(1,669)	769	
Total other comprehensive income (expense) that will not be reclassified subsequently to profit (loss) for the year	(B1)	(1,669)	769	(17)
<i>Other comprehensive income (expense) that will be reclassified subsequently to profit (loss) for the year:</i>				
		-	-	
Profit (loss) from fair-value measurement of AFS securities		(35)	101	
Profit (loss) from translation of accounts of foreign subsidiaries		50	(42)	
Profit (loss) from the fair value of warrant		(984)	-	
Total other comprehensive income (expense) that will be reclassified subsequently to profit (loss) for the year	(B2)	(969)	59	(17)
Total other comprehensive income (loss), net of tax effect	B=(B1+B2)	(2,638)	828	
Total comprehensive income (loss) for the year	(A+B)	1,372,381	(346,972)	
- of which pertaining to the Group		1,376,549	(346,793)	
- of which non-controlling interests		(4,168)	(179)	

Consolidated statement of cash flows for 2014

		Year 2014	Year 2013	Note
<i>(euro/thousand)</i>				
Cash inflow (outflow) from operating activities				
Operating result		(25,536)	(234,456)	
Amortization, depreciation and write-down		49,921	277,896	(6)-(8)-(9)-(10)
(Gain) loss on disposal of non-current assets		(11)	6	
Change in working capital		(32,083)	94,412	
Income taxes paid		(6,361)	(3,514)	
Change in non-current liabilities		(2,538)	(2,370)	
Foreign exchange adjustments and other movements		10	(363)	
Cash inflow (outflow) from operating activities	(A)	(16,598)	131,599	
Cash inflow (outflow) for investments				
Purchase of intangible assets with finite useful life		(27,517)	(29,484)	(8)
Purchase of property, plant and equipment		(2,361)	(4,265)	(9)
Other investments		(9,718)	27	
Proceeds from disposal of non-current assets		214	36	
Cash inflow (outflow) for investments	(B)	(39,382)	(33,686)	
Cash inflow (outflow) for financing				
Repayment of non-current loans		(2,870)	(3,257)	
Paid interest expense, net		1,389	1,879	
Change in financial asset and liabilities		(30,931)	(292)	
Cash inflow (outflow) for financing	(C)	(32,412)	(1,670)	
Cash inflow (outflow) from non-current assets held for sale and discontinued operations	(D)	(11,029)	(88,026)	(32)
Increase (decrease) in cash and cash equivalents in the year (*)	(A+B+C+D)	(99,421)	8,217	
Cash and cash equivalents on continuing operations at the beginning of the year	(E)	196,426	199,659	(16)
Cash and cash equivalent of subsidiaries reclassified into non-current assets held for sale and discontinued operations at the beginning of the year	(E)	11,450	-	
Cash and cash equivalents at beginning of the year	(G)=(E)+(F)	207,876	199,659	
Cash and cash equivalents on continuing operations at the end of the year	(H)	108,455	196,426	(16)
Cash and cash equivalent of subsidiaries reclassified into non-current assets held for sale and discontinued operations at the beginning of the year	(I)	-	11,450	
Cash and cash equivalents at beginning of the year	(L)=(H)+(I)	108,455	207,876	

(*) This includes in 2014 the cash in of Telegate's dividend and withholding amounting to € 8,444 thousand.

Consolidated statement of changes in equity for 2014

	Share capital	Additional paid-in capital	Legal reserve	Reserve for foreign exchange adjustments	Reserve for actuarial gains and (losses)	Other reserves	Profit (loss) for the year	Total	Non-controlling interests	Total
<i>(euro/thousand)</i>										
As at 12.31.2013	450,266	466,847	50,071	1	(322)	(1,962,167)	(347,603)	(1,342,907)	19,479	(1,323,428)
Capital increase	19,880	121,155	-	-	-	-	-	141,035	-	141,035
Allocation of previous year profit (loss)	-	-	-	-	-	(347,603)	347,603	-	-	-
Dividend distributions	-	-	-	-	-	-	-	-	(1,730)	(1,730)
Cover overall losses SEAT	(450,146)	(470,847)	(46,071)	-	-	967,064	-	-	-	-
Deconsolidation Telegate AG	-	-	-	-	-	-	-	-	(13,675)	(13,675)
Total other comprehensive profit (loss) for the year	-	-	-	51	(1,448)	(1,221)	1,379,167	1,376,549	(4,168)	1,372,381
Other movements	-	-	-	(1)	2	(249)	-	(248)	2	(246)
As at 12.31.2014	20,000	117,155	4,000	51	(1,768)	(1,344,176)	1,379,167	174,429	(92)	174,337

Consolidated statement of changes in equity for 2013

	Share capital	Additional paid-in capital	Legal reserve	Reserve for foreign exchange adjustments	Reserve for actuarial gains and (losses)	Other reserves	Profit (loss) for the year	Total	Non-controlling interests	Total
<i>(euro/thousand)</i>										
As at 12.31.2012	450,266	466,847	50,071	43	(1,096)	(919,870)	(1,042,721)	(996,460)	28,309	(968,151)
Allocation of previous year profit (loss)	-	-	-	-	-	(1,042,721)	1,042,721	-	-	-
Dividend distributions	-	-	-	-	-	-	-	-	(8,650)	(8,650)
Total other comprehensive profit (loss) for the year	-	-	-	(42)	774	78	(347,603)	(346,793)	(179)	(346,972)
Other movements	-	-	-	-	-	346	-	346	(1)	345
As at 12.31.2013	450,266	466,847	50,071	1	(322)	(1,962,167)	(347,603)	(1,342,907)	19,479	(1,323,428)

Accounting standards and explanatory notes

1. Company information

SEAT is the only media agency to offer local marketing services throughout Italy. In addition to traditional print and voice advertising, it offers companies a complete range of support services to promote their business online via a network of SEAT media agencies. SEAT's web marketing services include website and mobile site construction and management, multimedia content creation, web visibility, e-commerce and online marketing, managing clients' presence on social networks, and

couponing. It also offers advertising on third-party, digital, television, radio and cinema media in partnership with specialist operators.

The Parent Company, Seat Pagine Gialle S.p.A., has its registered office in Turin located at Corso Mortara 22, and has a share capital of € 20,000 thousand.

The Group's main activities are described in the report on operations, under the heading "Financial performance by Business Area".

2. Basis of presentation

The consolidated financial statements have been prepared in accordance with the provisions of Legislative Decree No. 38 of February 28, 2005, applying the international accounting standards (IAS/IFRS) issued by the International Accounting Standards Board and approved by the European Union, including all interpretations of the International Financial Reporting Interpretations Committee (IFRIC), previously known as the Standing Interpretations Committee (SIC), and in compliance with the applicable Consob regulations.

The Seat Pagine Gialle Group adopted IAS/IFRS in compliance with Regulation (EC) No. 1606 of July 19, 2002.

The Consolidated Financial Statements were drawn up based on the historical cost principle, except for Other Investments and Other current financial debts for warrants, which were recorded at fair value.

The financial statement formats adopted are in line with those provided for by IAS 1. To be more specific:

- the consolidated statement of financial position was prepared by classifying assets and liabilities as "current/non-current" and showing "Non-current assets/liabilities held for sale and discontinued operations" as two separate items, as required by IFRS 5;
- the consolidated income statement was prepared by classifying operating costs by type, as this is considered the best way to present the Group's activities and complies with internal reporting methods. The result from continuing operations is separated from "Net profit/(loss) from non-current assets held for sale and discontinued operations", as required by IFRS 5. In accordance with CONSOB decision No. 15519 of July 27, 2006, income and expense from non-recurring transactions were specifically identified in the context of the statements of operations classified by type, showing their effect on operating result.

Non-recurring income and expense include cases which, by their nature, do not occur continuously in the normal course of operations, such as:

- corporate restructuring costs;
- stock option plan costs;
- extraordinary and highly strategic consultancy (relating mainly to identifying and implementing solutions for the financial restructuring);
- costs linked to director and department manager severance pay;

In keeping with the provisions of IAS 1, according to which an entity must present additional items, headings and subtotals in the statements of profit (loss) for the financial year and other comprehensive income when that presentation is significant for the purpose of understanding the entity's operating and financial results, the item "Net income from composition with creditors" was inserted into the aforementioned statements to show the economic effects of the execution of the composition with creditors proposals.

- the consolidated statement of comprehensive income shows the cost and/or revenue items not yet recognized in the statement of operations with an impact on Group equity as at the reporting date;
- the consolidated statement of cash flows was prepared by recording cash flows from operating activities according to the "indirect method," as allowed by IAS 7, showing cash flows from operating, investment and financial activities separately from those from non-current assets held for sale and discontinued operations. The cash and cash equivalents recorded in the financial statements include cash, checks, bank overdrafts and short-term securities that are readily convertible into cash.

Cash flows from operating activities were recorded by adjusting the operating result for the year to take into

account the effects of non-monetary transactions, any deferment or setting aside of previous or future operating collections or payments, and revenue or cost items connected with cash flows from investment or financial activities or relating to non-current assets held for sale and discontinued operations.

- The statement of changes in equity shows the changes that took place in equity items in relation to:
 - the allocation of the profit for the year of the Parent Company and the subsidiaries to minority interests;
 - the breakdown of the total profit/(loss);
 - the effect of any errors or changes in accounting standards.

The data are presented in euros and all figures have been rounded off to the nearest thousand, unless otherwise indicated.

On March 12, 2015, the Board of Directors authorized publication of the Seat Pagine Gialle Group's Consolidated Financial Statements at December 31, 2014.

2.1 Going concern evaluation

In accordance with the provisions of Banca d'Italia-Consob-Isvap joint document No. 2 of February 6, 2009, and just as it did for the 2012 and 2013 Annual Reports, when it approved this Annual Report as at December 31, 2014, the Board of Directors had to perform the necessary checks on the Company's ability to continue as a going concern, taking into account all available information regarding the foreseeable future, i.e. at least the 12 months following the reporting date (although the Board considers it preferable to consider a period of 18 months, i.e. up to June 30, 2016).

Please be reminded that these evaluations, conducted at the time of approval of all annual and interim reports with special attention since the initiation of the composition with creditors procedures, were necessary in light of significant uncertainties linked to the impossibility of meeting financial debt payment obligations and the financial deficit, which in February 2013 resulted in the decision to make recourse to the composition with creditors procedure on a going-concern basis. These assessments led the Directors to believe that the ability for the Company and the Group to continue operating as a going concern was necessarily linked to the execution and completion of the transactions established in the proposed composition with creditors procedures, which would also result in the re-establishment of the Company's equity which would remedy the situation pursuant to Articles 2446 and 2447 of the Italian Civil Code, without prejudice to difficulties deriving from the continuation of the negative macroeconomic and economic scenario.

As already reported in the Introduction, approximately two years after it began, the composition with creditors was completed with the company's full return to performing status and the substantial elimination of financial debt. Indeed, after the approval of both procedures, the extraordinary transactions approved by the Company's Shareholders' Meeting on March 4, 2014 were carried out, including: on October 24, 2014, the deed of merger was signed for the incorporation of Seat Pagine Gialle Italia S.p.A. into Seat Pagine Gialle S.p.A.; the merger came into effect on November 1, 2014 and became effective for accounting and tax purposes on January 1, 2014; on December 23, 2014, the Company announced that it had completed: *i)* the Seat PG capital reduction from € 450,265,793.58 to € 120,000.00, without annulling shares, since they have no par value, *ii)* the reserved capital increase from € 120,000 to € 20,000,000 with the issue of 6,410,695,320,951 ordinary shares paid-up in cash against the clearance of debts involved in the composition with creditors of Seat PG and Seat PG Italia S.p.A. to the creditors in Classes B and C, *iii)* the reverse split of existing ordinary and savings shares with a ratio of 1 new ordinary and savings share with regular dividend rights for every 100 ordinary and savings shares, and *iv)* the issue of 3,391,431,376 warrants convertible into ordinary shares in accordance with the terms and conditions pursuant to the relative regulation.

For further details on this topic, please refer to the press releases published on December 17, 19 and 23, 2014, the documentation available on the website www.seat.it in the "Investor & Governance/Extraordinary Transactions" section, and the previous monthly reports drafted pursuant to Article 114, paragraph 5 of the Consolidated Finance Act.

As set forth in the approval decree, cash payments were also made to satisfy creditors according to the procedures and terms described in the respective proposals for the composition with creditors.

In light of the above, the Directors believe that, despite the continuation of the difficult macroeconomic scenario, there are no doubts as to the applicability of the going concern assumption. Therefore, it is possible to approve the Annual Report as at December 31, 2014 on the basis of that assumption.

2.2 Consolidation principles

The consolidated financial statements include the separate financial statements of Seat Pagine Gialle S.p.A. and its subsidiaries. Where necessary, these financial statements have been amended to make them consistent with the measurement criteria adopted by the Parent Company.

Subsidiaries:

The Parent Company Seat Pagine Gialle S.p.A. has control when it simultaneously has:

- decision-making power over the investee, i.e., the ability to direct the investee's relevant activities, or those activities that significantly affect the investee's returns;
- the right to variable (positive or negative) returns from the investee;
- the ability to affect these returns through its power over the investee.

The company reassesses whether it controls the investee any time that events or circumstances indicate that one or more of the three elements of control has changed.

The subsidiaries are consolidated fully as of the date of acquisition, or the date on which the Group acquires control, and cease to be consolidated on the date on which control is transferred outside of the Group or if they are held for sale.

The following principles of consolidation were also used:

- recognition of assets, liabilities, costs and revenue in their total amount, not considering the amount of equity held, and recognizing to minority interests, in separate items, the share of equity and profit for the year pertaining to them;

- elimination of receivables and payables, as well as costs and revenue arising from intra-group transactions;
- elimination of intra-group dividends.

Non-controlling interests represent the portion of the profit or loss and equity of the subsidiaries not held by the Group. These are presented separately from the portions pertaining to the Group in the consolidated statements of operations and equity.

2.3 Accounting estimates and assumptions

Pursuant to IAS/IFRS, when preparing consolidated financial statements and corresponding explanatory notes, the management must make estimates and assumptions that affect the figures for revenue, costs, and assets and liabilities in the financial statements, as well as the information on contingent assets and liabilities as at the closing date. The results produced may differ from these estimates. The estimates are used to measure provisions for risks on receivables and errors, amortization and depreciation, asset write-downs, employee benefits, taxes, restructuring reserves, and other provisions and reserves. The estimates and assumptions are reviewed periodically, and the effects of each change are immediately reflected in the statement of operations.

These valuations and estimates must be considered together with the measurement criteria described in more detail in Note 4.

3. Accounting principles and interpretations issued by the IASB/IFRIC

3.1 Accounting principles, amendments and interpretations issued by the IASB/IFRIC applicable from January 1, 2014

In accordance with "IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors", the IFRSs in force as of January 1, 2014 are listed and briefly described below.

On May 12, 2011 the IASB issued "IFRS 10 - Consolidated Financial Statements", which will replace "SIC 12 - Consolidation - Special Purpose Entities" and parts of "IAS 27 - Consolidated and Separate Financial Statements". The latter was renamed "Separate Financial Statements" and now governs only the accounting methods applicable to equity investments in separate financial statements. In addition to redefining the concept of control, the new principle provides a guide for determining the existence of

control where it is difficult to ascertain. The adoption of this principle did not have any impact for the Group.

On May 12, 2011, the IASB issued "IFRS 11 - Joint Arrangements", which will replace "IAS 31 - Interests in Joint Ventures" and "SIC 13 - Jointly Controlled Entities - Non-Monetary Contributions by Venturers". The new principle provides the criteria for identifying the essence of the arrangement with regard to the underlying rights and obligations, rather than the legal form, and stipulates that the equity method is the only accounting method that may be used for investments in jointly controlled companies in the consolidated financial statements. The adoption of this principle did not have any impact for the Group.

On May 12, 2011 the IASB issued "IFRS 12 - Disclosure of Interests in Other Entities", a new and supplementary

principle on the additional information to be supplied on each type of investment, including those in subsidiaries, joint arrangements, associates, special-purpose entities and other non-consolidated special-purpose vehicles. The required disclosure is provided in the notes to the financial statements.

On May 12, 2011, the IASB issued the amended version of IAS 28 "Investments in Associates and Joint Ventures", which incorporates the updated classification of joint arrangements introduced by IFRS 11 and describes how to account for investments in associates and the requirements for the application of the equity method in accounting for equity investments in associates and joint ventures. The adoption of this principle did not have any impact for the Group.

On December 16, 2011, the IASB issued a number of amendments to "IAS 32 - Financial Instruments: Presentation" in order to clarify the application of some criteria concerning the offsetting of financial assets and liabilities established in IAS 32. The adoption of this principle did not have any impact for the Group.

On May 29, 2013, the IASB issued an amendment to IAS 36 "Recoverable Amount Disclosures for Non-Financial Assets", which governs the disclosures to be provided on the recoverable amount of impaired assets if that amount is based on fair value less sale costs. The adoption of this amendment did not have significant impacts for the Group.

On June 27, 2013, the IASB issued a number of amendments to IAS 39 "Financial Instruments: Recognition and Measurement", entitled "Novation of derivatives and continuation of hedge accounting". The amendments allow the continuation of hedge accounting when a hedging instrument is required to be novated as a result of laws or regulations in order to replace the original counterparty to ensure that the obligation is fulfilled, and provided certain criteria are met. The same amendment will also be incorporated into IFRS 9 "Financial Instruments". The amendments must be applied retroactively to financial years beginning on or after January 1, 2014. This principle is currently not applicable to the Group's financial statements.

On May 20, 2013, the IASB published IFRIC 21 "Levies", an interpretation of IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" effective as of January 1, 2014, which lays out recognition criteria for liabilities for taxes other than income taxes. In particular, it establishes which

event gives rise to the obligation and when the liability should be recognized. The adoption of this interpretation had no effect on these consolidated financial statements.

3.2 Accounting principles, amendments and interpretations not yet applicable and not adopted in advance by the Group

On December 18, 2014, Regulation (EU) No. 1361/2014 was issued, transposing into EU law certain improvements to the IFRS for the 2011-2013 period.

Specifically, the improvements involved the following aspects:

- "Amendment to IFRS 3 - Business Combinations"; this amendment clarifies that IFRS 3 does not apply when accounting for the formation of any type of joint arrangement in the financial statements of the joint arrangement itself (IFRS 11);
- "Amendment to IFRS 13 - Fair Value Measurement"; this amendment clarifies that the principle of measuring groups of financial assets and liabilities on a net basis applies to all contracts accounted for within the scope of IAS 39/IFRS 9, regardless of whether they meet the definition of financial assets or financial liabilities as defined in IAS 32;
- "Amendment to IAS 40 - Investment Property".

These amendments, which will come into force on January 1, 2015, are not expected to have a significant impact on the Group's consolidated financial statements.

On December 17, 2014, Regulation (EU) No. 28/2015 was issued, transposing into EU law certain improvements to the IFRS for the 2010-2012 period. Specifically, as regards the aforementioned amendments, please take note of the following:

- "Amendment to IFRS 2 Share-based Payment": this amendment specifies some characteristics of vesting conditions;
- "Amendment to IFRS 3 - Business Combinations": the amendment clarifies how to account for the contingent consideration in a business combination;
- "Amendment to IFRS 8 - Operating Segments": this amendment requires an additional disclosure in the financial statements regarding how aggregation criteria were applied to operating segments;
- "Amendment to IAS 16 - Property, Plant and Equipment" (Revaluation method - proportionate restatement of accumulated depreciation);
- "Amendment to IAS 24 - Related Party Disclosures" (Key management personnel);
- "Amendment to IAS 38 - Intangible Assets" (Revaluation method - proportionate restatement of accumulated amortization).

These amendments, which will be applied as of January 1, 2015, are not expected to have a significant impact on the Group's consolidated financial statements.

On December 17, 2014, Regulation (EU) No. 29/2015 was issued, transposing into EU law certain amendments to IAS 19. In particular, these amendments clarify how to account for employee contributions to defined benefit plans.

These amendments, which will be applied as of January 1, 2015, are not expected to have a significant impact on the Group's consolidated financial statements.

3.3 New standards and interpretations issued by the IASB and not yet approved by the EU

As at the reporting date, the following new standards and interpretations have been issued by the IASB, but have not yet been approved by the EU.

- IFRS 14 "Regulatory Deferral Accounts": application required as of January 1, 2016;
- "Accounting for Acquisitions of Interests in Joint Operations" (Amendments to IFRS 11 - Joint Arrangements): application required as of January 1, 2016;
- Amendments to IAS 16 (Property, plant and equipment) and IAS 38 (Intangible assets) - "Clarification of Acceptable Methods of Depreciation and Amortization": application required as of January 1, 2016;
- Amendments to IFRS 10 (Consolidated Financial Statements) and IAS 28 (Investments in associates and joint ventures): Sale or Contribution of Assets between an Investor and its Associate or Joint Venture: application required as of January 1, 2016;
- Improvements to IFRSs (2012-2014 cycle): application required as of January 1, 2016;

- Amendments to IFRS 12, IFRS 10 and IAS 28 (Investment Entities - Applying the Consolidation Exception): application required as of January 1, 2016;
- Amendments to IAS 1 (Disclosure Initiative): application required as of January 1, 2016;
- IFRS 15 (Revenue from Contracts with Customers): application required as of January 1, 2017;
- IFRS 9 (Financial Instruments): application required as of January 1, 2018.

3.4 Accounting principles applied to the acquisition of Glamoo Ltd: IFRS 3 "Business Combinations"

Accounting treatment of the acquisition

The acquisition of 100% of Glamoo Ltd was completed on June 20, 2014. This company holds 100% of the shares of Glamoo S.r.l., a company that sells products and coupons online in Italy and has had a commercial partnership with Seat PG since 2011. This transaction, authorized by the competent bodies of the ongoing composition with creditors procedure, is part of the "Search for new growth opportunities" action set forth in the strategic guidelines of the Seat PG Group's business plan underlying that procedure.

The transaction was accounted for in compliance with IFRS 3 "Business Combinations", using the financial position as at May 31, 2014 as a reference. The purchase cost was established at € 3,960 thousand on the basis of the Share Transfer Agreement and evaluations conducted.

Goodwill calculation

For the purposes of booking the acquisition, the following were calculated: the fair value of the assets acquired and the relative goodwill, i.e. the difference between the purchase cost and the value of these assets net of liabilities.

	Euro milion
Purchase cost	4.0
<i>Fair value of assets</i>	3.6
<i>Fair value of liabilities</i>	(4.2)
Net <i>Fair value</i> value of assets and liabilities at the acquisition date	(0.7)
Temporary goodwill	4.6

Following impairment tests, the value of the goodwill mentioned above was written down in full.

4. Measurement criteria

Adoption of IFRIC 19

The extinguishing of financial liabilities by issuing equity instruments was accounted for in accordance with the IAS 39 interpretation entitled "IFRIC 19 - Extinguishing Financial Liabilities with Equity Instruments". This interpretation defines the accounting process to be applied if the terms of a financial liability are renegotiated resulting in the issue of equity instruments to the creditor in order to fully or partially extinguish the same financial liability.

This interpretation guides the measurement and accounting of the transaction from the debtor/issuer side, and clarifies that:

- the issue of equity instruments entails the derecognition of the liability;
- the equity instruments issued are the consideration paid to extinguish the debt, in accordance with IAS 39, paragraph 41;
- the equity instruments issued should be measured at fair value at the date on which the financial liability is extinguished. The fair value was determined by referring to stock market listings;
- the difference between the carrying value of the liability and the fair value of the equity instruments issued is recognized as income or expense in profit or loss. Due to the extent of the profit, it was recognized on a new line of the statement of operations entitled "Net income from composition with creditors".

Non-current assets held for sale and discontinued operations - disposal groups (IFRS 5)

Non-current assets held for sale and discontinued operations refer to business lines and assets (or groups of assets) sold or being disposed, whose carrying value has been or will be recovered mainly through the sale thereof, rather than through continued use. Non-current assets held for sale are measured at the lesser of net carrying value and fair value, minus sale costs.

Discontinued operations are a part of the Group that has been disposed of or classified as held for sale, and:

- represents a significant business unit or geographical area of activity;
- is part of a coordinated plan to dispose of a significant business unit or geographical area of activity; or
- is a subsidiary acquired solely to be resold.

In accordance with IFRS, the data relating to significant business lines (discontinued operations) are presented as follows:

- In two specific statement of financial position items: "Non-current assets held for sale and discontinued operations" and "Liabilities directly associated with non-

current assets held for sale and discontinued operations";

- In a specific consolidated statement of operations item: "Net profit/(loss) on non-current assets held for sale and discontinued operations".
- In a specific consolidated statement of cash flows item: "Cash inflow/(outflow) from non-current assets held for sale and discontinued operations".

The corresponding statement of operations and statement of cash flows values relating to the previous financial year, where present, are reclassified and presented separately for comparative purposes.

With regard to business lines considered not significant (assets held for sale), the statement of financial position figures alone are presented separately in two specific items ("Non-current assets held for sale and discontinued operations" and "Liabilities directly associated with non-current assets held for sale and discontinued operations"); there was no need to restate the relevant comparative values.

Business combinations

Pursuant to "IFRS 3 - Business Combinations", goodwill is recognized in the consolidated financial statements as at the date of acquisition of control of a business, and represents the excess of a) over b), where:

a) is the sum of:

- the amount paid (measured in accordance with IFRS 3, generally calculated based on fair value as at the acquisition date);
- the value of any minority interest in the acquired entity, valued in proportion to the minority interest in the identifiable net assets of the acquired entity, recognized at fair value;
- in the case of a business combination carried out in several stages, the fair value as at the date of acquisition of control of the equity interest already held in the acquired company;

b) is the fair value of the identifiable assets acquired, net of the identifiable liabilities assumed, measured as at the date of acquisition of control.

IFRS 3 also stipulates that:

- accessory costs associated with the business combination must be recognized in a separate consolidated statement of operations;
- in the case of a business combination carried out in several stages, the acquirer must remeasure the value of the equity interest it previously held in the acquired entity at fair value as at the date of acquisition of control, recognizing the difference in a separate consolidated income statement.

Goodwill is classified as an intangible asset with an indefinite useful life.

The goodwill initially recognized is subsequently reduced only for accumulated impairment losses (for further details, please see the "Impairment of intangible assets and property, plant and equipment - goodwill" section below). In the event of the loss of control of a previously acquired company, the calculation of the capital gain or loss on the transaction takes account of the corresponding value of goodwill.

Intangible assets

Intangible assets acquired separately are initially capitalized at cost, while those acquired as part of a business combination are capitalized at fair value on the date of acquisition. After their initial recognition, intangible assets are recorded at cost, net of amortization and accumulated impairment losses. Internally generated intangible assets, excluding development costs, are not capitalized and are recorded in the statement of operations for the financial year in which they are incurred. The useful life of intangible assets is recognized as finite or indefinite.

Intangible assets with a finite useful life are amortized over their useful life and are subject to impairment tests whenever there are signs of possible impairment. The amortization period and method applied are reviewed at the end of each financial year, or as often as necessary.

The amortization methods applied are as follows:

- *marketing-related intangible assets*: customer relationship assets and databases, amortized on a straight-line basis over a period of four to 10 years, taking into account their useful life;
- *industrial patents and intellectual property rights*: amortized in relation to their expected useful life;
- *concessions, licenses, trademarks and similar rights*: amortized in relation to their expected useful life;
- *acquisition costs of software applications*: amortized over a three-year period;
- *other capitalized costs*: amortized over a period of three to five years.

Gains or losses on the disposal of an intangible asset are calculated as the difference between the divestment value and the book value of the asset and are recorded in the statement of operations at the time of disposal.

Research costs are allocated to the statement of operations at the time they are incurred.

Development costs incurred in relation to a specific project are capitalized only when the Company can demonstrate its ability and intention to complete the intangible asset to make it available for use or sale. The Company must also be able to demonstrate how the asset will generate probable future economic benefits, the availability of technical, financial or other resources to complete its development, and its ability to reliably measure the cost attributable to

the asset during its development. After their initial recognition, development costs are valued at cost, net of any amortization or accumulated impairment losses. Any development costs capitalized are amortized in relation to the period in which the relevant project is expected to generate revenues.

The carrying value of development costs is reviewed annually for the purposes of recording any impairment losses when the asset is not yet in use, or more frequently whenever there are signs of possible impairment in the financial year.

Intangible assets with an indefinite useful life refer to goodwill. Goodwill resulting from an acquisition or merger is initially valued as described in the "Business combinations" section.

After its initial recognition, goodwill is valued at cost, net of any accumulated impairment losses. Pursuant to the provisions of "IAS 36 - Impairment of Assets", goodwill is subject to impairment tests annually, or more frequently if specific events or changes in circumstance indicate that impairment losses may have been incurred.

On the date of its initial recognition, goodwill is allocated to each of the cash-generating units (CGUs) expected to benefit from the synergies of the acquisition. Any impairment losses are identified through assessments based on the ability of each unit to generate sufficient cash to recover the portion of goodwill allocated to it.

If the value recoverable by the CGU is lower than the book value attributed to the relevant portion of goodwill, an impairment loss is recorded. If the goodwill is attributed to a CGU whose assets are partially disposed of, the goodwill associated with the assets sold is taken into consideration for the purposes of calculating any capital gains (losses) on the transaction. In such circumstances, the goodwill sold is measured in relation to the assets disposed of by the CGU as a proportion of the assets it still owns.

Property, plant and equipment

Property, plant and equipment are recorded at acquisition cost, including directly attributable additional costs, and are displayed net of depreciation and accumulated impairment losses.

Costs incurred after the acquisition are capitalized only if they increase the future economic benefits of the asset to which they are related. All other costs are recognized in the statement of operations at the time they are incurred.

Costs incurred to maintain the efficiency of an asset are recorded in the financial year they are incurred.

Land, including that pertaining to company buildings, is not depreciated.

Depreciation is calculated systematically based on rates considered to represent an appropriate distribution of the book value of property, plant and equipment, according to their residual useful life.

With regard to assets disposed of during the financial year, depreciation is calculated for the portion relating to the period of availability of the assets in question, except for assets acquired during the financial year.

Leased assets

Assets held via finance leases, pursuant to which all risks and benefits related to ownership of the asset are essentially transferred to the Group, are recorded as assets at their fair value or, if lower, the current value of all minimum payments due pursuant to the lease, including any sums to be paid for exercising a call option. The corresponding liability due to the lessor is recorded in the financial statements under financial liabilities. The financial expense is allocated directly to the statement of operations. With regard to the Turin real estate complex, the assets under financial leasing are amortized over a period that reflects their useful life. Leases pursuant to which the lessor essentially retains all risks and benefits related to ownership of the assets are classified as operating leases. Operating lease payments are recorded in the statement of operations on a straight-line basis for each financial year of the term of the lease.

Asset impairment

At the end of each financial year, the Seat Pagine Gialle Group assesses the existence of impairment indicators. If impairment indicators exist, or if an annual impairment test is required, the Group estimates the recoverable amount of the asset in question. The recoverable amount is the greater of the fair value of an asset or CGU, net of sale costs, and its value in use, and is calculated for each individual asset, except when the asset in question does not generate cash that is completely independent of that generated by other assets or groups of assets. If the carrying value of an asset is greater than its recoverable amount, the asset has been impaired and is consequently written down to its recoverable amount. When calculating an asset's value in use, the Seat Pagine Gialle Group discounts estimated future cash flows to their present value using a discount rate that reflects market valuations of the time value of money and the specific risks of the asset. Impairment losses on continuing operations are recorded in the statement of operations under the cost categories relating to the function of the impaired asset.

Investments - associates and joint ventures

Investments in associates and joint ventures are included in the consolidated financial statements with the equity method, as required under "IAS 28 - Investments in Associates and Joint Ventures" and "IFRS 11 - Joint Arrangements". An associate is a company in which the Group holds at least 20% of the voting rights, or over which

it exercises significant influence, but not control or joint control.

Under the equity method, the equity investment is recorded in the statement of financial position at cost, plus any changes (subsequent to the acquisition) in the share of the net assets of the associate or joint venture pertaining to the Group. The goodwill relating to the associate or joint venture is included in the carrying value of the equity investment and is not subject to amortization. After the initial recognition of an equity investment, the Group determines whether it is necessary to record any impairment losses. The statement of operations reflects the share of the associate's or joint venture's profit for the financial year pertaining to the Group. If an associate or joint venture records adjustments directly attributable to equity, the Group records the share of the adjustments that pertains to it and, where applicable, recognizes this in the statement of changes in equity.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

Associates and joint ventures are included in the consolidated financial statements for as long as the investor has significant influence or joint control. In application of the equity method, investments in associates or joint ventures are initially recognized at cost, and the carrying value is increased or decreased to recognize the investor's share of the investee's profit or loss after the acquisition date. The investor's share of the investee's profit or loss is recognized in the consolidated statement of operations. Dividends received from an investee decrease the investment's carrying value. If an entity's share of the losses of an associate or joint venture is equal to, or greater than, its interest in the associate or joint venture, the entity discontinues recognizing its share of further losses. After the interest is reduced to zero, additional losses are allocated and recognized as a liability only to the extent that the entity has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. If the associate or joint venture subsequently reports profits, the entity resumes recognizing its share of those profits only after its share of the profits equals the share of losses not recognized. The closing date of the financial year for associates and joint ventures is the same as that of the Seat Pagine Gialle Group. The accounting standards used are those used by the Group for transactions and events of the same nature and in similar circumstances.

Other Investments

Other investments (other than those in subsidiaries, associates and joint ventures) are classified as non-current assets if the Group intends to maintain them for more than 12 months or, otherwise, as current assets.

They are classified in the following categories at the time of acquisition:

- “financial assets available for sale”, under either non-current or current assets;
- “assets at fair value through profit or loss”, under current assets if they are held for trading.

Other investments classified as “financial assets available for sale” are measured at fair value. Changes in the value of these investments are recognized in an equity reserve through allocation to other comprehensive income (Reserve for fair value adjustment of financial assets available for sale), which is transferred to the separate consolidated statement of operations at the time of disposal or impairment believed to be definitive.

Other unlisted investments classified as “financial assets available for sale” for which the fair value cannot be determined reliably are measured at cost adjusted by impairment losses recognized in the separate consolidated statement of operations, in accordance with the provisions of IAS 39 (Financial Instruments: Recognition and Measurement).

Impairment losses on other investments classified as “financial assets available for sale” cannot be reversed subsequently.

Changes in the value of other investments classified as “financial assets at fair value through profit or loss” are recognized directly in the separate consolidated statement of operations.

Effects of changes in exchange rates

Financial statements of subsidiaries that are not euro denominated are translated into euros by applying year-end exchange rates (current exchange-rate method) to statement of financial position items and year-average exchange rates to statement of operations items. Translation differences arising from the conversion of opening equity and closing profit/loss are recognized in the statement of comprehensive income until disposal of the equity investment concerned. The consolidated statement of cash flows applies year-average exchange rates to the conversion of the cash flows of foreign subsidiaries.

Transactions in foreign currency are initially recorded at the existing exchange rate (relating to the functional currency) on the transaction date. Monetary assets and liabilities denominated in foreign currency are reconverted into the functional currency at the existing exchange rate on the closing date of the financial year. All foreign-exchange differences are recorded in the statement of operations. Non-monetary items valued at historical cost in foreign currency are converted using the exchange rates in force on the date the transaction is initially recognized. Non-monetary items recorded at fair value in foreign currency are converted using the exchange rate in force on the date this value is determined.

The exchange rates used are as follows:

<i>euro/currency</i>	Average exchange rate Jun-Dec 2014 (*)	Exchange rate as at December 31, 2013	Average exchange rate Jan-Aug 2013(*)	Exchange rate as at August 31, 2013(*)
Pound sterling	1.261045257	1.287830006	1.1718	1.1710

(*) The equity investment in Glamoo Ltd has been consolidated as far as May 31, 2014.

(**) The equity investment in UK group TDL was deconsolidated in August 2013.

Financial assets

IAS 39 provides for the following types of financial instruments: financial assets at fair value through profit or loss, loans and receivables, investments held to maturity and assets available for sale. Initially all financial assets are recorded at fair value, plus any additional costs.

The Seat Pagine Gialle Group determines how to classify its financial assets after their initial recognition and, where appropriate and allowed, reviews this classification at the

end of each financial year. All standardized acquisitions and sales of financial assets (acquisitions and sales of assets with delivery in the period generally provided for by the regulations and market conventions in which the exchange takes place) are recorded on the transaction date, or on the date the Group undertakes to acquire such assets.

Financial assets include:

- under *financial assets at fair value through profit or loss*, the category of financial assets held for trading, comprising

financial assets acquired in order to be sold in the short term. These assets are measured at fair value. Gains or losses on assets held for trading are recognized in the statement of operations;

- *investments held to maturity*: non-derivative financial assets with fixed or determinable payments and a fixed maturity where an entity intends and is able to hold to maturity. They are recorded at fair value and subsequently measured at amortized cost, using the effective interest rate method. Gains and losses are recognized in the statement of operations when the investment is eliminated or impaired, and through the amortization process;
- *loans and receivables*: non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These assets are recorded at amortized cost, using the effective interest rate method. Gains and losses are recognized in the statement of operations when the loans and receivables are eliminated or impaired, and through the amortization process;
- *financial assets available for sale*: non-derivative financial assets designated as such or not classified in any of the previous categories. This category includes equity investments in companies other than subsidiaries, associates and joint ventures. They are measured at fair value based on internal estimates, and the corresponding gains and losses are recorded in a separate item under equity until such assets are eliminated or impaired. In either of these cases, the gains or losses accumulated up to that time in equity are allocated to the statement of operations.

Tests are frequently carried out to find objective evidence of impairment of a financial asset or group of assets. If there is objective evidence, the impairment is recorded as a cost in the statement of operations for the financial year.

Cash and cash equivalents

Cash and cash equivalents include cash and on-demand and short-term bank deposits with an original maturity of three months or less.

Financial debts

Financial debts are recorded at amortized cost. Medium- and long-term loans are recorded net of additional transaction costs incurred.

Derivatives

According to IAS 39.9, a derivative is a financial instrument or other contract included in the scope of application of IAS 39 with the following three features: "a) its value changes in response to the change in a specified interest rate, financial

instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract; b) it requires no initial investment, or one that is smaller than would be required for a contract with similar response to changes in market factors; and c) it is settled at a future date".

In accordance with the provisions of IAS 39, derivatives are accounted for using hedge accounting only if, at the inception of the hedge, the derivative is formally designated as such, and the hedge is highly effective and this effectiveness can be reliably measured. All derivatives are measured at market value.

When derivatives meet the necessary criteria for hedge accounting, the following accounting treatment is applied:

- *fair value hedge*: if the derivative is designated as a hedge against exposure to changes in the current value of an asset or liability attributable to a particular risk that may have an effect on the statement of operations, the gain or loss arising from subsequent measurements of the current value of the derivative is recorded in the statement of operations. Gains or losses on the hedged item that are attributable to the hedged risk change the book value of this item and are recorded in the statement of operations;
- *cash flow hedge*: if a financial instrument is designated as a hedge against exposure to changes in the cash flows of an asset or liability or of a highly probable transaction that may have an impact on the statement of operations, the effective portion of the gains or losses on the financial instrument is recorded in the statement of comprehensive income. The accumulated gains or losses are recognized in the statement of operations in the period in which the hedged transaction is recorded. The gains or losses associated with a hedge or the ineffective portion of the hedge are immediately recorded in the statement of operations.

The Seat Pagine Gialle Group used derivatives exclusively to hedge interest- and exchange-rate risk. It does not currently use derivatives for those purposes.

Inventories

Inventories are valued at the lesser of the acquisition or production cost and the value inferred from market trends. To be more specific, they include:

- *raw materials*, which are valued at acquisition cost, including additional costs, calculated using the progressive weighted average cost method;
- *products in process*, which are valued based on directly attributable costs, taking into account auxiliary production costs and the depreciation and amortization of assets used;

- *contract work in progress*, comprising services not yet completed at the end of the financial year in relation to contracts for inseparable services that will be completed in the next 12 months, which are valued at production cost;
- *finished products*, comprising telephone directory products, which are valued at production cost and may be adjusted via a corresponding write-down in relation to the period of publication;
- *goods*, relating to the merchandising of products acquired for resale, which are valued at acquisition cost.

Trade and other receivables

Trade receivables arising from the sale of goods or services produced or marketed by the Group, including those with a maturity of greater than 12 months, are included in current assets. They are recorded at the nominal invoice amount, net of the allowance for doubtful receivables, which is set aside based on estimates of the risk of receivables existing at the end of the financial year being irrecoverable.

Reserves for risks and charges

These reserves are recorded when, pursuant to a legal or constructive obligation to a third party, it is likely that the Company will have to use financial resources to fulfill its obligation, and when the value of the obligation can be reliably estimated.

Changes in the estimate are reflected in the statement of operations in the financial year in which they take place.

In the case of reserves for future risks (beyond 12 months), the liability, if significant, is discounted at a pre-tax discount rate that reflects the current market valuation of the time cost of money. The increase in the reserves due to the passage of time is recognized as financial expense.

They can be broken down into:

- *reserve for taxes*: this includes a provision that corresponds to an assessment of fiscal risks;
- *reserve for sales agents' termination indemnities*: this represents the debt due at the end of the financial year to active sales agents for the indemnities owed to them in the event of termination of the agency contract, based on the Collective Economic Agreement;
- *reserve for commercial and contractual risks and other charges*: this is designed to cover risks associated with the execution of contractual commitments and legal disputes in progress, as well as any other liabilities;
- *reserve for risks and charges related to equity investments*: this is designed to cover balance sheet deficits incurred by subsidiaries, associates and joint ventures in excess of the direct write-down recorded in relation to these companies; the reserve also covers the

risks and liabilities arising from the restructuring of equity investments held for sale or liquidation;

- *reserve for restructuring*: this is designed to cover risks associated with the execution of a program planned and controlled by management to significantly change the scope of an activity undertaken by a company or the way in which the company is run.

Employee benefits

Pension plans

The Seat Pagine Gialle Group operates various types of defined-benefit and defined-contribution pension plans, in accordance with the conditions and local practices of the countries in which it operates. Defined-benefit pension plans are based on the expected remaining average working life of the employees paying into the plans and the remuneration they receive throughout a predetermined period of service.

Assets intended to fund the reserves for defined-benefit pension plans and the related annual cost recorded in the statement of operations are valued by independent actuaries using the projected unit credit method.

Actuarial gains and losses are immediately recognized in the year in which they occur, being recorded on the statement of comprehensive income and in a dedicated "Reserve for actuarial gains (losses)" under equity.

Accrued liabilities are recorded net of assets intended to fund their future extinction.

Defined-contribution pension plan payments are recorded in the statement of operations as a cost, where applicable.

Severance indemnities

The reserve for severance indemnities held by Italian companies, insofar as it continues to represent an obligation for the Company, is considered to be a defined-benefit plan and is accounted for in the same way as other defined-benefit plans.

Share-based payment

Pursuant to the provisions of "IFRS 2 - Share-based Payment", the total amount of the fair value of the stock options on the grant date is recognized in the statement of operations as a cost during the vesting period in equal monthly installments, with a counter-entry made in the statement of comprehensive income in a dedicated reserve under equity. The fair value is calculated by an external valuer using a lattice model, which does not take into account conditions relating to the achievement of objectives (performance), but does consider conditions that influence the Seat Pagine Gialle Group's share price (market conditions). Changes in the fair value after the grant date do not have an impact on the initial valuation. The

accumulated costs recorded on the closing date of each financial year are based on the best available estimate of the number of equity instruments that will actually come to maturity. The cost in the statement of operations for the financial year represents the change in the accumulated cost recorded at the beginning and end of the year. The dilutive effect of options not yet exercised is reflected in the calculation of diluted earnings per share.

The Seat Pagine Gialle Group does not currently grant additional benefits to specific categories of employees considered to be "key", due to their responsibilities and/or skills, through stock option plans.

Recognition of revenues

Revenues are recorded to the extent that the corresponding economic benefits are likely to be achieved by the Group and the related amount may be reliably calculated. The following criteria must be met when allocating revenues to the statement of operations:

- *sale of assets*: the revenue is recognized when the Company has transferred all significant risks and benefits associated with ownership of the asset to the acquirer;
- *provision of services*: print revenues, which relate to the publication of paper directories, are recorded in full at the time of publication, whereas online and voice revenues are recorded on a straight-line basis throughout the duration of the contract. Consequently, the amount relating to advertising services already invoiced that will be executed after the closing date of the financial year is recorded under liabilities in the statement of financial position, under the item "Payables for services to be rendered".
- *interest*: this is recorded as financial income following an assessment of relevant interest income using the effective interest rate method;
- *dividends*: these are recorded when the shareholders are entitled to receive the payment.

Government grants

Government grants are recorded when there is a reasonable certainty that they will be received and all the conditions relating thereto are met. When grants relate to cost components, they are recorded as revenues but are systematically distributed over several financial years so as to be proportionate to the costs they are intended to offset. If grants relate to an asset, their fair value is recorded in the statement of financial position as an adjustment to the carrying value of the asset.

Financial income and expense

Interest income and expense and other income and expense are recognized and shown in the financial statements on an

accrual basis. In accordance with "IAS 23 - Borrowing Costs", financial expenses directly related to the acquisition, construction and production of assets that require a significant period of time to be ready for use or sale are capitalized as part of the cost of the asset. The Group has not had expenses of this type to date. If these requirements are not satisfied, financial expense is recognized in the statement of operations on an accrual basis.

Income taxes

Current taxes

Current income taxes, which are recorded in the statement of operations, are accounted for based on the rates in force on the reporting date in the various countries in which the Seat Pagine Gialle Group operates.

Income taxes relating to items recorded directly in equity are allocated directly to equity and are accounted for using the tax rates in force.

Taxes not relating to income, such as real estate and capital taxes, are included in other operating expenses.

Deferred taxes

Deferred taxes are calculated at the end of each financial year, using the liability method, on temporary differences on the reporting date between the tax bases of assets and liabilities and their carrying amounts in the financial statements at the end of the previous year.

Deferred tax liabilities are recorded for all taxable temporary differences on the most recent reporting date between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax assets are recorded for all deductible temporary differences and for tax assets and liabilities carried forward to the extent that they are likely to be able to be recovered against future taxable income. An exception is made for the following:

- deferred taxes arising from the initial recognition of goodwill or of an asset or liability in a non-business-combination transaction that does not have an impact on either the result for the financial year calculated for the financial statements or the result for the financial year calculated for tax purposes;
- taxable temporary differences associated with equity investments in subsidiaries and associates if the reversal of such differences can be controlled and it is likely that this will not take place in the foreseeable future.

The value of deferred tax assets recorded at the beginning of the financial year is reviewed at the end of the year and reduced to the extent that it is no longer likely that the asset will be used in future. Deferred tax assets not recorded are

reviewed annually and recorded to the extent that it becomes likely that they will be used in future.

Deferred tax assets and liabilities are calculated using the tax rates expected to be applicable, pursuant to the respective regulations of the countries in which the Seat Pagine Gialle Group operates, in the financial years in which the temporary differences will be realized or eliminated.

Current and deferred tax assets and liabilities are offset if the entity has a legally enforceable right to offset current tax assets with current tax liabilities and the deferred taxes relate to the same tax entity and the same tax authority.

Value-added tax

Revenues, costs, intangible assets, and property, plant and equipment are recognized net of value-added tax, except where such tax, applied to the acquisition of goods or services:

- is not deductible, in which case it is recorded as part of the acquisition cost of the intangible asset or property, plant and equipment or part of the cost item recognized in the statement of operations;
- relates to receivables and/or payables recorded gross of the amount of the tax.

The net amount of value-added tax is included on the statement of financial position under tax receivables or payables, depending on whether it is to be recovered from or paid to the Treasury.

Profit/(loss) per share

Profit/(loss) per ordinary share is calculated by dividing the Group's profit or loss by the average number of ordinary shares in circulation during the financial year.

5. Effects of extinguishing debt subject to the composition with creditors procedure

In orders filed on October 3, 2014, the Court of Turin approved the composition with creditors procedures proposed by Seat Pagine Gialle S.p.A. and by the subsidiary Seat Pagine Gialle Italia S.p.A. in light of the favorable opinion of the official receiver and having verified the legal compliance of the procedures, the regular conduct and positive outcome of the vote and the feasibility of the proposed procedures themselves.

After the approval of both procedures, the extraordinary transactions approved by the Company's Shareholders' Meeting on March 4, 2014 were carried out, including:

- the merger of Seat Pagine Gialle Italia S.p.A. into Seat Pagine Gialle S.p.A. and the simultaneous coverage of total losses as at November 30, 2013 by using all net reserves outstanding at that date, generating a merger deficit of € 1,340,611 thousand;
- the paid capital increase, in a single tranche, from € 120 thousand to € 20,000 thousand, excluding option rights pursuant to Article 2441, paragraphs 5 and 6 of the Italian Civil Code, to be issued against the clearance of the debts of Seat Pagine Gialle S.p.A. and Seat Pagine Gialle Italia S.p.A. to financial creditors in Classes B and C;
- the issue of warrants enabling paid subscription of ordinary shares representing approximately 5% of the post-Reserved Capital Increase fully diluted share capital.

Furthermore, as set forth in the approval decree, cash payments were also made to satisfy creditors according to the

procedures and terms described in the respective proposals for the composition with creditors; in brief by individual class:

- "Class A": creditors with general privilege, for which full payment in cash is planned for within 4 months of the Approval Date;
- "Class B": consisting of Royal Bank of Scotland and the assignees of its receivables, holder of an unsecured loan that was fully downgraded due to the insufficiency of the relative guarantee, equal to € 17.8 million, in addition to the assignment of new post-merger shares by Seat Pagine Gialle S.p.A. for each euro of unsecured credit claimed from the company;
- "Class C": consisting of bondholders holding an unsecured loan that was fully downgraded due to the insufficiency of the relative guarantee, amounting to € 21.5 million, in addition to the assignment of new post-merger shares by Seat Pagine Gialle S.p.A. for each euro of unsecured credit claimed from the company;
- "Class D": including other unsecured creditors that will receive partial payment, amounting to 5% of the receivable due from Seat Pagine Gialle S.p.A. and 20% of the receivable due from Seat Pagine Gialle Italia S.p.A., to be carried out within 4 months of the Approval Date.

For further details regarding the classes of creditors involved in the composition procedure, please refer to the announcements that may be consulted on the website at <http://www.seat.it/seat/it/governance/concordato/index.html>.

The execution of the composition procedure and the extraordinary transactions described above resulted in net income from the composition with creditors broken down as follows:

<i>(euro million)</i>	Financial statement (A)	Consolidated financial statement (B)	Change (A+B)
Deletion of A/D Classes	56.0	46.9	9.1
Deletion of B/C Classes	1,564.5	1,564.5	-
Deletion of B/C Classes with Telegate shares assignement	(80.2)	(62.0)	(18.2)
Extimiation revised of reserve of risks and charges	15.7	15.7	-
Net income from execution of composition with creditors procedure	1,556.0	1,565.1	(9.1)

- clearance of Class A/D debt, amounting to € 56,035 thousand (€ 46,872 thousand at consolidated level following the reversal of intra-group adjustments);
- clearance of Class B and C debt, amounting to € 1,564,477 thousand, determined on a residual basis with the elimination of financial debt inclusive of interest following the payment of € 39,300 thousand and the € 141,035 thousand capital increase.

Also, in accordance with the composition with creditors proposals, Class B and C creditors will be transferred the 61.13% equity investment in Telegate AG held indirectly through the German subholding Telegate Holding GmbH (in turn wholly owned by Seat Pagine Gialle S.p.A.),

inclusive of the associated accrued and uncollected dividends (for the share of 61.13%).

At consolidated level, this transaction resulted in the deconsolidation of the 61.13% investment held in Telegate AG, with a negative impact of € 61,992 thousand recognized on a net basis with respect to income from the composition with creditors procedure. The same transaction resulted in the adjustment to fair value of the investment's carrying value in the Seat Pagine Gialle S.p.A. separate financial statements, with a negative impact of € 80,226 thousand;

- clearance of liabilities amounting to € 15,694 thousand connected to the implementation of the transactions set forth in the composition with creditors plan.

6. Intangible assets with an indefinite useful life

Intangible assets with an indefinite useful life were zero as at December 31, 2014.

Following impairment tests, the value of the provisional goodwill recognized on a residual basis as a result of the

acquisition of 100% of Glamoo Ltd, accounted for in accordance with IFRS 3, was written down in full (€ 4,619 thousand).

7. Impairment test

This paragraph describes the criteria used in and the results of impairment testing conducted on intangible assets pursuant to IAS 36.

7.1 Impairment tests on goodwill

The impairment test on goodwill provided for by IAS 36 involves verifying whether the recoverable value of the CGU to which the goodwill is allocated is higher than its book value. In particular, the carrying amount of Net Invested Capital was compared with the greater of fair value or value in use. All goodwill in the financial statements (€ 4,619 thousand) results from the provisional recognition following the acquisition of 100% of Glamoo Ltd, accounted for in accordance with IFRS 3; since Glamoo does not represent a CGU, the test was conducted on consolidated amounts, taking into consideration the fact that the Other Activities segment, which includes the Consodata S.p.A. and Europages group CGUs, has primarily intra-group values that are not material with respect to the Seat Group total.

The Company made use of expert consultancy services in order to perform the impairment test.

In this case, since the goodwill is not an asset that can be separated from the rest of the business, the impairment test consists of verifying whether the value of the entire business is greater than the total book value. This means checking whether the estimated value of the operating net assets (the core enterprise value) is greater than the book value (the carrying amount of the operating net invested capital). The impairment test on other intangible assets (trademarks and customer relationship) was carried out before the impairment test on goodwill. This meant that the operating net invested capital used in the impairment test had already been subject to write-downs of property, plant and equipment and intangible assets.

The impairment test is governed by IAS 36, which provides for two different forms of recoverable amount: value in

use and fair value. IAS 36, paragraph 18 defines "Recoverable Value" as "the fair value of an asset or CGU, less sale costs, or the value in use thereof, whichever is the greater". In this case, the estimate of recoverable value as at December 31, 2014 was made using amounts based on both fair value and value in use, calculated based on the cash flows from the 2015-2018 plan.

With regard to the cash flows used in the testing, the expected results considered for the Group and its individual companies for the 2015-2018 period were the same as those presented in the Plan underlying the composition with creditors proposal since, to date, nothing has indicated that the Plan is no longer representative of the Group's foreseeable business performance. Analyses were also carried out on the main actual/budget variances. Forecasts were corrected if any significant differences were found between 2014 Plan and actual data.

Fair value was estimated using the income approach as market approach methods could not be deemed appropriate, considering the short timespan between the date of admission to listing of the new shares and December 31, 2014 and the low level of significance of the multiples of comparable companies, as well as the lack of concretely comparable transactions.

The impairment test on goodwill is based on the proposal for the composition with creditors procedure (and the related proposals for converting debt instruments to equity), which has been deemed fully sustainable by the certifying official.

Pursuant to Article 161, paragraph 3 of the Bankruptcy Act, the certifying official confirmed that the plan is financially sustainable and the cash flows set out therein are representative.

The recoverable value was estimated using the unlevered financial criterion. This criterion is based on the discounting of the annual available cash flows (free cash flow) at a rate that is representative of the weighted average cost of

capital (WACC), based on the existing information at the reference date of the estimate.

The main elements needed to estimate the flows (EBITDA, capex and investments/divestments in net working capital) were inferred from the 2015-2018 Plan.

The terminal value is calculated by capitalizing the NOPLAT (net operating profit less adjusted taxes) expected in the financial year of the final year of the plan using the perpetuity formula, at a negative growth rate (g) of 2.50.

The discounting rate (WACC) is calculated using the unlevered cost of capital (cost of equity or K_e), given the company's lack of debt and also in light of recent industry trends, which see comparable companies increasingly making recourse to forms of debt conversion into equity, estimated on the basis of the Capital Asset Pricing Model (CAPM).

The WACC thus obtained amounts totaling 9.25% (pre-tax WACC 9.77%).

The estimates made resulted in a difference of € 4,944 thousand between the recoverable value and invested capital. Consequently, goodwill of € 4,619 thousand was written down in full, and the residual write-down of € 325 thousand was allocated to software.

Please note that the estimated fair value was higher than the value in use.

7.2 Impairment tests on other intangible assets

It was not necessary to recognize any impairment losses as a result of impairment testing on specific intangible assets.

8. Intangible assets with a finite useful life

Intangible assets with a finite useful life totaled € 121,115 thousand as at December 31, 2014 and can be broken down as follows:

(euro thousand)	Year 2014				Year 2013	
	Marketing related intangibles assets	Software	Patents, concessions brand and licences	Other intangible assets	Total	Total
<i>Cost</i>	81,495	288,246	74,833	24,679	469,253	687,717
<i>Accrued amortization</i>	(52,432)	(249,760)	(21,773)	(14,950)	(338,915)	(362,010)
Balance at the beginning of the year	29,063	38,486	53,060	9,729	130,338	325,707
- Investments	-	23,385	116	4,016	27,517	29,484
- Purchases	-	20,699	116	1,673	22,488	22,485
- Capitalized costs	-	2,686	-	2,343	5,029	6,999
- Amortization	(3,751)	(27,427)	(4,222)	(1,012)	(36,412)	(58,065)
- Write-downs	-	(888)	-	(371)	(1,259)	(108,155)
- Accounting to D.O. / Held for sale	-	-	-	-	-	(54,758)
- Change in consolidation scope (*)	-	932	1	-	(3,874)	(3,874)
- Other movements	-	6,060	9	(6,071)	(2)	(1)
<i>Cost</i>	81,495	317,256	74,959	21,458	495,168	469,253
<i>Accrued amortization</i>	(56,183)	(276,708)	(25,995)	(15,167)	(374,053)	(338,915)
Balance at the end of the year	25,312	40,548	48,964	6,291	121,115	130,338

(*) In 2014 it includes the consolidation of Glamoo Ltd and Glamoo S.r.l. and in 2013 the consolidation of the TDL Group and the Spanish companies of Telegate Group.

Intangible assets with a finite useful life can be broken down as follows:

- *Marketing-related intangible assets* totaled € 25,312 thousand as at December 31, 2014 and related to customer relationship assets. In 2014, this item decreased as a result of the share of amortization for the period, which came to € 3,751 thousand.
- *software* totaled € 40,548 thousand as at December 31, 2014, and includes costs relating to acquisitions from third parties and the internal creation of proprietary programs and programs under license, used mainly to improve the algorithms used by search engines to support the new online&mobile commercial offering. This item decreased during 2014 due to amortization of € 27,427 thousand, but investments of € 23,385 thousand were made specifically to support the new online&mobile commercial offering; in addition, following the impairment test, impairment of € 325 thousand was recognized on the software of Glamoo.
- *patents, concessions, trademarks and licenses* totaled € 48,964 thousand as at December 31, 2014 (€ 53,060

thousand as at December 31, 2013). During the year, these assets were amortized in the amount of € 4,222 thousand;

- *other intangible assets* totaled € 6,291 thousand as at December 31, 2014, (€ 9,729 thousand as at December 31, 2013), referring mainly to software designs in progress.

Capital expenditure in intangible assets of € 27,517 thousand (€ 29,484 thousand in 2013) related to the following business areas:

- in the SEAT Business Area (€ 24,938 thousand in 2014; € 25,655 thousand in 2013):
 - improvements to online and mobile platforms, relating to structural updates to improve the performance of the integration between the various systems and developments that enable customers to use Content Management Systems for real-time updating and the publication of content, as well as to identify new graphic/functional solutions for the various web portals;
 - improvements to commercial online products, relating to product development, the optimization of mobile

graphic design, developments for the new range of websites, smart sites and the Wi-Fi offering and the creation of new custom-made product lines for customers that want personalized digital communications services;

- commercial and publishing improvements to upgrade the systems and adapt them to new product ranges;
 - acquisition of software to be used for technological updates for agents and employees;
- in Consodata S.p.A. (€ 2,475 thousand in 2014, compared with € 3,515 thousand in 2013), for investments in the improvement of software platforms, database enhancement and data bank acquisition.

The following table gives an overview of the amortization rates used:

	Year 2014	Year 2013
Marketing related intangible assets	7-10%	7-10%
Software	33-50%	33-50%
Other intangibles assets	20%	20%

9. Property, plant and equipment

Property, plant and equipment totaled € 9,978 thousand as at December 31, 2014. This item was recorded net of reserves for depreciation totaling € 51,153 thousand as

at the end of the period, which as a proportion of the gross value was 83.68%.

These break down as follows:

	Year 2014				Year 2013
	Property	Plant and equipment	Other fixed assets	Total	Total
<i>(euro thousand)</i>					
<i>Cost</i>	2,653	7,173	51,632	61,458	139,581
<i>Accrued amortization</i>	(1,506)	(5,394)	(41,814)	(48,714)	(109,940)
Balance at beginning of the year	1,147	1,779	9,818	12,744	29,641
- Investments	737	221	1,403	2,361	4,265
- Depreciation and write-downs	(531)	(670)	(3,940)	(5,141)	(11,909)
- Amortization to D.O./Held for sale	-	-	-	-	(5,631)
- Change in consolidation scope (*)	-	11	34	45	(3,600)
- Disposals and other movements	-	45	(76)	(31)	(22)
<i>Cost</i>	2,890	5,895	52,346	61,131	61,458
<i>Accrued amortization</i>	(1,537)	(4,509)	(45,107)	(51,153)	(48,714)
Balance at end of the year	1,353	1,386	7,239	9,978	12,744

(*) In 2014 it includes the consolidation of Glamoo Ltd and Glamoo S.r.l. and in 2013 the deconsolidation of the TDL Group and the Spanish companies of Telegate Group.

This item includes:

- *property* worth € 1,353 thousand as at December 31, 2014 (€ 1,147 thousand as at December 31, 2013). Investments made during the year amounted to € 737 thousand, and the assets were amortized in the amount of € 531 thousand;
- *plant and equipment* worth € 1,386 thousand as at December 31, 2014 (€ 1,779 thousand as at December 31, 2013). This item decreased during the period mainly as a result of depreciation, which came to € 577 thousand, and impairment losses of € 93 thousand;
- *other fixed assets* worth € 7,239 thousand as at December 31, 2014 (€ 9,818 thousand as at December 31, 2013), including € 5,747 thousand relating to IT equipment and systems. Investments during the period amounted to € 1,403 thousand, of which € 1,113 thousand related to Seat Pagine Gialle S.p.A., primarily for sales area technological upgrades in line with the New Sales Model.

The current reserves for depreciation (€ 51,153 thousand) are considered to be adequate, for each fixed-asset class, to cover the depreciation of the assets in relation to their estimated residual useful life.

The following table gives an overview of the depreciation rates used:

	Year 2014	Year 2013
Property	3%	3%
Plant and equipment	10-25%	10-25%
Other fixed assets	10-40%	10-40%

10. Leased assets

Assets held under a finance lease amounted to € 24,777 thousand as at December 31, 2014, relating to the real-estate complex where Seat Pagine Gialle S.p.A. has its

offices in Turin. The assets that make up the real-estate complex can be broken down as follows:

<i>(euro/thousand)</i>	Year 2014				Year 2013	
	Leased land	Leased property	Leased plant	Other leased assets	Total	Total
<i>Cost</i>	5,170	33,076	16,524	3,739	58,509	59,239
<i>Accrued amortization</i>	-	(17,874)	(11,026)	(2,306)	(31,206)	(21,115)
Balance at beginning of the year	5,170	15,202	5,498	1,433	27,303	38,124
- Amortization and write downs	-	(922)	(1,107)	(427)	(2,526)	(10,821)
<i>Cost</i>	5,170	33,076	16,524	3,739	58,509	58,509
<i>Accrued amortization</i>	-	(18,866)	(12,133)	(2,733)	(33,732)	(31,206)
Balance at end of the year	5,170	14,210	4,391	1,006	24,777	27,303

On March 31, 2015 Mediocredito Italiano S.p.A. and Seat Pagine Gialle S.p.A. have reached an agreement for the dissolution of five of the seven leases agreements

pursuant to art. 169-bis of the Bankruptcy Law in connection with the authorization of the Court of Turin with a order filed on July 9, 2014.

11. Other Investments

This item includes the fair value measurement of 16.24% of the remaining investment held by Seat Pagine Gialle S.p.A. in Telegate AG (€ 10,254 thousand) which, pursuant to IAS 39, is an available

for sale financial asset measured in accordance with level 1 (quoted market price) in the fair value hierarchy.

12. Other non-current financial assets

Other non-current financial assets totaled € 869 thousand as at December 31, 2014 (€ 1,015 thousand as at December 31, 2013), and specifically include

loans to employees worth € 348 thousand, issued at market rates for transactions of this kind.

13. Inventories

The value of inventories can be broken down as follows:

	Year 2014					Year 2013
	Raw material, suppliers and consumables	Merchandising products	Work in progress and semi-finished goods	Finished goods	Total	Total
<i>(euro/thousand)</i>						
Balance at beginning of the year	2,953	-	1,357	148	4,458	9,862
Increase (decrease)	(586)	(14)	(3)	10	(593)	(3,404)
(Provision) Release in the income statement	-	-	-	-	-	(1,231)
Accounting to D.O. / Held for sale	-	-	-	-	-	(554)
Change in consolidation scope (*)	-	62	-	-	62	(178)
Other movements	-	-	-	-	-	(37)
Balance at end of the year	2,367	48	1,354	158	3,927	4,458

(*) In 2014 it includes the consolidation of Glamoo Ltd and Glamoo S.r.l. and in 2013 the deconsolidation of the TDL Group.

As at December 31, 2014, inventories amounted to € 3,927 thousand (€ 4,458 thousand as at December 31, 2013). Raw materials and consumables refer to inventories

relating to Seat Pagine Gialle S.p.A. print products. Products for resale refer to the merchandising of products acquired for resale.

14. Trade receivables

	Year 2014			Year 2013
	Trade receivables	Allowance for doubtful trade receivables	Net value	Net value
<i>(euro/thousand)</i>				
Balance at beginning of the year	325,674	(95,859)	229,815	360,528
Provision in the income statement	-	(25,083)	(25,083)	(41,396)
Utilization	-	44,992	44,992	26,728
Accounting to D.O. / Held for sale	-	-	-	(29,672)
Other movements	(67,311)	354	(66,957)	(71,957)
Change in consolidation scope (*)	63	-	63	(14,416)
Balance at end of the year	258,426	(75,596)	182,830	229,815

(*) In 2014 it includes the consolidation of Glamoo Ltd and Glamoo S.r.l. and in 2013 the deconsolidation of the TDL Group and the Spanish companies of Telegate Group.

Trade receivables, net of provisions for doubtful receivables, totaled € 182,830 thousand as at December 31, 2014.

The *allowance for doubtful trade receivables* totaled € 75,596 thousand as at December 31, 2014 (€ 95,859 thousand as at December 31, 2013), including € 75,431 thousand relating to Seat Pagine Gialle S.p.A., and is considered to be adequate to cover expected losses.

During the course of 2014, € 44,992 thousand was drawn down from the allowance (of which € 44,733 thousand related to Seat Pagine Gialle S.p.A.), and a provision of € 25,083 thousand was added to it, meaning that the coverage of overdue receivables remained adequate.

The € 67,248 thousand difference in trade receivables reflects invoice and collection trends linked to business performance. For a more detailed analysis of the Group's credit risk, see Note 20.

15. Other assets (current and non-current)

Other current and non-current assets totaled € 50,332 thousand as at December 31, 2014, against € 44,918 thousand as at December 31, 2013, and can be broken down as follows:

(euro/thousand)	As at 12.31.2014	As at 12.31.2013	Change
Advances on sales commissions and other receivables from agents	22,204	18,343	3,861
Prepaid expenses	11,113	9,456	1,657
Advances to suppliers	4,917	6,200	(1,283)
Other receivables	6,381	5,057	1,324
Total other current assets	44,615	39,056	5,559
Other non-current assets	5,717	5,862	(145)
Total other current assets and non-current assets	50,332	44,918	5,414

To be more specific:

- *advances on sales commission and other receivables from agents* totaled € 22,204 thousand as at December 31, 2014 (€ 18,343 thousand as at December 31, 2013) and were recorded net of reserves for write-downs, which totaled € 1,688 thousand as at December 31, 2014 (€ 1,510 thousand as at December 31, 2013). This includes € 35 thousand of receivables with a maturity of over 12 months, which are classified under "Other current assets" since they fall within the normal Company operating cycle. These receivables were discounted using an average market rate for receivables with the same maturity;
- *prepaid expenses* as at December 31, 2014 totaled € 11,113 thousand (€ 9,456 thousand as at December 31, 2013); this item includes the deferment of direct production costs with the same frequency with which the corresponding revenue is recorded in the statement of operations;
- *advances to suppliers* totaled € 4,917 thousand as at December 31, 2014 (€ 6,200 thousand as at December 31, 2013) and includes € 3,375 thousand of advances paid to the printing company Rotosud S.p.A. (€ 1,923 thousand as at December 31, 2013).
- *other receivables* of € 6,381 thousand as at December 31, 2014 (€ 5,057 thousand as at December 31, 2013) included Seat Pagine Gialle S.p.A.'s receivables from the social security authority (INPS) of € 1,763 thousand, security deposits of € 535 thousand and sundry receivables of € 268 thousand due from Engineering and of € 186 thousand due from Rotosud S.p.A.
- *other non-current assets* totaled € 5,717 thousand as at December 31, 2014, and included tax receivables of € 4,518 thousand for excess corporation tax (IRES) paid for fiscal periods prior to 2012 as a result of the failure to deduct regional production tax (IRAP) relating to staff and similar expenses that were recognized in 2013 in accordance with the available official interpretations.

16. Equity

Equity can be broken down as follows:

<i>(euro/thousand)</i>	As at 12.31.2014	As at 12.31.2013	Change
Share capital	20,000	450,266	(430,266)
- ordinary shares	20,000	450,247	(430,247)
- savings shares	-	19	(19)
Additional paid-in capital	117,155	466,847	(349,692)
Legal reserve	4,000	50,071	(46,071)
Reserve for foreign exchange adjustments	51	1	50
Reserve for actuarial gains (losses)	(1,768)	(322)	(1,446)
Other reserves	(1,344,176)	(1,962,167)	617,991
Profit (loss) for the year	1,379,167	(347,603)	1,726,770
Total equity of the Group	174,429	(1,342,907)	1,517,336
Share capital and reserves	4,056	19,676	(15,620)
Profit (loss) for the year	(4,148)	(197)	(3,951)
Total non-controlling interests	(92)	19,479	(19,571)
Total equity	174,337	(1,323,428)	1,497,765

Share capital

This totaled € 20,000 thousand as at December 31, 2014 (€ 450,266 thousand as at December 31, 2013).

The number and categories of shares currently forming the share capital result from the completion of transactions approved by the Seat Pagine Gialle S.p.A. Extraordinary Shareholders' Meeting on March 4, 2014, as summarized below:

- (i) capital reduction from € 450,265,793.58 to € 120,000.00, without annulling shares, since they have no par value;
- (ii) paid capital increase, in a single tranche, for a nominal amount of € 19,880,000.00, up to € 20,000,000.00, excluding option rights pursuant to Article 2441, paragraphs 5 and 6 of the Italian Civil Code, via the issue of 6,410,695,320,951 new ordinary shares without par value and with the same features as existing ordinary shares at the unit price of € 0.000031 per share, to be paid up in cash against the clearance of the debts of the Company and of Seat PG Italia S.p.A. - the latter merged into the Company effective as of November 1, 2014 - to financial creditors involved

in the composition procedure in Classes B and C, as categorized in the respective proposals, with the allocation of the aforementioned new shares;

- (iii) reverse split - with a ratio of 1 new ordinary share with regular dividend rights for every 100 ordinary shares - of the 6,426,761,533,909 ordinary shares existing after the execution of the reserved capital increase described above, without par value and with regular dividend rights, after annulling 9 ordinary shares for the sake of the overall reconciliation of the transaction, to 64,267,615,339 ordinary shares, without par value and with regular dividend rights;
- (iv) reverse split - with a ratio of 1 new savings share with regular dividend rights for every 100 savings shares - of the 680,373 existing savings shares, without par value and with regular dividend rights, after annulling 73 savings shares for the sake of the overall reconciliation of the transaction, to 6,803 savings shares, without par value and with regular dividend rights.

Of the share capital, € 13,741 thousand was subject to taxation in case of distribution. Deferred tax liabilities

were not calculated on this amount, since Seat Pagine Gialle S.p.A. is not planning to pay it out.

Additional paid-in capital

This totaled € 117,155 thousand as at December 31, 2014 (€ 466,847 thousand as at December 31, 2013). Changes for the period related to:

- the full use of the reserve of € 466,847 thousand existing as at December 31, 2013 to cover the losses of Seat Pagine Gialle S.p.A. as at November 30, 2013 in compliance with Extraordinary Shareholders' Meeting resolution of March 4, 2014;
- the establishment of new additional paid-in capital of € 121,155 thousand, equal to the difference between the fair value of the new shares at December 22, 2014 and the share capital increase from € 120,000 to € 20,000,000;
- reduction of € 4,000 thousand to form the legal reserve in compliance with Extraordinary Shareholders' Meeting resolution of March 4, 2014. € 2,501 thousand of this reserve is subject to taxation in case of distribution due to the realignment pursuant to Law 342/2000.

All of the additional paid-in capital was considered to be subject to taxation in the event of distribution due to the realignment carried out in 2005 between the book value and the tax value of the customer database, pursuant to Law No. 342/2000. As reported in other sections of this document, additional paid-in capital decreased in 2014, solely due to the coverage of prior-year losses.

Legal reserve

This totaled € 4,000 thousand as at December 31, 2014 (€ 50,071 thousand as at December 31, 2013).

This reserve is subject to taxation in the event of distribution with regard to € 1,499 thousand pursuant to

Article 109 of the Consolidated Income Tax Law, and with regard to € 2,501 due to the realignment carried out in 2005 pursuant to Law 342/2000.

Reserve for foreign-exchange adjustments

This was € 51 thousand as at December 31, 2014, and relates to the consolidation of the balances of the UK subsidiary Glamoo Ltd.

Reserve for actuarial gains (losses)

The reserve for actuarial gains (losses) was -€ 1,768 thousand (€ 322 thousand as at December 31, 2013) and included the effect of recording actuarial gains (losses) on defined-benefit pension plans (for Italian companies, the reserve for severance indemnities) due to their recognition in the financial statements pursuant to IAS 19, paragraph 93A.

For more details on how these amounts were determined, see Note 21.

Other reserves

Other reserves totaled -€ 1,344,176 thousand as at December 31, 2014 (€ 1,912,096 thousand as at December 31, 2013). This change was primarily the result of the coverage of losses of Seat Pagine Gialle S.p.A. as at November 30, 2013 in compliance with Extraordinary Shareholders' Meeting resolution of March 4, 2014.

In particular, Other reserves are composed of the following:

- The reserve for adoption of IAS/IFRS, which totaled -€ 890 thousand as at December 31, 2014 (€ 161,656 thousand as at December 31, 2013);
- Other reserves and retained earnings/(losses), which were -€ 1,343,286 thousand (€ 2,793,652 thousand as at December 31, 2013).

17. Other comprehensive income/(expense)

<i>(euro/thousand)</i>		Year 2014	Year 2013
<i>Other comprehensive income (expense) that will not be reclassified subsequently to profit (loss) for the year:</i>			
Actuarial gains (loss)		(2,299)	1,239
Tax effect of actuarial gain (loss)		630	(470)
Other movements in the year		-	-
Total other comprehensive income (expense) that will not be reclassified subsequently to profit (loss) for the year	(B1)	(1,669)	769
<i>Other comprehensive income (expense) that will be reclassified subsequently to profit (loss) for the year:</i>			
Profit (loss) for foreign exchange adjustments		50	(42)
Loss (profit) for foreign exchange adjustments reclassified to income statement		(35)	101
Profit (loss) from fair-value measurement of AFS securities		(984)	-
Other movements in the year		-	-
Total other comprehensive income (expense) that will be reclassified subsequently to profit (loss) for the year	(B2)	(969)	59
Total other comprehensive profit (loss), net of tax effect		(2,638)	828

18. Profit/(loss) per share

Profit/(loss) per share is calculated by dividing the Group's profit or loss by the average number of shares in circulation throughout the year.

Pursuant to IAS 33, par. 26, the diluted profit per share was not calculated since the warrant strike price has not yet been established.

		As at 12.31.2014	As at 12.31.2013
Number of Seat Pagine Gialle S.p.A. shares		64,267,622,142	16,066,893,331
- <i>ordinary shares</i>	<i>n.</i>	64,267,615,339	16,066,212,958
- <i>savings shares</i>	<i>n.</i>	6,803	680,373
<i>weighted average shares outstanding</i>		17,255,404,452 (**)	16,066,893,331
Profit (loss) on continuing operations of the Group	€/thousand	1,393,495	(351,495)
Profit (loss) from non-current assets held for sale and discontinued operations of the Group	€/thousand	(14,328)	3,892
Profit (loss) par share from continuing operations of the Group	€	0.081	(0.022)
Profit (loss) par share from non-current assets held for sale and discontinued operations of the Group	€	(0.00083)	0.0002

(*) As at March 4, 2014 th Extraordinary Shareholders meeting, has resolved to approve the new composition of Share Capital as a result of extraordinary operations.

(**) The figure has been calculated as the average of shares outstanding, considering the change in the Share Capital as at December 23, 2014.

19. Net financial debt

Net financial debt amounted to € 71,401 thousand as at December 31, 2014 (€ 1,459,929 thousand as at December 31, 2013) and includes the debt for the fair value

measurement of warrants amounting to € 1,696 thousand. As at December 31, 2014, net financial debt was structured as follows:

<i>(euro/thousand)</i>		As at 12.31.2014	As at 12.31.2014	Change
A	Cash	108,455	196,426	(87,971)
B	Cash equivalent	-	-	-
C	Trading securities	-	-	-
D=(A+B+C) Liquidity		108,455	196,426	(87,971)
E.1	Current financial receivables from third parties	2,718	2,039	679
E.2	Current financial receivables from related parties	-	-	-
F	Current bank debt	95	703,435	(703,340)
G	Current portion of non-current debt	4,976	4,250	726
H.1	Other current financial debt to third parties	2,357	915,493	(913,136)
H.2	Other current financial debt to related parties	-	-	-
I=(F+G+H) Current financial debt		7,428	1,623,178	(1,615,750)
J=(I-E-D) Net current financial debt		(103,745)	1,424,713	(1,528,458)
K	Non-current bank debt	-	-	-
L	Bonds issued	-	-	-
M.1	Other non-current financial debt to third parties	32,344	35,216	(2,872)
M.2	Other non-current financial debt to related parties	-	-	-
N=(K+L+M) Non-current financial debt		32,344	35,216	(2,872)
O=(J+N) Net financial debt (ESMA)		(71,401)	1,459,929	(1,531,330)

The net financial position changed compared with December 31, 2013, mainly as a result of the execution of the composition with creditors by Seat Pagine Gialle S.p.A., which completely extinguished amounts due to banks and bondholders against: *i)* payments of € 39,300 thousand, *ii)* the reserved capital increase from € 120 thousand to € 20,000 thousand, with the issue of

6,410,695,320,951 ordinary shares without par value and, as a result, *iii)* the clearance of the remaining debt. For further details on this transaction, please see the paragraph "Effects of extinguishing debt subject to the composition with creditors procedure" in these notes. A description of the items that make up net financial debt is provided below:

Non-current financial debt

This item amounted to € 32,344 thousand as at December 31, 2014 (€ 35,216 thousand as at December 31, 2013) and can be broken down as follows:

<i>(euro/thousand)</i>	As at 12.31.2014	As at 12.31.2013	Change
Other non-current financial debt to third parties	32,344	35,216	(2,872)
Non-current financial debt	32,344	35,216	(2,872)

Other non-current financial debt relates to the seven finance leases (six with effect from December 2008 and one with effect from the end of October 2009) raised for the purchase of the Turin real-estate complex of Seat Pagine Gialle Italia S.p.A.

These contracts will be repaid through the payment of 36 remaining installments on the contracts with effect from December 2008 and 40 remaining installments on the contract with effect from October 2009. All installments

are quarterly deferred installments subject to a floating interest rate equal to three-month Euribor plus a spread of around 65 basis points p.a. The residual value is fixed at around 1% of the value of the real-estate complex. Furthermore, by an order submitted on July 9, 2014 as part of the composition with creditors procedure, the Court of Turin authorized the cancellation of five of these seven lease agreements pursuant to Article 169-*bis* of the Bankruptcy Act.

Current financial debt

This item amounted to € 7,428 thousand as at December 31, 2014 (€ 1,623,178 thousand as at December 31, 2013) and can be broken down as follows:

<i>(euro/thousand)</i>	As at 12.31.2014	As at 12.31.2013	Change
Current bank debt	95	703,435	(703,340)
Current portion of non-current financial debt	4,976	4,250	726
Other current financial debt to third parties	2,357	915,493	(913,136)
Current financial debt	7,428	1,623,178	(1,615,750)

It includes mainly:

- *Current bank debts amounting* to € 95 thousand as at December 31, 2014 (€ 703,435 thousand as at December 31, 2013). As at December 31, 2013, this item mainly referred to debt on the Term and Revolving Facility Agreement entered into with The Royal Bank of Scotland on August 31, 2012, which was extinguished in execution of the composition procedure proposals.
- *Other current financial debt to third parties amounting* to € 2,357 thousand as at December 31, 2014 (€ 915,493 thousand as at December 31, 2013). As at December 31, 2014, this item mainly refers to the debt for the fair value measurement of warrants amounting to € 1,696 thousand. In 2013, this item included debt for the senior secured bonds, including accrued, unpaid interest, extinguished in execution of the composition procedure proposals.
- *Current portion of non-current debt:* totaling € 4,976 thousand as at December 31, 2014 (€ 4,250 thousand as at December 31, 2013), this refers to the current portion of the seven finance leases raised for the purchase of

Seat Pagine Gialle S.p.A.'s Turin real-estate complex; in execution of the composition procedure proposals, € 380 thousand of the unpaid capital amount accrued prior to February 6, 2013, totaling € 475 thousand inclusive of interest, was cleared.

Current financial assets

Current financial assets totaled € 2,718 thousand as at December 31, 2014 (€ 2,039 thousand as at December 31, 2013), referring to financial receivables of € 2,613 thousand (€ 1,298 thousand as at December 31, 2013) and to loans to employees of € 105 thousand (€ 741 thousand as at December 31, 2013).

Cash and cash equivalents

Cash and cash equivalents totaled € 108,455 thousand as at December 31, 2014 (€ 196,426 thousand as at December 31, 2013) and refer mainly to Seat Pagine Gialle S.p.A., in the amount of € 107,202. The decrease primarily reflects the effects of payments made to creditors as part of the composition procedure.

20. Information on financial risks

Risk relating to financial debt

As at December 31, 2014 the maturities of the financial instruments in place are as follows:

(euro/thousand)	Due date - by			Total
	1 year	1-5 years	over 5 years	
Lease payments toward Mediocredito Italiano S.p.A. (*)	4,976	17,412	20,931	43,319
Total financial debt	4,976	17,412	20,931	43,319

(*) In the consolidated financial statement the item amounted to € 37,320 thousand for the measurement at amortized cost.

There are no risks relating to financial debt in light of the financial resources available as at December 31, 2014.

Credit risk

The Seat Pagine Gialle Group operates in the multimedia directional advertising market, where there is a large number of clients. As at December 31, 2014, 97% of the Group's trade receivables (97% at December 31, 2013) related to Seat Pagine Gialle S.p.A., which has around 296,000 customers spread throughout Italy, consisting mainly of small and medium-sized businesses.

Each year, SEAT alone issues some 493,000 invoices, each providing on average for payment in 2.1 installments of around € 467 each, meaning more than € 1.0 million of receipts.

There is, therefore, no concentration of credit risk.

The type of business and customer base are, however, the elements that have always guided SEAT in putting together an effective credit management system.

Over time, SEAT has introduced a widespread and continually strengthened team that is able to efficiently manage all phases of the payment request process. The in-house team, call centers, collection agencies and legal experts constitute a total of around 700 people. Credit risk exposure - represented by the

allowance for doubtful receivables on the financial statements - is measured using a statistical model that breaks down the client base by location and seniority, which reflects the historical experience of SEAT in debt collection and projects it into future estimates. At Group level, the allowance for doubtful trade receivables stood at € 75,596 thousand at December 31, 2014, a decrease on December 31, 2013 (€ 95,859 thousand) also due to utilizations during the year, while maintaining sufficient coverage of overdue receivables. As a percentage of total trade receivables, the coverage of the allowance was 29.3% (29.4% as at December 31, 2013).

Financial instruments

In accordance with IAS 39 and based on the instructions of IFRS 7, assets and liabilities as at December 31, 2014 are recognized at cost, with the exception of Other Investments of € 10,254 thousand and Other current financial debts for warrants of € 1,696 thousand, which are measured at fair value with a counter-entry in Equity. The fair value is based on quoted market price (level 1).

21. Non-current reserves for employees

Seat Pagine Gialle Group companies provide post-employment benefits to active and retired former employees, both directly and through contributions to external funds. The terms under which these benefits are provided vary depending on the legislative, fiscal and economic conditions in each country in which the Group operates. Employee benefits are usually based on remuneration and length of service.

Group companies provide post-employment benefits through defined-contribution and/or defined-benefit plans. Under defined-contribution plans, the Group pays

contributions to public or private insurers pursuant to a statutory or contractual obligation, or on a voluntary basis. The Group fulfills all its obligations by paying these contributions. The cost for the year is accrued based on the employee's service and is recorded in the statement of operations (€ 3,537 thousand in 2014).

Defined-benefit plans are either unfunded, as in the case of the reserve for severance indemnities, or fully funded by the contributions paid by the Company and its employees to a legally separate entity or fund that provides employee benefits.

The table below shows the changes in the various types of plans in place during the year:

	Year 2014			Year 2013	
	Net liabilities for defined benefit pension plans	Reserve for severance indemnities	Reserve for defined contribution pension plans	Total	Total
<i>(euro/thousand)</i>					
Balance at beginning of the year	262	13,531	1,417	15,210	32,511
Provisions	-	715	3,537	4,252	4,516
Contributions	-	-	888	888	1,098
Benefits paid/received	-	(2,539)	(5,197)	(7,736)	(6,400)
Discounting losses	-	452	-	452	474
Actuarial losses (gains) recognised to equity	-	2,226	-	2,226	(598)
Accounting to D.O. / Held for sale	-	-	-	-	(788)
Change in consolidation scope (*)	-	-	132	132	(15,501)
Foreign exchange adjustments and other movements	(31)	71	187	227	(102)
Balance at end of the year	231	14,456	964	15,651	15,210

(*) In 2014 it includes the consolidation of Glamoo Ltd and Glamoo S.r.l. and in 2013 the consolidation of the Gruppo TDL

The figures for pension plans, payables to employees and related costs in the statement of operations were determined based on valuations carried out by an independent expert using the projected unit credit method, in accordance with the provisions of IAS 19.

Net liabilities for defined-benefit pension plans

Net liabilities for defined-benefit pension plans totaled € 231 thousand as at December 31, 2014 (€ 262 thousand as at December 31, 2013). They are recorded net of assets intended to finance these plans.

Reserve for severance indemnities

The *reserve for severance indemnities*, which totaled € 14,456 thousand as at December 31, 2014 (€ 13,531 thousand as at December 31, 2013), is considered a

defined-benefit plan and was valued in accordance with the revised provisions of IAS 19.

Following the reform of the supplementary pensions system introduced by Legislative Decree No. 252 of December 5, 2005, the reserve for severance indemnities was converted from a defined-benefit plan into a defined-contribution plan from January 1, 2007. Consequently, the debt recorded in the financial statements represents liabilities for defined-benefit plans (valued using IAS 19 criteria) for employees relating to service given up to December 31, 2006.

Changes in equity were recorded in 2014 in the amount of € 2,226 thousand, of which € 1,925 thousand related to Seat Pagine Gialle Italia S.p.A. Pursuant to IAS 19, paragraph 93A, the losses were recognized directly in the statement of comprehensive income, net of tax effect.

	As at 12.31.2014	As at 12.31.2013
<i>(euro/thousand)</i>		
A. Change in benefit obligation		
1. Benefit obligation at the beginning of the year	13,531	15,353
2. Current service cost	715	512
3. Interest expense	452	474
4. Benefit paid form plan/company	(2,539)	(1,363)
5. Other movements and change in consolidation scope	71	(847)
6. Changes recognised to equity (*)	2,226	(598)
a. Effects due to changes of demographic events	-	-
b. Effects due to changes of financial events	2,480	(389)
c. Effects due to changes of actuarial events	(254)	(209)
7. Curtailment	-	-
Benefit obligation at the end of the year	14,456	13,531
B. Account recognised in the statement of financial position		
Plants that are fully unfunded and plants that are wholly or partly funded		
1. Present value of defined-benefit unfunded obligations at the end of the year	14,456	13,531
2. Other movements	-	-
Net liability recognised in the statement of financial position	14,456	13,531
<i>Amount in the statement of financial position</i>		
1. Liabilities	14,456	13,531
2. Assets	-	-
C. Component of pension costs		
<i>Amount recognised in the income statement</i>		
1. Current service cost	715	512
2. Interest expense	452	474
Total pension cost recognised in the income statement		
D. Principal actuarial assumptions		
<i>Weighted-average assumptions to determine benefit obligation</i>		
1. Discount rate	1.70%	3.50%
3. Rate of price inflation	2.00%	2.00%
<i>Weighted-average assumptions to determine net pension cost</i>		
1. Discount rate	3.50%	3.20%
3. Rate of price inflation	2.00%	2.00%
E. Past experience of actuarial (profits) and losses		
a. Amount (*)	n.s.	n.s.
b. Percentage of plan liabilities at the closing data	n.s.	n.s.
F. Sensitivity analysis - benefit obligation evaluation based on events below		
1. Discount rate		
a. Discount rate - xx basis points	14,547	13,047
Events	1.45%	3.25%
Weighted-average duration of benefit obligation (years)		
- SEAT PG S.p.A:	11.47	10.86
- SEAT PG ITALIA S.p.A:	-	9.89
- DLS	15.50	-

(*) This is the amount of actuarial gains/(losses) from applying the previous year's actuarial assumptions to the current workforce.

continues →

→ follows

	As at 12.31.2014	As at 12.31.2013
<i>(euro/thousand)</i>		
b. Discount rate + xx basis points	13,716	12,421
Events	1.95%	3.75%
Weighted-average duration of benefit obligation (years)		
- SEAT PG S.p.A:	11.34	10.77
- SEAT PG ITALIA S.p.A:	-	9.75
- DLS	15.16	
2. Rate of price inflation		
a. Rate of price inflation - xx basis points		
Events	2.00%	2.00%
b. Rate of price inflation + xx basis points		
Events	2.00%	2.00%
G. Expected cash flow for next year		
1. Member contributions	1,246	1,461
2. Contributions forecasted to reimbursements	-	-
3. Expected payments of total performances		
Year 1	1,246	1,461
Year 2	617	1,533
Year 3	412	456
Year 4	405	382
Year 5	369	409
Next 5 years	2,722	2,338
F. Statistics		
1. Census date	12/31/2014	12/31/2013
2. Assets		
Numbers	1,273	846
b. Total annual payable pension	-	-
c. Annual average payable pension	-	-
d. Average age		
- SEAT PG S.p.A:	46.1	49.4
- SEAT PG ITALIA S.p.A:	-	45.8
- DLS	36.0	-
e. Average age of service		
- SEAT PG S.p.A:	18.7	16.1
- SEAT PG ITALIA S.p.A:	-	18.1
- DLS	1.4	-

22. Other non-current liabilities

Other non-current liabilities totaled € 26,779 thousand as at December 2014 (€ 30,018 thousand as at December 2013) and can be broken down as follows:

	Year 2014				Year 2013	
	Reserve for sale agents' termination indemnities	Other non-current operating liabilities	Reserve for restructuring expenses	Other non-operating liabilities	Total	Total
<i>(euro/thousand)</i>						
Balance at beginning of the year	22,836	2,284	4,735	163	30,018	32,405
Provisions	1,430	-	-	14	1,444	1,352
Utilization/repayment	(1,365)	(87)	-	(11)	(1,463)	(2,595)
Discount losses (gains)	1,359	-	193	5	1,557	127
Accounting to D.O. / Held for sale	-	-	-	-	-	(262)
Other movements	223	85	(4,928)	(157)	(4,777)	(1,009)
Balance at end of the year	24,483	2,282	-	14	26,779	30,018

As at December 31, 2014, non-current reserves were discounted, taking into consideration expected future cash flows, using the pre-tax discount rate that reflects the current market valuation of the cost of money over time. The increase due to the passage of time and changes in the discount rate applied was recorded as financial expense (€ 1,359 thousand). The *reserve for sales agents' termination indemnities*, which totaled € 24,483 thousand as at December 31,

2014 (€ 22,836 thousand as at December 31, 2013), represents the debt due to active sales agents for the indemnities owed to them in the event of termination of the agency contract, as provided for by current legislation.

The non-current portion of the *restructuring reserve* amounting to € 4,735 thousand as at December 31, 2013 has been reclassified as current.

23. Reserves for (operating and non-operating) current risks and charges

These break down as follows:

	Year 2014				Year 2013
	Reserve for commercial risks	Reserves for contractual and other operating risks	Non-operating reserves	Total	Total
<i>(euro/thousand)</i>					
Balance at beginning of the year	6,244	11,218	54,243	71,705	55,392
Provisions	1,597	919	718	3,234	38,214
Utilizations	(2,358)	(346)	(23,203)	(25,907)	(14,377)
Extimination revised	-	(583)	(7,900)	(8,483)	(4,696)
Accounting to D.O. / Held for sale	-	-	-	-	(3,568)
Change in consolidation scope (*)	-	29	200	229	(40)
Other movements	-	(2,004)	(11,909)	(13,913)	780
Balance at end of the year	5,483	9,233	12,149	26,865	71,705

(*) In 2014 it includes the consolidation of Glamoo Ltd and Glamoo S.r.l. and in 2013 the deconsolidation of the Spanish companies of Telegate Group.

Reserves for current risks and charges totaled € 26,865 thousand as at December 31, 2014 (€ 71,705 thousand as at December 31, 2013) and can be broken down as follows:

- *the reserve for commercial risks*, which totaled € 5,483 thousand as at December 31, 2014 (€ 6,244 thousand as at December 31, 2013), covers any costs incurred due to failure to properly perform contractual services;
- *reserves for contractual and other operating risks*, which totaled € 9,233 thousand (€ 11,218 thousand as at December 31, 2013), include € 5,270 thousand relating to legal disputes (€ 7,275 thousand as at December 31, 2013) and € 3,611 thousand relating to pending litigation with agents and employees (€ 3,113 thousand as at December 31, 2013);
- *the current portion of non-operating reserves* totaled € 12,149 thousand at December 31, 2014 (€ 54,243 thousand as at December 31, 2013). This

item includes: (i) € 1,843 thousand pertaining to reserves for *non-operating risks and charges*, which saw a change of € 35,253 thousand compared with December 31, 2013, benefitting from the clearance of liabilities totaling € 14,250 thousand allocated by Seat Pagine Gialle S.p.A. last year for the implementation of the transactions established in the composition plan and the € 7,900 thousand revision of the estimated liability following the settlement agreement between Seat and the ILTE/ Rotosud group, which put an end to the legal proceedings launched in 2013, as well as the associated outlay of € 9,850 thousand; (ii) € 4,704 thousand pertaining to *restructuring reserves* (current portion), relating to Seat Pagine Gialle S.p.A., of which € 11,160 thousand was drawn down in 2014; and (iii) € 5,532 thousand pertaining to *reserves for the restructuring of the sales network*, of which € 1,199 thousand was drawn down in 2014.

24. Trade payables and other current liabilities

Trade payables and other current liabilities can be broken down as follows:

(euro/thousand)	As at 12.31.2014	As at 12.31.2013	Change
Payables to suppliers	58,042	106,617	(48,575)
Payables due to sales agents	11,612	14,523	(2,911)
Payables due to employees	16,988	16,450	538
Payables due to social security institutions	6,289	10,814	(4,525)
Payables due to other	1,285	1,392	(107)
Total trade payables	94,216	149,796	(55,580)
Payables for services to be rendered	119,884	136,779	(16,895)
Advances from customers	1,867	1,795	72
Other current liabilities	8,605	13,324	(4,719)
Total payables for services to be rendered and other current liabilities	130,356	151,898	(21,542)

All trade payables have a maturity of less than 12 months.

To be more specific:

- *payables to suppliers* totaled € 58,042 thousand at December 31, 2014 (€ 106,617 thousand at December 31, 2013), of which € 51,979 thousand related to Seat Pagine Gialle S.p.A. The item decreased by € 48,575 thousand, mainly due to the payment of debts relating to the composition with creditors;
- *payables to sales agents*, which totaled € 11,612 thousand (€ 14,523 thousand as at December 31, 2013),

should be considered in conjunction with the item "Advances on sales commissions", recorded under "Other current assets", which amounted to € 22,204 thousand (€ 18,343 thousand as at December 31, 2013);

- *payables for services to be rendered* totaled € 119,884 thousand (€ 136,779 thousand at December 31, 2013). This item includes advanced billing for print directory advertising services and the deferral of revenue from the provision of online and voice services on a straight-line basis throughout the respective contractual periods.

25. Information by Business Area

The primary presentation of the Seat Pagine Gialle Group is by Business Areas, since the risks and profitability of the Group are significantly affected by the differences between the products and services they offer. The secondary breakdown is by geographical area.

The Group's activities are organized and managed separately depending on the nature of the products and services provided, with each area representing a strategic business unit that offers different products and services to different markets.

Prices of intercompany transfers between areas are defined using the same conditions that apply to transactions with third parties.

Revenues, costs and results by Business Area include transfers between areas, which are eliminated at consolidated level.

The geographical areas of the Group are identified based on the location of the Group's activities and more or less equate to the legal entities operating in each Business Area.

The table below shows the main financial data of the SEAT Pagine Gialle Group's Business Areas.

(euro/thousand)		Italian Directories	Other Activities	Aggregate Total	Eliminations and other adjustments	(*) Consolidated Total
Revenues from sales and services	Year 2014	389,875	24,280	414,155	(5,970)	408,185
	Year 2013	475,060	36,576	511,636	(8,316)	503,320
GOP	Year 2014	58,602	870	59,438	2,173	61,611
	Year 2013	133,016	(928)	132,088	160	132,248
EBITDA	Year 2014	30,402	354	30,722	1,906	32,628
	Year 2013	91,499	(2,007)	89,492	(1)	89,491
EBIT	Year 2014	(20,582)	(6,296)	(26,912)	1,376	(25,536)
	Year 2013	(217,541)	(17,029)	(234,570)	114	(234,456)
Total assets	December 31, 2014	543,230	20,403	563,633	(20,349)	543,284
	December 31, 2013	674,271	31,421	705,692	134,861 (**)	840,553
Total liabilities	December 31, 2014	362,710	22,506	385,216	(16,269)	368,947
	December 31, 2013	2,115,327	30,781	2,146,108	17,873 (**)	2,163,981
Net invested capital	December 31, 2014	104,622	5,465	110,087	(7,151)	102,936
	December 31, 2013	9,466	10,047	19,513	116,988 (**)	136,501
Capital expenditure	Year 2014	27,235	2,643	29,878	-	29,878
	Year 2013	29,928	4,256	34,184	(435)	33,749

(*) This includes the effects of Cipi S.p.A. deconsolation.

(**) This included the financial position of Telegate Group following its reclassification to *Discontinued operations*.

26. Revenues from sales and services

Revenues from sales and services totaled € 408,185 thousand in 2014, down by 18.9% compared with 2013 (€ 503,320 thousand). Before eliminations between the Group's different Business Areas, revenues from sales and services were as follows:

- revenues from the *Italian Directories Business Area* (Seat Pagine Gialle S.p.A., the Digital Local Services companies, Glamoo Ltd, Glamoo S.r.l. and ProntoSeat S.r.l.) totaled

€ 389,875 thousand in 2014, down by 17.9% compared with 2013.

- revenue from the *Other Activities Business Area* (Europages and Consodata) amounted to € 24,280 thousand in 2014, down by 33.6% compared with the previous year (€ 36,576 thousand). Last year, this Business Area included revenue from Cipi, totaling € 11,234 thousand.

27. Other operating costs and revenue

27.1 Other revenue and income

Other revenue and income totaled € 3,948 thousand in 2014 (€ 4,611 thousand in 2013). The item includes € 2,407 thousand relating to the recovery of postal, legal and administrative costs from third parties and € 1,431 thousand from other revenue and income.

27.2 Costs of materials

The costs for materials amount to € 15,670 thousand in 2014 (€ 22,419 thousand in 2013). These primarily include € 12,683 thousand for paper consumption.

27.3 Costs for external services

Costs for external services amounted to € 238,050 thousand in 2014 (compared with € 244,745 thousand in 2013). This item includes:

- *manufacturing costs*, totaling € 92,393 thousand in 2014, of which (i) € 18,247 thousand related to production costs, (ii) € 10,847 thousand related to distribution and storage costs, (iii) € 16,792 thousand related to costs for digital services associated with the creation of online products, (iv) € 8,643 thousand related to inbound call center costs, and (v) € 34,801 thousand related to commissions paid to web publishers as part of the management of new online offers intended to boost web traffic;
- *advertising costs* totaling € 15,521 thousand in 2014, down by € 7,156 thousand compared with 2014;
- *commissions and other agent costs*, which totaled € 66,948 thousand in 2014, in direct relation to revenue figures;
- *consultancy and professional service costs*, which totaled € 17,675 thousand in 2014;
- *outbound call center service costs*, which totaled € 8,049 thousand in 2014.

27.4 Salaries, wages and employee benefits

Salaries, wages and employee benefits totaled € 95,292 thousand in 2014 (€ 105,922 thousand in 2013).

This item decreased with respect to the previous year due to the headcount reduction and the implementation of solidarity arrangements (wage guarantee fund on a rotating basis).

The Group's workforce, including directors, project workers and trainees, consisted of 1,932 employees as at December 31, 2014 (against 2,029 as at December 31, 2013).

The average salaried workforce in 2014 was 1,785 employees.

27.5 Net non-recurring costs

Net non-recurring costs totaled € 7,242 thousand in 2014 (€ 43,078 thousand in 2013). In particular, these include:

- € 8,385 thousand of consultancy and other expenses connected with the composition with creditors procedure;
- € 2,351 thousand of costs incurred in the restructuring of the SEAT Business Area;
- € 3,511 thousand of costs for the fair value measurement of Glamoo's assets acquired and liabilities assumed (purchase price allocation) by SEAT;
- € 7,900 thousand of lower costs due to the revision of the estimated liability previously recognized in the provision for risks and charges for the dispute with ILTE/Rotosud. This amount is based on the settlement agreement entered into with that company and authorized by the competent bodies of the composition procedure, which put an end to the dispute that had arisen with one of the company's top suppliers and made it possible to establish a relationship with the printing company for the 2014-2016 three-year period.

27.6 Net restructuring costs

Net restructuring costs amounted to € 1,001 thousand in 2014 (€ 2,973 in 2013), of which € 703 thousand related to the costs incurred by Consodata to restructure its workforce.

28. Financial income and expense

28.1 Financial expense

Financial expense, which totaled € 130,573 thousand (€ 132,910 thousand in 2013), can be broken down as follows:

<i>(euro/thousand)</i>	Year 2014	Year 2013	Change Absolute	%
Interest expense on the loan with The Royal Bank of Scotland Plc.	36,927	39,378	(2,451)	(6.2)
Interest expense on Bonds	89,264	90,684	(1,420)	(1.6)
Interest expense on leasing debt	1,452	1,679	(227)	(13.5)
Foreign exchange losses	8	52	(44)	(84.6)
Other financial expenses	2,922	1,117	1,805	n.s.
Total interest expense	130,573	132,910	(2,337)	(1.8)

Please note that in this report as at December 31, 2014, interest expense on the loan pursuant to the Term and Revolving Facility Agreement entered into with The Royal Bank of Scotland on August 31, 2012 and on the senior secured bonds was calculated at the contractually agreed rates on the total amount of the debt, until the execution of transactions relating to the composition with creditors proposals on December 22, according to the provisions of IAS 39 AG57.

Interest accrued as of February 6, 2013 has been cleared, with an effect of € 126,273 thousand for 2014, which has been included in the statement of operations under "Net income from composition with creditors".

Financial expense in 2014 included primarily:

- € 36,927 thousand (€ 39,378 thousand in 2013) of interest expense on the Term and Revolving Facility Agreement entered into with The Royal Bank of Scotland on August 31, 2012;

- € 89,264 thousand (€ 90,684 thousand in 2013) of interest expense on the senior secured bonds; this amount includes € 5,590 thousand relating to the issue discount (€ 3,592 thousand in 2013);
- € 1,452 thousand (against € 1,679 thousand in 2013) of interest expense on debts to Mediocredito Italiano S.p.A. in relation to finance leases raised for the purchase of the Turin real-estate complex on Corso Mortara where Seat Pagine Gialle S.p.A. has its offices;
- € 2,922 thousand of other financial expense, (€ 1,117 in 2013) including € 2,032 thousand of interest expense (€ 846 thousand in 2013) from discounting non-current assets and liabilities.

28.2 Financial income

Financial income for the year 2014 totaled € 2,221 thousand, including mainly € 2,137 thousand of interest income from the investment of short-term liquidity in the banking system at market rates.

29. Gains (losses) from subsidiaries disposal

Gains (losses) from subsidiaries disposal showed a loss of € 2,648 thousand in 2014 and related to the loss resulting from the disposal of Cipi S.p.A.

30. Net income from execution of composition with creditors

Net income from composition with creditors amounted to € 1,565,052 thousand in 2014 and refers to the effects of the clearance of SEAT's debt, including interest, following the execution of the transactions set forth in the composition with creditors proposals of Seat Pagine Gialle S.p.A. and Seat Pagine Gialle Italia S.p.A.

For further details, please see the paragraph "Effects of extinguishing debt subject to the composition with

creditors procedure" in these notes. In accordance with Consob Communication DEM/6064293 of July 28, 2006, information about the impact of significant non-recurring events and transactions on the results, assets and liabilities and cash flows of the SEAT Group is provided below.

The impacts of non-recurring events and transactions in 2014 are as follows:

<i>(euro/thousand)</i>	Equity	Profit (loss) for the year	Net financial debt	Cash Flows (*)
Amount-financial statements	174,337	1,375,019	71,401	(87,971)
Execution of composition with creditors procedure effects	1,706,087	1,565,052	1,669,912	(74,900)
Net non-recurring and restructuring costs	(8,243)	(8,243)	(40,771)	(40,771)
<i>of which:</i>				
- Effects of a settlement agreement between SEAT and Ilte/Rotosud Group	7,900	7,900	(9,850)	(9,850)
- Procedural and legal costs relating to the composition with creditors procedure	(8,385)	(8,385)	(12,718)	(12,718)
- Fair value evaluation of Seat's receivables to Glamoo	(3,511)	(3,511)	-	-
- Net restructuring costs	(2,351)	(2,351)	(12,359)	(12,359)
<i>incidence %</i>	-4.7%	-0.6%	-57.1%	46.3%

(*) Cash flows refer to the increase (decrease) in cash and cash equivalent during the year.

31. Income taxes

Income taxes for the year totaled -€ 15,069 thousand, against € 13,174 thousand in 2013, and are broken down as follows:

(euro/thousand)	Year	Year	Change	
	2014	2013	Absolute	%
Current income taxes	2,207	8,342	(6,135)	(73.5)
Provision (reversal) of deferred tax assets	14,747	44,060	(29,313)	(6.5)
(Provision) reversal of deferred tax liabilities	(1,882)	(65,484)	63,302	97.1
Income taxes referred to previous years	(3)	(92)	89	96.7
Total income taxes for the year	15,069	(13,174)	28,243	n.s.

Current income taxes totaled € 2,207 thousand in 2014.

The reversal of *deferred tax assets* amounts to € 14,747 thousand and refers primarily to the deduction of utilizations of reserves for risks in 2014 by Seat Pagine Gialle S.p.A., on which deferred tax assets were recognized in previous years.

On December 24, 2014, the Company received a tax assessment notice from the Italian Revenue Service - Lombardy Regional Office (hereinafter "DRE"), claiming that the company failed to apply withholding taxes in 2009 on interest paid to the Royal Bank of Scotland (Milan branch) for the senior loan.

The assessment is based on the assumption that, due to the structure of the senior loan, for tax purposes it should have been considered a form of syndicated loan, based on which the credit support providers would be the effective beneficiaries of the remuneration paid by SEAT each in proportion with the share of the loan underwritten. Therefore, according to the DRE, the Company should have applied withholding tax on part of the interest paid to the Royal Bank of Scotland.

The DRE has calculated the withholding tax that it believes should have been applied in 2009 as € 5.2 million, in addition to approximately € 1 million in interest.

The DRE did not apply penalties due to the objective uncertainty inherent in this issue. Therefore, the total amount requested is approximately € 6.2 million.

The Company, with the support of the professionals that it immediately engaged for this reason, believes that the assessment is illegitimate for various reasons and that there are valid grounds to challenge the tax authority's claims in the relevant fora, without prejudice to the uncertainty inherent in almost any dispute, especially in a particularly complex case such as that in question which involves a high degree of uncertainty with respect to interpretation (as also shown by the fact that no penalties have been applied).

The Company has engaged tax advisors to thoroughly examine this issue with the intention of challenging the Office's claims by contesting the notice of assessment before the competent Tax Commission to have it cancelled in its entirety, unless the dispute is settled out of court.

On the basis of the foregoing, for the purposes of this Annual Report as at December 31, 2014, the risk of having to use resources intended to produce economic benefits with respect to the assessment sent by the DRE should not be deemed likely, although it is possible. Therefore, pursuant to IAS 37, no addition was made to the reserves for tax risks and charges.

The **reconciliation** of the income taxes reported in the financial statements and the theoretical income taxes resulting from the application of the tax rates in force in

Italy to pre-tax income for the financial years ended December 31, 2014 and December 31, 2013 respectively is as follows:

<i>(euro/thousand)</i>	Year 2014	Year 2013
Profit (loss) before income taxes	1,408,516	(364,707)
Current income taxes calculated with the theoretical tax rate (31,40%)	(442,274)	114,518
Tax effect on non-deductible expenses for IRAP purposes (personnel expenses, interest income and expenses, ecc.)	54,734	(19,813)
Benefits of fiscal losses not recognized in previous years	(1,440)	-
Effects of different tax rates in foreign countries	(343)	47
Income taxes referred to previous year	-	92
Deferred tax assets not entered	9,250	(49,077)
Tax IRES effect due to the reduction of composition with creditors procedure debt	444,181	-
Release of deferred tax assets into fiscal losses	-	(8,945)
Permanent differences and other movements	(79,176)	(23,648)
Total income taxes for the year	(15,069)	13,174

Permanent differences (€ 79,176 thousand in 2014 against € 23,648 thousand in 2013) primarily relate to € 20,347 thousand for the effect of tax on the 2014 tax loss and € 31,935 for non-deductible interest expense pursuant to Article 96 of the Consolidated Income Tax Law, insofar as

it is not certain that gross operating revenues pursuant to Article 96 of the aforementioned law within the available business plan horizon will be sufficient to deduct interest expense not deducted in the current financial year in the future.

Net deferred tax assets and liabilities

Net deferred tax assets and liabilities are detailed in the table below:

	As at 12.31.2013	Changes during the year			As at 12.31.2014
		Income taxes accounted for in the income statement	Income taxes accounted for equity	Foreign exchange adjustments and other movements and change in consolidation scope	
<i>(euro/thousand)</i>					
Deferred tax assets					
Tax losses	373	(1,231)	-	1,427	569
Allowance for doubtful trade receivables	26,002	(5,479)	-	-	20,523
Reserves for contractual risks	28,788	(14,938)	-	13	13,863
Deferred tax assets not entered	(49,077)	9,250	-	-	(39,827)
Reserves to employees	76	-	43	-	119
Goodwill	4,556	(844)	-	-	3,712
Other	7,035	(1,505)	470	-	6,000
Total deferred tax assets	17,753	(14,747)	513	1,440	4,959
Deferred tax liabilities					
Customer Relationship	(9,246)	1,178	-	-	(8,068)
Brands	(18,241)	1,207	-	-	(17,034)
Other	(115)	(503)	568	(85)	(135)
Total deferred tax liabilities	(27,602)	1,882	568	(85)	(25,237)
Total	(9,849)	(12,865)	1,081	1,355	(20,278)
Shown in the statement of financial position:					
<i>Deferred tax assets</i>	696				462
<i>Deferred tax liabilities</i>	(10,545)				(20,740)

Current tax assets

Current tax assets totaled € 27,567 thousand as at December 31, 2014 (€ 21,786 thousand as at December 31, 2013) and can be broken down as follows:

<i>(euro/thousand)</i>	As at 12.31.2014	As at 12.31.2013	Change
Income tax receivables	27,130	21,202	5,928
Other tax receivables	437	584	(147)
Total current tax assets	27,567	27,786	5,781

The amount of € 27,130 thousand as at December 31, 2014 referred mainly to the corporation tax (IRES) credit resulting from the SEAT Group's participation in the domestic tax consolidation system, which was

carried forward from previous tax periods, of which € 18,000 thousand was subject to a refund request by the Parent Company submitted on the 2014 Global National Consolidation form.

Current tax payables

Current tax payables totaled € 14,318 thousand as at December 31, 2014 (€ 26,062 thousand as at December 31, 2013) and can be broken down as follows:

<i>(euro/thousand)</i>	As at 12.31.2014	As at 12.31.2013	Change
Income tax payables	3,315	5,996	(2,681)
Other tax payables	11,003	20,066	(9,063)
Total current tax payables	14,318	26,062	(11,744)

32. Non-current assets held for sale and discontinued operations

In 2014, in accordance with the provisions of IFRS 5, until their deconsolidation at the end of December, the items on the statements of operations of Telegate AG were recorded under "Net profit/(loss) from non-current assets held for sale and discontinued operations".

As of December 22, 2014, in execution of the proposed agreement with creditors, Telegate Holding GmbH, a wholly-owned subsidiary of Seat Pagine Gialle S.p.A., distributed (with the approval of The Royal Bank of Scotland plc, in its capacity as security agent) the shares directly held in Telegate AG, as well as the dividends relating to such shares, to the Class B and C creditors, on the basis of pledges granted by Telegate GmbH on

its shareholding in Telegate AG. As at December 31, 2013, in accordance with the provisions of IFRS 5, the items on the statements of operations, financial position and cash flows of the Telegate Group were recorded under "Non-current assets held for sale and discontinued operations".

In addition, last year that item contained the profit (loss) of the TDL Group, while the figures for Cipi S.p.A., which was sold to CIFIN S.r.l. on March 13, 2014 (as authorized by the competent bodies under the composition with creditors procedure), were reclassified to "Non-current assets held for sale" since the amounts are not material with respect to those of the Seat Group.

Income statement

<i>(euro/thousand)</i>	Year 2014 <i>Telegate Group</i>	Year 2014	Year 2013 <i>Telegate Group</i>	Year 2013 <i>TDL Group</i>	Year 2013
Revenues from sales and services	62,262	62,262	74,208	20,535	94,743
Other income	657	657	566	-	566
Total revenues	62,919	62,919	74,774	20,535	95,309
Costs of materials	-	-	-	(880)	(880)
Costs of external services	(21,574)	(21,574)	(25,588)	(8,553)	(34,141)
Salaries, wages and employee benefits	(28,122)	(28,122)	(38,331)	(13,518)	(51,849)
Valuation adjustments	(2,651)	(2,651)	(1,692)	(1,894)	(3,586)
Provisions to reserves for risks and charges, net	27	27	352	-	352
Other operating expenses	(560)	(560)	(330)	(13)	(343)
Operating income before amortisation, depreciation, non-recurring and restructuring costs, net	10,039	10,039	9,185	(4,323)	4,862
Amortization, depreciation and write-down	-	-	(6,512)	(1,396)	(7,908)
Non-recurring costs, net	(6,063)	(6,063)	(2,961)	(594)	(3,555)
Restructuring costs, net	(745)	(745)	-	(389)	(389)
Operating result	3,231	3,231	(288)	(6,702)	(6,990)
Interest expense	(55)	(55)	(3)	(1,335)	(1,338)
Interest income	474	474	175	1,025	1,200
Gain (loss) from fair value evaluation	(20,226)	(20,226)	(152)	-	(152)
Profit (loss) before income taxes	(16,576)	(16,576)	(268)	(7,012)	(7,280)
Income taxes for the year	(1,852)	(1,852)	448	680	1,128
Profit (loss) from non-current assets held for sale and discontinued operations	(18,428)	(18,428)	180	(6,332)	(6,152)
Profit (Loss) on disposal of subsidiaries and other sale expenses	-	-	(710)	10,595	9,885
Profit (loss) for the year	(18,428)	(18,428)	(530)	4,263	3,733

Statement of financial position

The statement of financial position items "Non-current assets held for sale and discontinued operations" and "Liabilities directly associated with non-current assets held for sale and discontinued operations" as at December

31, 2014 included figures relating to the Turkish joint venture Katalog Yayın ve Tanitim Hizmetleri A.S. and, as at December 31, 2013, included figures relating to the Telegate Group, Cipi S.p.A. and the Turkish joint venture Katalog Yayın ve Tanitim Hizmetleri A.S.

	As at 12.31.2014	As at 12.31.2013 <i>Telegate Group</i>	As at 12.31.2013 <i>Cipi</i>	As at 12.31.2013 <i>Katalog</i>	As at 12.31.2013
<i>(euro/thousand)</i>					
Goodwill and marketing related intangible assets	-	2,121	-	-	2,121
Intangible assets with finite useful life	-	56,144	-	-	56,144
Property, plant and equipment	-	6,842	-	-	6,842
Other non-current financial assets	-	15	-	-	15
Deferred tax assets, net	-	240	-	-	240
Inventories	-	-	554	-	554
Trade receivables	-	26,394	2,400	-	28,794
Current tax assets	-	5,911	17	-	5,928
Other current assets	-	2,075	154	-	2,229
Current financial assets	-	54,698	-	-	54,698
Cash and cash equivalents	-	11,029	421	-	11,450
Non-current assets held for sale and discontinued operations	-	165,469	3,546	-	169,015
Non-current reserves to employees	-	18	788	-	806
Deferred tax liabilities	-	16,926	34	-	16,960
Other non-current liabilities	-	374	-	-	374
Current financial debts	-	18	-	-	18
Trade payables	-	11,566	2,543	-	14,109
Payables for services to be rendered and other current liabilities	-	15,282	50	-	15,332
Current tax payables	-	1,318	603	-	1,921
Reserve for current risks and charges	250	583	-	250	833
Liabilities directly associated with non-current assets held for sale and discontinued operations	250	46,085	4,018	250	50,353

Statement of cash flows

	Year 2014 Telegate Group	Year 2014	Year 2013 Telegate Group	Year 2013 TDL Group	Year 2013
<i>(euro/thousand)</i>					
Cash inflow (outflow) from operating activities	(1,524)	(1,524)	(7,708)	(3,552)	(11,260)
Cash inflow (outflow) for investments	(4,770)	(4,770)	(7,703)	(733)	(8,436)
Cash inflow (outflow) for financing (*)	(4,735)	(4,735)	(67,909)	(1,430)	(69,339)
Net proceeds on disposal of consolidated subsidiaries	-	-	1,009	-	1,009
Cash inflow (outflow) from non-current assets held for sale and discontinued operations	(11,029)	(11,029)	(82,311)	(5,715)	(88,026)

(*) Cash inflow/(outflow) from financing activities includes in 2014 the cash and cash equivalent at the end of the year of Telegate AG amounting to € 4,262 thousands.

33. Related-party transactions

With reference to the provisions of IAS 24 and pursuant to Consob Regulation No. 17221 of March 12, 2010, the effects on the consolidated financial statements of transactions with parties related to the Seat Pagine Gialle Group as at December 31, 2014 are listed below. The effects of intra-group transactions between consolidated companies have been eliminated in the consolidated financial statements.

Transactions carried out by Group companies with related parties, including intra-group transactions, come under ordinary operating activities and are subject to market conditions or specific legislative provisions.

There were no atypical and/or unusual transactions, nor were there any transactions giving rise to a possible conflict of interests.

Income statement

<i>(euro/thousand)</i>	Year 2014	Associates	Companies with significant influence	Other related parties (*)	Total related parties
Costs of external services	(238,050)	-	-	(315)	(315)
Salaries, wages and employee benefits	(95,292)	-	-	(3,469)	(3,469)

(*) Directors, statutory auditors, managers with strategic responsibilities.

<i>(euro/thousand)</i>	Year 2013	Associates	Companies with significant influence	Other related parties (*)	Total related parties
Revenues from sales services	503,320	-	-	23,332	23,332
Costs of external services	(267,164)	-	-	(6,438)	(6,438)
Salaries, wages and employee benefits	(105,922)	-	-	(5,004)	(5,004)
Other operating expenses	(3,622)	-	-	(121)	(121)
Non-recurring and restructuring costs	(46,051)	-	-	(5,219)	(5,219)

(*) Directors, statutory auditors, managers with strategic responsibilities and related companies through directors, statutory auditors and managers with strategic responsibilities and other related parties.

Statement of financial position

<i>(euro/thousand)</i>	As at 12.31.2014	Associates	Companies with significant influence	Other related parties (*)	Total related parties
Liabilities					
Trade payables	(94,216)	-	-	(1,417)	(1,417)

(*) Directors, statutory auditors, managers with strategic responsibility.

<i>(euro/thousand)</i>	As at 31.12.2013	Associates	Companies with significant influence	Other related parties (*)	Total related parties
Assets					
Trade receivables	229,815	-	-	9,434	9,434
Liabilities					
Trade payables	(149,796)	-	-	(3,459)	(3,459)
Payables for services to be rendered and other current liabilities	(151,898)	-	-	(1,136)	(1,136)
Reserve for current risk and charges	(71,705)	-	-	(2,950)	(2,950)

(*) Directors, statutory auditors, managers with strategic responsibilities and related companies though directors, statutory auditors and managers with strategic responsibilities and other related parties.

Statement of cash flows

<i>(euro/thousand)</i>	Year 2014	Associates	Companies with significant influence	Other related parties (*)	Total related parties
Cash inflow (outflow) from operating activities	(16,598)	-	-	(649)	(649)
Cash inflow (outflow) for investments	(39,382)	-	-	-	-
Cash inflow (outflow) for financing	(32,412)	-	-	-	-
Cash inflow (outflow) from non-current assets held for sale and discontinued operations	(11,029)	-	-	-	-
Increase (decrease) in cash and cash equivalents in the year	(99,421)	-	-	(649)	(649)

(*) Directors, statutory auditors, managers with strategic responsibilities and related companies through directors, statutory auditors and managers with strategic responsibilities and other related parties.

<i>(euro/thousand)</i>	Year 2013	Associates	Companies with significant influence	Other related parties (*)	Total related parties
Cash inflow (outflow) from operating activities	131,599	-	-	2,865	2,865
Cash inflow (outflow) for investments	(33,686)	-	-	-	-
Cash inflow (outflow) for financing	(1,670)	-	-	-	-
Cash inflow (outflow) from non-current assets held for sale and discontinued operations	(88,026)	-	-	-	-
Increase (decrease) in cash and cash equivalents in the year	8,217	-	-	2,865	2,865

(*) Directors, statutory auditors, managers with strategic responsibilities and related companies through directors, statutory auditors and managers with strategic responsibilities and other related parties.

The merger of Seat Pagine Gialle Italia S.p.A. into Seat Pagine Gialle S.p.A., which was provided for by the proposals for a composition with creditors made by both companies and approved pursuant to Article 2505 of the Italian Civil Code by their respective Boards of Directors on March 4, 2014, should be considered to be a related-party transaction pursuant to the Procedure for Transactions with Related Parties approved by the Company's Board of Directors in December 2010, pursuant to the Regulations on Transactions with Related Parties adopted pursuant to Consob Regulation

No. 17221 of March 12, 2010, as amended by Consob Regulation No. 17389 of June 23, 2010.

More specifically, the merger is a Material Transaction that required the consent of the Committee of Independent Directors pursuant to Article 3.2 of the Procedure for Transactions with Related Parties.

The prospectus concerning material transactions with related parties was published on February 21, 2014 pursuant to the Regulations on Transactions with Related Parties.

Remuneration paid to directors and auditors

Position	As at 12.31.2014
Managers with strategic responsibilities	1,593
Remuneration due to Directors (*)	2,047
Remuneration due to Statutory Auditors	278

(*) This includes the consultancy given by the law yer Castelli. Variable remunerations are net of releases in amount not paid previous years.

34. Other information

Statement of fees paid to the Independent Auditors and related entities

Pursuant to Article 149-*duodecies* of Consob's Issuers' Regulation (Regulation No. 11971/1999 as subsequently

amended), the following table shows the fees for 2014 for auditing and other services carried out for Seat Pagine Gialle Group companies by PricewaterhouseCoopers S.p.A. and related entities.

<i>(euro/thousand)</i>	Year 2014	Year 2013
PricewaterhouseCoopers Group		
Seat Pagine Gialle S.p.A.		
- Audit	382	74
- Services for the purposes of certification	475	-
- Other services and assignments in PricewaterhouseCoopers:	435	-
- <i>IT & Operations assessment</i>	135	-
- <i>Independent Business Review relating to composition with creditors procedure</i>	300	-
Total	1,292	74
Subsidiaries		
- Audit	114	622
- Other services and assignments in PricewaterhouseCoopers network	-	168
Total	114	790
Company in discontinued operations		
- Audit	164	202
Total	164	202

Fully consolidated equity investments
(Consob Communication DEM/6064293 of July 28, 2006)

Table 1

Company	Registered office	Share capital	Ordinary shares held		% held by Seat Pagine Gialle S.p.A.
			%	by	
(business)					
Parent company					
SEAT PAGINE GIALLE S.p.A.	Turin (Italy)	Euro	20,000,000		
Subsidiaries					
GLAMOO LTD (e-commerce)	London (Great Britain)	Pound Sterling	14,042	100,00	Seat Pagine Gialle S.p.A.
GLAMOO S.r.l. (e-commerce)	Milan (Italy)	Euro	100,000	100,00	GLAMOO LTD
CONSODATA S.p.A. (direct marketing services, data base creatin management and distribution)	Rome (Italy)	Euro	2,446,330	100,00	Seat Pagine Gialle S.p.A.
EUROPAGES S.A. (production, promotion and marketing of the Europages directory)	Paris (France)	Euro	1,000,000	98,37	Seat Pagine Gialle S.p.A.
EUROPAGES Benelux SPRL (production, promotion and marketing of the Europages directory)	Bruxelles (Belgium)	Euro	20,000	99,00	Europages S.A.
PRONTOSEAT S.r.l. (call center services)	Turin (Italy)	Euro	10,500	100,00	Seat Pagine Gialle S.p.A.
TELEGATE HOLDING GmbH (holding)	Munich (Germany)	Euro	26,100	100,00	Seat Pagine Gialle S.p.A.
Digital Local Services ROMA 1 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100,00	Seat Pagine Gialle S.p.A.
Digital Local Services ROMA 2 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100,00	Seat Pagine Gialle S.p.A.
Digital Local Services ROMA 3 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100,00	Seat Pagine Gialle S.p.A.
Digital Local Services MILANO 1 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100,00	Seat Pagine Gialle S.p.A.
Digital Local Services MILANO 2 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100,00	Seat Pagine Gialle S.p.A.
Digital Local Services MILANO 3 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100,00	Seat Pagine Gialle S.p.A.
Digital Local Services BERGAMO 1 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100,00	Seat Pagine Gialle S.p.A.
Digital Local Services BERGAMO 2 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100,00	Seat Pagine Gialle S.p.A.
Digital Local Services BRESCIA 1 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100,00	Seat Pagine Gialle S.p.A.
Digital Local Services BRESCIA 2 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100,00	Seat Pagine Gialle S.p.A.
Digital Local Services VARESE 1 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100,00	Seat Pagine Gialle S.p.A.
Digital Local Services COMO 1 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100,00	Seat Pagine Gialle S.p.A.
Digital Local Services SONDRIO LECCO 1 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100,00	Seat Pagine Gialle S.p.A.
Digital Local Services LOMBARDIA 1 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100,00	Seat Pagine Gialle S.p.A.
Digital Local Services LOMBARDIA 2 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100,00	Seat Pagine Gialle S.p.A.

Fully consolidated equity investments
(Consob Communication DEM/6064293 of July 28, 2006)

Table 1

Company	Registered office	Share capital	Ordinary shares held		% held by
			% da		Seat Pagine Gialle S.p.A.
(business)					
Subsidiaries					
Digital Local Services LOMBARDIA 3 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100,00	Seat Pagine Gialle S.p.A. 100.00
Digital Local Services SARDEGNA 1 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100,00	Seat Pagine Gialle S.p.A. 100.00
Digital Local Services SARDEGNA 2 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100,00	Seat Pagine Gialle S.p.A. 100.00
Digital Local Services FRIULI 1 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100,00	Seat Pagine Gialle S.p.A. 100.00
Digital Local Services VENETO 1 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100,00	Seat Pagine Gialle S.p.A. 100.00
Digital Local Services VENETO 2 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100,00	Seat Pagine Gialle S.p.A. 100.00
Digital Local Services VENETO 3 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100,00	Seat Pagine Gialle S.p.A. 100.00
Digital Local Services VENETO 4 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100,00	Seat Pagine Gialle S.p.A. 100.00
Digital Local Services VENETO 5 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100,00	Seat Pagine Gialle S.p.A. 100.00
Digital Local Services EMILIA 1 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100,00	Seat Pagine Gialle S.p.A. 100.00
Digital Local Services EMILIA 2 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100,00	Seat Pagine Gialle S.p.A. 100.00
Digital Local Services EMILIA 3 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100,00	Seat Pagine Gialle S.p.A. 100.00
Digital Local Services PIEMONTE 1 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100,00	Seat Pagine Gialle S.p.A. 100.00
Digital Local Services PIEMONTE 2 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100,00	Seat Pagine Gialle S.p.A. 100.00
Digital Local Services CUNEO 1 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100,00	Seat Pagine Gialle S.p.A. 100.00
Digital Local Services LAZIO 1 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100,00	Seat Pagine Gialle S.p.A. 100.00
Digital Local Services LAZIO 2 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100,00	Seat Pagine Gialle S.p.A. 100.00
Digital Local Services LAZIO 3 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100,00	Seat Pagine Gialle S.p.A. 100.00
Digital Local Services SICILIA 1 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100,00	Seat Pagine Gialle S.p.A. 100.00
Digital Local Services SICILIA 2 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100,00	Seat Pagine Gialle S.p.A. 100.00
Digital Local Services SICILIA 3 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100,00	Seat Pagine Gialle S.p.A. 100.00
Digital Local Services SICILIA 4 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100,00	Seat Pagine Gialle S.p.A. 100.00
Digital Local Services SICILIA 5 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100,00	Seat Pagine Gialle S.p.A. 100.00
Digital Local Services SICILIA 6 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100,00	Seat Pagine Gialle S.p.A. 100.00
Digital Local Services TORINO 1 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100,00	Seat Pagine Gialle S.p.A. 100.00
Digital Local Services TORINO 2 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100,00	Seat Pagine Gialle S.p.A. 100.00
Digital Local Services TORINO 3 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100,00	Seat Pagine Gialle S.p.A. 100.00
Digital Local Services TORINO 4 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100,00	Seat Pagine Gialle S.p.A. 100.00

Fully consolidated equity investments
(Consob Communication DEM/6064293 of July 28, 2006)

Table 1

Company (business)	Registered office	Share capital	Ordinary shares held		% held by Seat Pagine Gialle S.p.A.
			%	by	
Subsidiaries					
Digital Local Services PUGLIA 1 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100,00	Seat Pagine Gialle S.p.A. 100.00
Digital Local Services PUGLIA 2 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100,00	Seat Pagine Gialle S.p.A. 100.00
Digital Local Services PUGLIA 3 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100,00	Seat Pagine Gialle S.p.A. 100.00
Digital Local Services PUGLIA 4 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100,00	Seat Pagine Gialle S.p.A. 100.00
Digital Local Services CALABRIA 1 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100,00	Seat Pagine Gialle S.p.A. 100.00
Digital Local Services CALABRIA 2 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100,00	Seat Pagine Gialle S.p.A. 100.00
Digital Local Services FIRENZE 1 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100,00	Seat Pagine Gialle S.p.A. 100.00
Digital Local Services FIRENZE 2 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100,00	Seat Pagine Gialle S.p.A. 100.00
Digital Local Services FIRENZE 3 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100,00	Seat Pagine Gialle S.p.A. 100.00
Digital Local Services NAPOLI 1 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100,00	Seat Pagine Gialle S.p.A. 100.00
Digital Local Services NAPOLI 2 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100,00	Seat Pagine Gialle S.p.A. 100.00
Digital Local Services ROMAGNA 1 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100,00	Seat Pagine Gialle S.p.A. 100.00
Digital Local Services ROMAGNA 2 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100,00	Seat Pagine Gialle S.p.A. 100.00
Digital Local Services TOSCANA 1 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100,00	Seat Pagine Gialle S.p.A. 100.00
Digital Local Services TOSCANA 2 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100,00	Seat Pagine Gialle S.p.A. 100.00
Digital Local Services BOLOGNA 1 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100,00	Seat Pagine Gialle S.p.A. 100.00
Digital Local Services BOLOGNA 2 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100,00	Seat Pagine Gialle S.p.A. 100.00
Digital Local Services CAMPANIA 1 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100,00	Seat Pagine Gialle S.p.A. 100.00
Digital Local Services CAMPANIA 2 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100,00	Seat Pagine Gialle S.p.A. 100.00
Digital Local Services CAMPANIA 3 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100,00	Seat Pagine Gialle S.p.A. 100.00
Digital Local Services VERONA 1 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100,00	Seat Pagine Gialle S.p.A. 100.00
Digital Local Services TRENTO 1 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100,00	Seat Pagine Gialle S.p.A. 100.00
Digital Local Services LIGURIA 1 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100,00	Seat Pagine Gialle S.p.A. 100.00
Digital Local Services LIGURIA 2 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100,00	Seat Pagine Gialle S.p.A. 100.00
Digital Local Services GENOVA 1 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100,00	Seat Pagine Gialle S.p.A. 100.00

Fully consolidated equity investments
(Consob Communication DEM/6064293 of July 28, 2006)

Table 1

Company	Registered office	Share capital	Ordinary shares held		% held by
			%	by	Seat Pagine Gialle S.p.A.
(business)					
Subsidiaries					
Digital Local Services UMBRIA 1 srl (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100,00	Seat Pagine Gialle S.p.A. 100.00
Digital Local Services ADRIATICO 1 srl (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100,00	Seat Pagine Gialle S.p.A. 100.00
Digital Local Services ADRIATICO 2 srl (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100,00	Seat Pagine Gialle S.p.A. 100.00
Digital Local Services ADRIATICO 3 srl (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100,00	Seat Pagine Gialle S.p.A. 100.00

Certification of the consolidated financial statements pursuant to Article 81-ter of Consob Regulation No. 11971 of 14 May 1999, as amended

1. The undersigned, Vincenzo Santelia, in his capacity as Chief Executive Officer, and Andrea Servo, as Chief Financial Officer of Seat Pagine Gialle S.p.A., hereby certify, taking into account the provisions of Article 154-bis, paragraphs 3 and 4 of Legislative Decree No. 58 of 24 February 1998, that the administrative and accounting procedures for the preparation of the consolidated financial statements, deemed to be adequate in relation to the characteristics of the business, were effectively applied during 2014.
2. The administrative and accounting procedures for the preparation of the consolidated financial statements as at December 31, 2014 were subjected during the year to a critical review in order to evaluate their suitability and how effectively they had been applied. No anomalies emerged as a result of this verification.
3. The following is also certified:
 - 3.1 The consolidated financial statements at December 31, 2014:
 - were prepared in compliance with the applicable international accounting standards recognised in the European Union pursuant to Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002 (International Financial Reporting Standards – IFRS), and with the implementing provisions of Article 9 of Legislative Decree No. 38 of 28 February 2005;
 - correspond to the results contained in the books and the accounting entries;
 - are able to provide a true and accurate representation of the assets and liabilities, results and cash flows of the Company and of all companies included in its consolidation scope.
 - 3.2 The report on operations includes a reliable analysis of performance and operating results, as well as of the position of the Company and all its consolidated entities, together with a description of the main uncertainties and risks to which they are exposed.

Milan, March 12, 2015

Chief Executive Officer

Vincenzo Santelia

Chief Financial Officer

Andrea Servo

AUDITORS' REPORT IN ACCORDANCE WITH ARTICLES 14 AND 16 OF LEGISLATIVE DECREE N° 39 OF 27 JANUARY 2010

To the Shareholders of
SEAT Pagine Gialle SpA

- 1 We have audited the consolidated financial statements of SEAT Pagine Gialle SpA and its subsidiaries ("SEAT Pagine Gialle Group") as of 31 December 2014, which comprise the statement of financial position, the income statement, the statement of comprehensive income, the statement of cash flows, the statement of changes in equity and the related explanatory notes. The directors of SEAT Pagine Gialle SpA are responsible for the preparation of these consolidated financial statements in compliance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree n° 38/2005. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
- 2 We conducted our audit in accordance with the auditing standards and criteria recommended by Consob, the Italian Commission for listed Companies and the Stock Exchange. Those standards and criteria require that we plan and perform the audit to obtain the necessary assurance about whether the consolidated financial statements are free of material misstatement and, taken as a whole, are presented fairly. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors. We believe that our audit provides a reasonable basis for our opinion.

For the opinion on the consolidated financial statements of the prior year, which are presented for comparative purposes, reference is made to our report dated 17 April 2014.
- 3 In our opinion, the consolidated financial statements of the SEAT Pagine Gialle Group as of 31 December 2014 comply with the International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree n° 38/2005; accordingly, they have been prepared clearly and give a true and fair view of the financial position, result of operations and cash flows of the SEAT Pagine Gialle Group for the year then ended.
- 4 We draw your attention to the information provided by the directors in the paragraph "Effects of extinguishing debt subject to the composition with creditors procedure" of the explanatory notes and repeated in the report on operations, in relation to the accounting effects of the approval by the Court of Torino of the composition with creditors procedures of SEAT Pagine Gialle SpA and SEAT Pagine Gialle Italia SpA.

PricewaterhouseCoopers SpA

Sede legale e amministrativa: Milano 20149 Via Monte Rosa 91 Tel. 0277851 Fax 027785240 Cap. Soc. Euro 6.812.000,00 i.v., C.F. e P.IVA e Reg. Imp. Milano 12979880155 Iscritta al n° 119644 del Registro dei Revisori Legali - Altri Uffici: **Ancona** 60131 Via Sandro Totti 1 Tel. 0712132311 - **Bari** 70124 Via Don Luigi Guanella 17 Tel. 0805640211 - **Bologna** 40126 Via Angelo Finelli 8 Tel. 0516186211 - **Brescia** 25123 Via Borgo Pietro Wuhrer 23 Tel. 0303697501 - **Catania** 95129 Corso Italia 302 Tel. 0957532311 - **Firenze** 50121 Viale Gramsci 15 Tel. 0552482811 - **Genova** 16121 Piazza Dante 7 Tel. 01029041 - **Napoli** 80121 Piazza dei Martiri 58 Tel. 08136181 - **Padova** 35138 Via Vicenza 4 Tel. 049873481 - **Palermo** 90141 Via Marchese Ugo 60 Tel. 091349737 - **Parma** 43100 Viale Tanara 20/A Tel. 0521275911 - **Roma** 00154 Largo Fochetti 29 Tel. 06570251 - **Torino** 10122 Corso Palestro 10 Tel. 011556771 - **Trento** 38122 Via Grazioli 73 Tel. 0461237004 - **Treviso** 31100 Viale Felissent 90 Tel. 0422696911 - **Trieste** 34125 Via Cesare Battisti 18 Tel. 0403480781 - **Udine** 33100 Via Poscolle 43 Tel. 043225789 - **Verona** 37135 Via Francia 21/C Tel. 0458263001

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- 5 The directors of SEAT Pagine Gialle SpA are responsible for the preparation of the report on operations and of the report on corporate governance and ownership structure published in section “Governance” of the website of SEAT Pagine Gialle SpA, in compliance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the report on operations and of the information referred to in paragraph 1, letters c), d), f), l), m), and paragraph 2, letter b), of article 123-bis of Legislative Decree n° 58/98 presented in the report on corporate governance and ownership structure, with the financial statements, as required by law. For this purpose, we have performed the procedures required under Italian Auditing Standard n° 001 issued by the Italian Accounting Profession (Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili) and recommended by Consob. In our opinion, the report on operations and the information referred to in paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b), of article 123-bis of Legislative Decree n° 58/98 presented in the report on corporate governance and ownership structure are consistent with the consolidated financial statements of SEAT Pagine Gialle SpA as of 31 December 2014

Turin, 2 April 2015

PricewaterhouseCoopers SpA

Signed by

Piero De Lorenzi
(Partner)

This report has been translated from the original which was issued in accordance with Italian legislation. We have not examined the translation of the consolidated financial statements referred to in this report.



" il Giallo ti è vicino "



Pictured above extracted from the last spot of SEAT PG

Nuova generazione di opportunità

tutti gli strumenti più evoluti per il business

SeatPG
pagineGialle

Separate financial statements of Seat Pagine Gialle S.p.A.



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Introduction \

For SEAT, 2014 was a turnaround year in which the initial effects of the new business management model, based on the guidelines of the operating plan underlying the proposed agreement with creditors, became visible. At the same time, the financial recovery process was completed with the approval, court approval and execution of the composition with creditors process initiated by the Company in early 2013, making it possible to eliminate the considerable debt generated a decade before. In terms of business performance, the Company met all of its main targets set for 2014 thanks to adopting a series of measures and actions needed to re-launch operations and to define a plan to return to sustainable growth and satisfactory profitability in the medium term.

In more detail, the SEAT Business Area (including Seat Pagine Gialle S.p.A. and the Digital Local Services companies) obtained net customer orders amounting to € 343 million (just under the target of € 348 million), revenues of € 388.9 million (substantially in line with the yearly target) and EBITDA of € 32.5 million (in line with the plan). Cash and cash equivalents amounted to € 107 million, well above the forecasted figure of approximately € 42 million, due to the combination of structural improvements and changes that will be offset in 2015, including lower payments to the creditors involved in the pre-bankruptcy agreement, which were deferred to 2015 but which remain in compliance with the timing set forth in the approval decree, or partly withheld for liabilities that have not yet arisen.

Beyond financial data, the Company has been able to re-start its business engines through: i) renewed adequate growth of the sales network, which has reached almost 1,400 units (30% growth compared with the beginning of 2013); ii) product innovation, with the re-launch and updating of all proprietary products, particularly online platforms; iii) product range expansion with a view to creating a full media portfolio, also including third-party products (Google, Facebook, Sky, Rai and others); iv) the recovery of advertising investment. All of these actions have led not only to a confirmation of expected commercial results but also, and especially, to a notable improvement in the company's image with SMEs. In this regard, a recent market survey commissioned by Demoskopea shows that the Company's brand image has improved significantly with respect to the previous survey conducted in mid-2013. Likewise, the customer satisfaction index (NPS - Net Promoter Score) provided by Cerved improved by 8 percentage points during the same period. Lastly, in terms of

initiatives supporting profitability, an indirect cost reduction policy was implemented involving the reduction of salaries, wages and employee benefits (indirect) by more than 20 percentage points compared with 2013, and the corporate structure was considerably streamlined after the deconsolidation of Thomson, Cipi and, as part of the composition with creditors, Telegate.

In terms of the composition with creditors, with respect to the information provided in the Report on Operations as at September 30, 2014 (particularly with reference to the completion of the composition with creditors procedure and the Company's full return to performing status), on December 23, 2014 the Company announced that it had completed the share capital transactions set forth in the composition with creditors proposals, required to clear Seat PG's and Seat PG Italia S.p.A.'s debts to the Class B and C financial creditors involved in the procedure. For further details on this topic, please refer to the press releases published on December 17, 19 and 23, 2014, the documentation available on the website www.seat.it in the "Investor & Governance/Extraordinary Transactions" section, and the previous monthly reports drafted pursuant to Article 114, paragraph 5 of the Consolidated Finance Act. Furthermore, as set forth in the approval decree, cash payments were also made to satisfy creditors according to the procedures and terms described in the respective proposals for the composition with creditors.

The Company therefore met its obligations set forth in the proposed agreement with creditors, thereby rendering the effects of the procedure definitive, primarily that of essentially eliminating financial debt and as a result regaining financial balance. On March 5, 2015, the deadline set by the approval decree for the filing of the final report on the execution of the proposed agreements with creditors, the Court of Turin approved the Company's request for an extension until March 31, 2015, given the complexity of the procedure due to the considerable number of obligations set forth in the agreement and the associated collection and organization of a significant amount of documentation proving the effective fulfilment of such obligations. It was then prepared the final report on the execution of proposals for the composition with creditors that, on the advice of the organ commissioner, will be filed in a formal way, together with the opinion of this body, once completed the preliminary examination of both documents by the Turin Court which on March 31, 2015 were subjected.

Presentation of accounting data

On October 24, 2014, the deed of merger was signed for the incorporation of SeatPagine Gialle Italia S.p.A. into SeatPagine Gialle S.p.A.; the merger came into effect on November 1, 2014 and became effective for accounting and tax purposes on January 1, 2014.

For this reason, the operating and financial figures for 2014 are not comparable with those from the previous year.

As of December 22, 2014, in the execution of the Seat Pagine Gialle Italia S.p.A. composition with creditors proposals, Telegate Holding GmbH, a wholly-owned

subsidiary of Seat Pagine Gialle S.p.A., distributed (with the approval of The Royal Bank of Scotland plc, in its capacity as security agent) the shares directly held in Telegate AG (equal to 61.13% of the company's share capital), as well as the dividends associated with such shares, to the Class B and C creditors, on the basis of pledges granted by Telegate GmbH on its shareholding in Telegate AG.

Seat Pagine Gialle S.p.A.'s 16.23% investment in Telegate AG and the 100% investment in Telegate GmbH were reclassified from discontinued operations to investments.

Statement of financial position of Seat Pagine Gialle S.p.A. as at December 31, 2014 \

Assets \

<i>(euro thousand)</i>	As at 12.31.2014	As at 12.31.2013	Note
Non-current assets			
Intangible assets with indefinite useful life	-	-	
Intangible assets with finite useful life	115,027	-	(7)
Property, plant and equipment	7,884	10	(8)
Leased assets	24,777	-	(9)
Investments	17,037	-	(10)
Other non-current financial assets	869	444	(11)
Deferred tax assets, net	-	134	(27)
Other non-current assets	5,105	4,710	(14)
Total non-current assets	(A) 170,699	5,298	
Current assets			
Inventories	3,599	-	(12)
Trade receivables	177,398	-	(13)
Current tax assets	22,227	20,888	(27)
Other current assets	48,286	4,068	(14)
Current financial assets	11,594	1,111	(17)
Cash and cash equivalent	107,202	3	(17)
Total current assets	(B) 370,306	26,070	
Non-current assets held for sale and discontinued operations	(C) -	-	(28)
Total assets	(A+B+C) 541,005	31,368	

Liabilities

<i>(euro thousand)</i>	As at 12.31.2014	As at 12.31.2013	Note
Equity of the Group			
Share capital	20,000	450,266	(15)
Additional paid-in capital	117,155	466,847	(15)
Legal reserve	4,000	50,071	
Reserve for actuarial gains (losses)	(1,392)	(261)	(15)
Merger deficit	(1,340,611)	-	
Other reserves	(984)	1,471,330	(15)
Retained earning (losses)	(12,203)	(2,419,664)	(15)
Profit (loss) for the year	1,390,295	(30,416)	
Total equity	(A) 176,260	(11,827)	
Non-current liabilities			
Non-current financial debts	32,344	-	(17)
Non-current reserves to employees	13,054	147	(19)
Deferred tax liabilities and non-current tax payables	20,740	-	(27)
Other non-current liabilities	27,018	1,369	(20)
Total non current liabilities	(B) 93,156	1,516	
Current liabilities			
Current financial debts	12,601	-	(17)
Trade payables	90,567	3,377	(22)
Payables for services to be rendered and other current liabilities	128,602	14,505	(22)
Reserve for current risks and charges	26,356	22,488	(21)
Current tax payables	13,213	1,059	(27)
Totale passività correnti	(C) 271,339	41,429	
Liabilities directly associated with non-current assets held for sale and discontinued operations	(D) 250	250	(28)
Total liabilities	(B+C+D) 364,745	43,195	
Total liabilities and equity	(A+B+C+D) 541,005	31,368	

Income statement of Seat Pagine Gialle S.p.A. for 2014

<i>(euro thousand)</i>	Year 2014	Year 2013	Note
Sales of goods	4,011	-	(23)
Rendering of services	384,861	7,165	(23)
Revenues from sales and services	388,872	7,165	(23)
Other income	19,327	265	(24)
Total revenues	408,199	7,430	
Costs of material	(16,734)	(35)	(24)
Costs for external services	(267,262)	(2,124)	(24)
Salaries, wages and employee benefits	(64,612)	(5,139)	(24)
Valuation adjustments	(24,883)	2,781	(13;14)
Provisions to reserves for risks and charges, net	(1,750)	-	(21)
Other operating expenses	(2,524)	(336)	(26)
Operating income before amortization, depreciation, non-recurring and restructuring costs, net	30,434	2,577	
Amortization, depreciation and write-down	(39,505)	-	(8-10)
Non-recurring costs, net	(5,712)	(18,486)	(25)
Restructuring costs, net	(85)	(17)	(25)
Operating results	(14,868)	(15,926)	
Net income from execution of composition with creditors procedure	1,555,981	-	
Interest expense	(130,520)	(97)	(26)
Interest income	3,500	39	(26)
Write-up (write-down) of investments	(11,738)	-	(10)
Profit (loss) before income taxes	1,402,355	(15,984)	
Income taxes for the year	(13,002)	(14,432)	(27)
Profit (loss) on continuing operations	1,389,353	(30,416)	
Profit (loss) from non-current assets held for sale and discontinued operations	942	-	(28)
Profit (loss) for the year	1,390,295	(30,416)	

	As at 12.31.2014	As at 12.31.2013
Number of Seat Pagine Gialle S.p.A. shares	64,267,622,142	16,066,893,331
- ordinary shares	64,267,615,339	16,066,212,958
- saving shares	6,803	680,373
weighted average shares outstanding	17,255,404,452	16,066,893,331
Profit (loss) for the year	€ /thousand 1,390,295	(30,416)
Profit (loss) par share	€ 0.081	(0.002)
Profit (loss) diluted par share	n.a.	n.a.

Statement of comprehensive income of Seat Pagine Gialle S.p.A. for 2014 \

<i>(euro thousand)</i>	Year 2014	Year 2013	Note
Profit (loss) for the year	1,390,295	(30,416)	
<i>Other comprehensive income (expense) that will not be reclassified subsequently to profit (loss) for the year</i>			
Actuarial gain (loss)	(1,395)	3	
Total other comprehensive income (expense) that will not be reclassified subsequently to profit (loss) for the year	(1,395)	3	
<i>Other comprehensive income (expense) that will be reclassified subsequently to profit (loss) for the year</i>			
Profit (loss) for "cash flow hedge" instruments recognised to income statement	-	-	(15)
Profit (loss) from the fair value of warrant	(984)	-	
Other movements	-	-	
Total other comprehensive income (expense) that will be reclassified subsequently to profit (loss) for the year	(984)	-	
Total other comprehensive income (loss), net of tax effect	(2,379)	3	
Total comprehensive income (loss) for the year	1,387,916	(30,413)	

Statement of cash flows of Seat Pagine Gialle S.p.A. for 2014 \

<i>(euro thousand)</i>		Year 2014	Year 2013
Cash inflow (outflow) from operating activities			
Operating result		(14,868)	(15,926)
Amortization, depreciation and write-down		39,505	-
(Gain) loss on disposal of non-current assets		1	-
Change in working capital		(38,736)	14,043
Income taxes paid		(6,617)	(62)
Other movements		(810)	47
Cash inflow (outflow) from operating activities	(A)	(21,525)	(1,898)
Cash inflow (outflow) for investments			
Purchase of intangible assets with finite useful life		(24,938)	-
Purchase of property, plant and equipment		(1,225)	(10)
Other investments		(11,126)	93
Proceeds from disposal of non-current assets		77	6
Cash inflow (outflow) for investments	(B)	(37,212)	89
Cash inflow (outflow) for financing			
Repayment of non-current loans		(2,870)	-
Paid interest expense, net	S.p.A.	1,487	(56)
Change in financial asset and liabilities		(36,025)	1,865
Cash inflow (outflow) for financing	(C)	(37,408)	1,809
Cash inflow (outflow) from non-current assets held for sale and discontinued operations			
	(D)	8,444	-
Increase (decrease) in cash and cash equivalents in the year	(A+B+C+D)	(87,701)	-
Cash and cash equivalents at beginning of the year		3	3
Cash and cash equivalent for merger with Seat Pagine Gialle Italia S.p.A.		194,900	-
Cash and cash equivalents at end of the year		107,202	3

Statement of changes in equity of Seat Pagine Gialle S.p.A. for 2014

	Share capital	Addition paid-in capital	Legal reserve	Reserve for actuarial gains and (losses)	Merger deficit	Other reserves	Retained earnings	Profit (loss) for the year	Total
<i>(euro thousand)</i>									
As at 12.31.2013	450,266	466,847	50,071	(261)		1,471,330	(2,419,664)	(30,416)	(11,827)
Allocation of previous year profit (loss)	-	-	-	-		-	(30,416)	30,416	-
Merger with Seat Pagine Gialle Italia S.p.A.	-	-	-	-	(1,340,610)	-	-	-	(1,340,610)
Cover overall losses	(450,146)	(466,847)	(50,071)	264	-	(1,471,330)	2,438,130	-	-
Capital increase	19,880	121,155	-	-	-	-	-	-	141,035
Costs for capital increase	-	-	-	-	-	-	(254)	-	(254)
Other movements	-	(4,000)	4,000	-	-	-	-	-	-
Total other comprehensive profit (loss) for the year	-	-	-	(1,395)	-	(984)	-	1,390,295	1,387,916
As at 12.31.2014	20,000	117,155	4,000	(1,392)	(1,340,610)	(984)	(12,204)	1,390,295	176,260

Statement of changes in equity of Seat Pagine Gialle S.p.A. for 2013

	Share capital	Addition paid-in capital	Legal reserve	Reserve for actuarial gains and (losses)	Other reserves	Retained earnings	Profit (loss) for the year	Total
<i>(euro thousand)</i>								
As at 12.31.2012	450,266	466,847	50,071	(264)	1,471,330	(1,685,278)	(734,386)	18,586
Allocation of previous year profit (loss)	-	-	-	-	-	(734,386)	(734,386)	-
Total other comprehensive profit (loss) for the year	-	-	-	3	-	-	(30,416)	(30,416)
As at 12.31.2013	450,266	466,847	50,071	(261)	1,471,330	(2,419,664)	(30,416)	(11,827)

Accounting standards and explanatory notes

1. Company information

Seat Pagine Gialle S.p.A. is a joint-stock company listed on the Milan stock exchange.

The Company has its registered office in Turin located at Corso Mortara 22, and has share capital of € 20,000,000 thousand (€ 450,266 thousand as at December 31, 2013).

The financial years end on December 31. These financial statements refer to the financial year from January 1 to December 31, 2014. Seat Pagine Gialle S.p.A. (along with its group, "SEAT" or "Company") is a local internet company that is well established throughout Italy. In addition to

traditional print and voice advertising, it offers companies a complete range of support services to promote their business online via a network of agencies (the SEAT media agencies). SEAT's web marketing services include website and mobile site construction and management, multimedia content creation, web visibility, e-commerce and online marketing, managing clients' presence on social networks, and couponing. It also offers advertising on third-party, digital, television, radio and cinema media in partnership with specialist operators.

2. Basis of presentation

The separate financial statements of Seat Pagine Gialle S.p.A. have been prepared in accordance with the provisions of Legislative Decree No. 38 of February 28, 2005, applying the international accounting standards (IAS/IFRS) issued by the International Accounting Standards Board and approved by the European Union, including all interpretations of the International Financial Reporting Interpretations Committee (IFRIC), previously known as the Standing Interpretations Committee (SIC), and in compliance with the applicable Consob regulations. Seat Pagine Gialle S.p.A. adopted IAS/IFRS on January 1, 2005, after the entry into force of Regulation (EC) No. 1606 of July 19, 2002.

The separate financial statements were drawn up based on the historical cost principle, except for financial assets held for sale, which were recorded at fair value.

The financial statement formats adopted are in line with those provided for by IAS 1. To be more specific:

- the *statement of financial position* was prepared by classifying assets and liabilities as "current/non-current" and showing "Non-current assets/liabilities held for sale and discontinued operations" as two separate items, as required by IFRS 5;
- the *income statement* was prepared by classifying operating costs by type, as this is considered the best way to present Seat Pagine Gialle S.p.A.'s activities and complies with internal reporting methods. Furthermore, the result from continuing operations is separated from "Net profit/(loss) from non-current assets held for sale and discontinued operations", as required by IFRS 5. In accordance with CONSOB decision No. 15519 of July 27, 2006, income and expense from non-recurring transactions were specifically identified in the context of

the statements of operations classified by type, showing their effect on operating result.

Non-recurring income and expense include cases which, by their nature, do not occur continuously in the normal course of operations, such as:

- corporate restructuring costs;
 - extraordinary and highly strategic consultancy (relating mainly to costs associated with the ongoing composition with creditors procedure);
 - costs linked to director and department manager severance pay;
- the *statement of comprehensive income* shows the cost and/or revenue items not yet recognized in the statement of operations with an impact on equity as at the end of the year;
 - the *statement of cash flows* was prepared by recording cash flows from operating activities according to the "indirect method", as allowed by IAS 7, showing cash flows from operating, investment and financial activities separately from those from non-current assets held for sale and discontinued operations.

The cash and cash equivalents recorded in the financial statements include cash, checks, bank overdrafts and short-term securities that are readily convertible into cash.

Cash flows from operating activities were recorded by adjusting the operating result for the year to take into account the effects of non-monetary transactions, any deferment or setting aside of previous or future operating collections or payments, and revenue or cost items connected with cash flows from investment or financial activities or relating to non-current assets held for sale and discontinued operations.

- the *statement of changes in equity* shows the changes that took place in equity items in relation to:
 - the allocation of the profit for the year of the Parent Company;
 - the breakdown of the total profit/(loss);
 - the effect of any errors or changes in accounting standards.

The data are presented in euros and all figures have been rounded off to the nearest thousand, unless otherwise indicated. The publication of the separate financial statements of SeatPagine Gialle S.p.A. for the year ended December 31, 2014 was authorized by the Board of Directors on March 12, 2015.

The Shareholders' Meeting is responsible for giving the final approval to the separate financial statements of Seat Pagine Gialle S.p.A. On the basis of the provisions of Article 3, paragraph 2 of Prime Ministerial Decree dated December 10, 2008, Seat Pagine Gialle S.p.A. is not required to submit financial statements in XBRL format since it is listed on a regulated market.

2.1 Going concern evaluation

In accordance with the provisions of Banca d'Italia-Consob-Isvap joint document No. 2 of February 6, 2009, and just as it did for the 2012 and 2013 Annual Reports, when it approved this Annual Report as at December 31, 2014, the Board of Directors had to perform the necessary checks on the Company's ability to continue as a going concern, taking into account all available information on the foreseeable future, i.e. at least the 12 months following the reporting date (although the Board considers it preferable to consider a period of 18 months, i.e. up to June 30, 2016).

Please be reminded that these evaluations, conducted at the time of approval of all annual and interim reports with special attention since the initiation of the composition with creditors procedures, were necessary in light of significant uncertainties linked to the impossibility of meeting financial debt payment obligations and the financial deficit, which in February 2013 resulted in the decision to make recourse to the composition with creditors procedure on a going-concern basis. These assessments led the Directors to believe that the ability for the Company and the Group to continue operating as a going concern was necessarily linked to the execution and completion of the transactions established in the proposed composition with creditors procedures, which would also result in the re-establishment of the Company's equity and eliminate the situation pursuant to Articles 2446 and 2447 of the

Italian Civil Code, without prejudice to difficulties deriving from the continuation of the negative macroeconomic and economic scenario.

As already reported in the Introduction, approximately two years after it began, the composition with creditors was completed with the company's full return to performing status and the substantial elimination of financial debt. Indeed, after the approval of both procedures, the extraordinary transactions approved by the Company's Shareholders' Meeting on March 4, 2014 were carried out, including: on October 24, 2014, the merger deed was signed for the incorporation of Seat Pagine Gialle Italia S.p.A. into Seat Pagine Gialle S.p.A.; the merger came into effect on November 1, 2014 and became effective for accounting and tax purposes on January 1, 2014; on December 23, 2014 the Company announced that it had completed: *i)* the Seat PG capital reduction from € 450,265,793.58 to € 120,000.00, without annulling shares, since they have no par value, *ii)* the reserved capital increase from € 120,000 to € 20,000,000 with the issue of 6,410,695,320,951 ordinary shares paid up in cash against the clearance of the debts involved in the composition with creditors of Seat PG and Seat PG Italia S.p.A. to the creditors in Classes B and C, *iii)* the reverse split of existing ordinary and savings shares with a ratio of 1 new ordinary and savings share with regular dividend rights for every 100 ordinary and savings shares, and *iv)* the issue of 3,391,431,376 warrants convertible into ordinary shares in accordance with the terms and conditions pursuant to the relative regulation.

For further details on this topic, please refer to the press releases published on December 17, 19 and 23, 2014, the documentation available on the website www.seat.it in the "Investor & Governance/Extraordinary Transactions" section, and the previous monthly reports drafted pursuant to Article 114, paragraph 5 of the Consolidated Finance Act. As set forth in the approval decree, cash payments were also made to satisfy creditors according to the procedures and terms described in the respective proposals for the composition with creditors.

In light of the above, the Directors believe that despite the continuation of the difficult macroeconomic scenario, there are no doubts as to the applicability of the going-concern assumption. Therefore, it is possible to approve the Annual Report as at December 31, 2014 on the basis of that assumption.

2.2 Accounting estimates and assumptions

Pursuant to IAS/IFRS, when preparing separate financial statements and corresponding explanatory notes, management must make estimates and assumptions that

affect the figures for revenue, costs, and assets and liabilities in the financial statements, as well as the information on contingent assets and liabilities as at the reporting date. The results produced may differ from these estimates. The estimates are used to measure provisions for risks on receivables and errors, amortization

and depreciation, asset write-downs, employee benefits, taxes, restructuring reserves, and other provisions and reserves.

The estimates and assumptions are reviewed periodically, and the effects of each change are immediately reflected in the statement of operations.

3. Accounting standards not yet applicable and/or recently approved by the European Commission

See the relevant section of the notes to the consolidated financial statements at December 31, 2014.

4. Measurement criteria

See the relevant section of the notes to the consolidated financial statements at December 31, 2014, apart from for the measurement criteria relating to equity investments, which are described below.

Equity investments

Equity investments in subsidiaries, associates and joint ventures are measured at acquisition cost pursuant to the provisions of IAS 27. Any positive differences arising at the acquisition date between the book value of such equity investments and their corresponding portion of equity at current values are included in the value of the equity investments.

The recoverability of such equity investments is verified at least once a year by comparing an investment's book value

with the recoverable value represented by the greater of its fair value, net of divestment costs, and its value in use, in order to identify any impairment losses, which are then recorded in the statement of operations under "Value adjustments to equity investments" at the time they are calculated. If the portion of these impairment losses pertaining to the Company exceeds the book value of the equity investment, the value of the equity investment is reduced to zero and the relevant portion of any further impairment losses is recorded in the "reserve for risks and charges related to equity investments", if the Company is obligated to incur such impairment charges.

The cost of equity investments in foreign companies is converted into euros at the exchange rates in force on the acquisition date and the subscription date.

5. Effects of extinguishing debt subject to the composition with creditors procedure

In orders filed on October 3, 2014, the Court of Turin approved the composition with creditors procedures proposed by Seat Pagine Gialle S.p.A. and by the subsidiary Seat Pagine Gialle Italia S.p.A. in light of the favorable opinion of the official receiver and having verified the legal compliance of the procedures, the regular conduct and positive outcome of the vote and the feasibility of the proposed procedures themselves.

After the approval of both procedures, the extraordinary transactions approved by the Company's Shareholders' Meeting on March 4, 2014 were carried out, including:

- the merger of Seat Pagine Gialle Italia S.p.A. into Seat Pagine Gialle S.p.A. and the simultaneous coverage of total losses as at November 30, 2013 by using all net reserves outstanding at that date, generating a merger deficit of € 1,340,611 thousand;

- the paid capital increase, in a single tranche, from € 120 thousand to € 20,000 thousand, excluding option rights pursuant to Article 2441, paragraphs 5 and 6 of the Italian Civil Code, to be issued against the clearance of the debts of Seat Pagine Gialle S.p.A. and Seat Pagine Gialle Italia S.p.A. to financial creditors in Classes B and C;
- the issue of warrants enabling paid subscription of ordinary shares representing approximately 5% of the post-Reserved Capital Increase fully diluted share capital.

Furthermore, as set forth in the approval decree, cash payments were also made to satisfy creditors according to the procedures and terms described in the respective proposals for the composition with creditors; in brief by individual class:

- "Class A": creditors with general privilege, for which full payment in cash is planned for within 4 months of the Approval Date;
- "Class B": consisting of Royal Bank of Scotland and the assignees of its receivables, holder of an unsecured loan that was fully downgraded due to the insufficiency of the relative guarantee, equal to € 17.8 million, in addition to the assignment of new post-merger shares by Seat Pagine Gialle S.p.A. for each euro of unsecured credit claimed from the company;
- "Class C": consisting of bondholders holding an unsecured loan that was fully downgraded due to the insufficiency of the relative guarantee, amounting to € 21.5 million, in addition to the assignment of new post-merger shares by Seat Pagine Gialle S.p.A. for each euro of unsecured credit claimed from the company;
- "Class D": including other unsecured creditors that will receive partial payment, amounting to 5% of the receivable due from Seat Pagine Gialle S.p.A. and 20% of the receivable due from Seat Pagine Gialle Italia S.p.A., to be carried out within 4 months of the Approval Date.

For further details regarding the classes of creditors involved in the composition procedure, please refer to the announcements that may be consulted on the website at <http://www.seat.it/seat/it/governance/concordato/index.html>

The execution of the composition procedure and the extraordinary transactions described above resulted in net income from the composition with creditors broken down as follows:

(euro million)	Financial statements (A)	Consolidated financial statements (B)	Change (A-B)
Deletion of A/D Classes	56.0	46,9	9.1
Deletion of B/C Classes	1,564.5	1,564.5	-
Deletion of B/C Classes with Telegate shares assignment	(80.2)	(62.0)	(18.2)
Extimination revised of reserve of risks and charges	15.7	15.7	-
Net income from execution of composition with creditors procedure	1,556.0	1,556.1	(9.1)

- clearance of Class A/D debt, amounting to € 56,035 thousand (€ 46,872 thousand at consolidated level following the reversal of intra-group adjustments);
 - clearance of Class B and C debt, amounting to € 1,564,477 thousand, determined on a residual basis with the elimination of financial debt inclusive of interest following the payment of € 39,300 thousand and the € 141,035 thousand capital increase.
- Also, in accordance with the composition with creditors proposals, Class B and C creditors will be transferred the 61.13% equity investment in Telegate AG held indirectly through the German subholding Telegate Holding GmbH (in turn wholly owned by Seat Pagine Gialle S.p.A.), inclusive of the associated

accrued and uncollected dividends (for the share of 61.13%).

At consolidated level, this transaction resulted in the deconsolidation of the 61.13% investment held in Telegate AG, with a negative impact of € 61,992 thousand recognized on a net basis with respect to income from the composition with creditors procedure. The same transaction resulted in the adjustment to fair value of the investment's carrying value in the Seat Pagine Gialle S.p.A. separate financial statements, with a negative impact of € 80,226 thousand;

- clearance of liabilities amounting to € 15,694 thousand connected to the implementation of the transactions set forth in the composition with creditors plan.

6. Impairment test

Equity investments recognized in the separate financial statements were tested for impairment by comparing the equity side value of each investment with the respective carrying amount, corresponding to the value recorded in the financial statements. To estimate the equity value of the different investments, the discounted cash flow

method was used to determine the respective asset side values and then any surplus assets/liabilities and the net financial position were subtracted/added as applicable. Based on the test, it was necessary to write off the equity investments in Consodata, Glamoo and ProntoSeat in full. For more details, please refer to note 10.

7. Intangible assets with a finite useful life

	Year 2014				Year 2013
	Marketing related intangibles assets	Software	Other intangible assets	Total	Total
<i>(euro thousand)</i>					
Cost	-	461	-	461	461
Accrued amortization	-	(461)	-	(461)	(461)
Balance at beginning of the year	-	-	-	-	-
- Investments	-	21,744	3,194	24,938	-
- Amortization and write-downs	(3,176)	(25,494)	(4,001)	(32,671)	-
- Other movements	-	6,057	(6,057)	-	-
- Merger	27,530	35,647	59,583	122,760	-
Cost	79,195	295,308	72,503	447,006	461
Accrued amortization	(54,841)	(257,354)	(19,784)	(331,979)	(461)
Balance at end of the year	24,354	37,954	52,719	115,027	-

Specific intangible assets were also tested for impairment, although IAS 36 requires this test only in response to trigger events.

The test was conducted in line with what was performed in the past, specifically based on the following criteria:

- the relief from royalties method for trademarks;
- the profit split method for customer relationships.

It was not necessary to recognize any impairment losses based on the results.

Intangible assets with a finite useful life come from the merger with Seat Pagine Gialle Italia S.p.A. effective for tax and accounting purposes as of January 1, 2014.

Intangible assets with a finite useful life can be broken down as follows:

- *marketing-related intangible assets* totaled € 24,354 thousand as at December 31, 2014 and related to customer relationship assets and databases;
- *software* totaled € 37,954 thousand as at December 31, 2014. Software includes costs relating to acquisitions from third parties and the internal creation of proprietary programs and programs under license, used mainly to improve web and mobile platforms to support the new online&mobile commercial offering;

- *other intangible assets* totaled € 52,719 thousand as at December 31, 2014, including € 48,750 thousand relating to *trademarks, concessions and licenses*, primarily for the enhancement of the PagineGialle and PagineBianche brands, and € 3,814 thousand relating to assets under development, mainly internally developed software projects not yet on stream.

Investments in the 2014 financial year totaled € 24,938 thousand and related primarily to *i)* improvements to the Web and Mobile platforms, *ii)* improvements to commercial Web products, relating mainly to product development, the optimization of mobile graphic design, developments for the new range of Websites, Smart Sites and the Wi-Fi offering and the creation of new custom-made product lines for customers that want personalized digital communications services; *iii)* improvements and acquisitions of infrastructure systems and commercial and administrative applications to upgrade the systems and adapt them to new product ranges.

The following table gives an overview of the amortization rates used, which were considered to represent an appropriate distribution of the book value of intangible fixed assets, according to their residual useful life.

	Year 2014	Year 2013
Marketing related intangible assets	7-10%	7-10%
Software	33-50%	33-50%
Other intangible assets	20%	20%

8. Property, plant and equipment

These break down as follows:

(euro thousand)	Year 2014				Year 2013
	Property	Plant and equipment	Other fixed assets	Total	Total
<i>Cost</i>	-	1	9	10	-
<i>Accrued amortization</i>	-	-	-	-	-
Balance at beginning of the year	-	1	9	10	-
- Investments	21	91	1,113	1,225	10
- Disposals	-	(1)	(14)	(15)	-
- Depreciation and write-downs	(205)	(506)	(3,597)	(4,308)	-
- Merger	366	1,618	8,988	10,972	-
- Other movements	-	49	(49)	-	-
<i>Cost</i>	1,261	5,684	47,743	54,688	10
<i>Accrued amortization</i>	(1,079)	(4,432)	(41,293)	(46,804)	-
Balance at end of the year	182	1,252	6,450	7,884	10

Intangible assets with a finite useful life come from the merger with Seat Pagine Gialle Italia S.p.A. effective for tax and accounting purposes as of January 1, 2014.

Plant and equipment (€ 1,252 thousand as at December 31, 2014) related to electrical, air-conditioning and telephone systems and improvements on assets owned or leased by the Company. *Other fixed assets* (€ 6,450 thousand as at December 31, 2014) included furniture and

fixtures, servers and IT equipment. *Investments* of € 1,225 thousand in 2014 related mainly to the acquisition of centralized hardware for the data center in order to replace outdated machines with new machines capable of better performance and lower energy consumption. As in every year, individual IT equipment was purchased in accordance with the plans set out to replace the facilities used by staff and sales agents.

The following table gives an overview of the depreciation rates used, which were considered to represent an appropriate distribution of the book value of tangible fixed assets, according to their residual useful life.

(euro thousand)	Year 2014	Year 2013
Property	3%	3%
Plant and equipment	10-25%	10-25%
Other fixed assets	10-40%	10-40%

9. Leased assets

Assets held under a finance lease amounted to € 24,777 thousand as at December 31, 2014, relating to the real estate complex where the Company has its offices in Turin.

The assets that make up the real-estate complex can be broken down as follows:

(euro thousand)	Year 2014					Year 2013
	Leased land	Leased property	Leased plant	Other leased assets	Total	Total
<i>Cost</i>	-	-	-	-	-	-
<i>Accrued amortization</i>	-	-	-	-	-	-
Balance at beginning of the year	-	-	-	-	-	-
- Amortization and write-downs	-	(992)	(1,107)	(427)	(2,526)	-
- Merger	5,170	15,202	5,498	1,433	27,303	-
<i>Cost</i>	5,170	33,076	16,524	3,562	58,332	-
<i>Accrued amortization</i>	-	(18,866)	(12,133)	(2,556)	(33,555)	-
Balance at end of the year	5,170	14,210	4,391	1,006	24,777	-

On March 31, 2015 Mediocredito Italiano S.p.A. and Seat Pagine Gialle S.p.A. have reached an agreement for the dissolution of five of the seven leases agreements pursuant

to art. 169-bis of the Bankruptcy Law in connection with the authorization of the Court of Turin with a order filed on July 9, 2014.

10. Equity investments

Equity investments in subsidiaries, associates and joint ventures totaled € 17,037 thousand as at December 31, 2014.

The following table shows details of the equity investments and the changes that took place during the year:

(euro thousand)	% ownership	As at 12.31.2013			Changes during the year					As at 12.31.2014		
		Cost	Allowance for doubtful investment	Total	Merger	Purchases	Reclassification from discontinued operations	Write downs	Total	Cost	Allowance for doubtful investment	Total
Subsidiaries		-	-	-	2,087	11,775	4,659	(11,739)	6,782	6,782	-	6,782
CONSODATA S.p.A.	100%	-	-	-	1,199	1,500	-	(2,699)	-	-	-	-
EUROPAGES S.A.	98.37%	-	-	-	-	-	-	-	-	-	-	-
WEB.CO S.r.l.	100%	-	-	-	888	1,235	-	-	2,123	2,123	-	2,123
GLAMOO Ltd	100%	-	-	-	-	7,960	-	(7,960)	-	-	-	-
PRONTOSEAT S.r.l.	100%	-	-	-	-	1,080	-	(1,080)	-	-	-	-
TELEGATE HOLDING GmbH	100%	-	-	-	-	-	4,659	-	4,659	4,659	-	4,659
Other investments		-	-	-	2,087	11,775	10,255	-	10,255	10,255	-	10,255
TELEGATE A.G.	16.24%	-	-	-	-	-	10,255	-	10,255	10,255	-	10,255
Total investments		-	-	-	-	-	11,914	(11,739)	17,037	17,037	-	17,037

The changes during the year related mainly to:

- the merger with Seat Pagine Gialle Italia S.p.A. (€ 2,087 thousand);
- the acquisition of Glamoo (€ 7,960 thousand net of acquisition costs) and the recapitalization of Consodata, ProntoSeat and some Digital Local Services companies;
- the € 11,739 thousand write-down on the equity investments in Consodata S.p.A., Glamoo and ProntoSeat based on the impairment test;
- the reclassification of the equity investments represented by Telegate AG and Telegate GmbH to discontinued operations; in particular, as of December 22, 2014, in the execution of the Seat Pagine Gialle Italia S.p.A. composition with creditors proposals, Telegate Holding GmbH, a wholly-owned subsidiary

of Seat Pagine Gialle S.p.A., distributed (with the approval of The Royal Bank of Scotland plc, in its capacity as security agent) the shares directly held in Telegate AG (amounting to 61.13% of the company's share capital), as well as the dividends associated with such shares, to the Class B and C creditors, on the basis of pledges granted by Telegate GmbH on its shareholding in Telegate AG.

Following the distribution, the equity investment in Telegate GmbH was reclassified from discontinued operations to equity investments in subsidiaries (€ 4,659 thousand), while Telegate AG, valued at € 10,255 thousand, was classified as a financial asset available for sale. The value of Telegate AG was determined in accordance with level 1 of the fair value hierarchy (quoted market price).

11. Other non-current financial assets due from third parties

Other non-current financial assets due from third parties totaled € 869 thousand as at December 31, 2014 (€ 444 thousand as at December 31, 2013), and

specifically include loans to employees worth € 348 thousand, issued at market rates for transactions of this kind.

12. Inventories

These can be broken down as follows:

	Year 2014				Year 2013
	Raw materials, suppliers and consumables	Work in progress and semi-finished goods	Finished goods	Total	Total
(euro thousand)					
Balance at beginning of the year	-	-	-	-	-
- Increase (decrease)	(584)	(68)	(8)	(660)	-
- Merger	2,948	1,301	10	4,259	-
Balance at end of the year	2,364	1,233	2	3,599	-

The valuation of raw materials in stock at weighted average cost is broadly in line with the measurement at current values.

13. Trade receivables

These break down as follows:

	Year 2014				Year 2013
	Trade receivables	Allowance for doubtful trade receivables	Trade receivables to subsidiaries	Net value	Net value
<i>(euro thousand)</i>					
Balance at beginning of the year	-	-	-	-	91
Provisions in the income statement	-	24,749	-	(24,749)	-
Utilization	-	44,733	-	(44,733)	-
Estimation revised	-	197	-	197	-
Merger	315,244	(95,612)	3,416	223,093	-
Other movements	(65,542)	-	(334)	(65,876)	(91)
Balance at end of the year	249.702	(75,431)	3,127	177,398	-

Trade receivables totaled € 177,398 thousand as at December 31, 2014 (net of the allowance for doubtful trade receivables totaling € 65,876 thousand), and included € 2,084 thousand relating to receivables with a maturity of over 12 months. They include *trade receivables from subsidiaries* totaling € 3,127 thousand as at December 31, 2014, consisting primarily of € 3,051

thousand due from Europages S.A. The *allowance for doubtful trade receivables* was considered to be adequate to cover expected losses. Drawdowns during the year amounted to € 44,733 thousand. A provision of € 24,749 thousand was added to the allowance to maintain an adequate degree of coverage of overdue receivables.

14. Other assets (current and non-current)

These can be broken down as follows:

(euro thousand)	As at 12.31.2014	As at 12.31.2013	Change
Current asset			
Advances on sales commissions and other receivables from agents	22,082	-	22,082
Other receivables from subsidiaries	5,524	2,721	2,803
Prepaid expenses	9,769	27	9,742
Advances to suppliers	4,765	-	4,765
Other receivables	6,146	1,320	4,826
Total other current assets	48,286	4,068	44,218
Other non-current assets	5,105	4,710	395
Total other current assets and non-current assets	53,391	8,778	44,613

To be more specific:

- *advances on sales commission and other receivables from agents* totaled € 22,082 thousand as at December 31, 2014 and were recorded net of reserves for write-downs, which totaled € 1,688 thousand. This includes € 35 thousand of receivables with a maturity of over 12 months, which are classified under "Other current assets" since they fall within the normal Company operating cycle. These receivables were discounted using an average market rate for receivables with the same maturity;
- *other receivables from subsidiaries* totaled € 5,524 thousand as at December 31, 2014 (compared with € 2,721 as at December 31, 2013). The item mainly includes receivables due from the Digital Local Services companies worth € 3,043 thousand, from Consodata S.p.A. worth € 1,345 thousand and from Europages S.A. worth € 952 thousand.
- *prepaid expenses* totaled € 9,769 thousand as at December 31, 2014; this item includes the deferment of

direct production costs with the same frequency with which the corresponding revenues are recorded in the statement of operations;

- *advances to suppliers* totaled € 4,765 thousand as at December 31, 2014 and include € 3,375 thousand of advances paid to printing company Rotosud S.p.A.;
- *other receivables* of € 6,146 thousand mainly refer to receivables from the social security authority (INPS) of € 1,763 thousand, security deposits of € 535 thousand and sundry receivables of € 268 thousand due from Engineering and of € 186 thousand due from Rotosud S.p.A.
- *other non-current assets* totaled € 5,105 thousand as at December 31, 2014, and included tax receivables of € 4,518 thousand for excess corporation tax (IRES) paid for fiscal periods prior to 2012 as a result of the failure to deduct regional production tax (IRAP) relating to staff and similar expenses that were recognized in 2013 in accordance with the available official interpretations.

15. Equity

Equity can be broken down as follows:

(euro thousand)		As at 12.31.2014	As at 12.31.2013	Change
Share capital		20,000	450,266	(430,266)
Additional paid-in capital	A,B,C	117,155	466,847	(349,692)
Legal reserve	B	4,000	50,071	(46,071)
Merger deficit from Seat Pagine Gialle Italia S.p.A.	A,B,C	(1,340,610)	-	-
Retained earnings	A,B,C	(12,204)	(2,419,664)	2,407,460
Reserve for actuarial gains and (losses)	B	(1,392)	(261)	(1,131)
Other reserves	B	(984)	1,471,330	(1,472,314)
Profit (loss) for the year		1,390,295	(30,416)	1,420,711
Total equity		176,260	(11,827)	1,528,697

A: Reserve available for capital increase

B: Reserve available for covering losses

C: Reserve available for distribution to shareholders

Share capital

This totaled € 20,000 thousand as at December 31, 2014, € 450,266 thousand as at December 31, 2013.

The number and categories of shares currently forming the share capital result from the completion of transactions approved by the Seat Pagine Gialle S.p.A. Extraordinary Shareholders' Meeting on March 4, 2014, as summarized below:

- (i) capital reduction from € 450,265,793.58 to € 120,000.00, without annulling shares, since they have no par value;
- (ii) paid capital increase, in a single tranche, for a nominal amount of € 19,880,000.00, up to € 20,000,000.00, excluding option rights pursuant to Article 2441, paragraphs 5 and 6 of the Italian Civil Code, via the issue of 6,410,695,320,951 new ordinary shares without par value and with the same features as existing ordinary shares at the unit price of € 0.000031 per share, to be paid up in cash against the clearance of the debts of the Company and of Seat PG Italia S.p.A. - the latter merged into the Company with effect as of November 1, 2014 - to financial creditors involved in the composition procedure in Classes B and C, as categorized in the respective proposals, with the allocation of the aforementioned new shares;
- (iii) reverse split - with a ratio of 1 new ordinary share with regular dividend rights for every 100 ordinary shares - of the 6,426,761,533,909 ordinary shares existing after the execution of the reserved capital increase

described above, without par value and with regular dividend rights, after annulling 9 ordinary shares for the sake of the overall reconciliation of the transaction, to 64,267,615,339 ordinary shares, without par value and with regular dividend rights;

- (iv) reverse split - with a ratio of 1 new savings share with regular dividend rights for every 100 savings shares - of the 680,373 existing savings shares, without par value and with regular dividend rights, after annulling 73 savings shares for the sake of the overall reconciliation of the transaction, to 6,803 savings shares, without par value and with regular dividend rights.

Of the share capital, € 13,741 thousand was subject to taxation in case of distribution. Deferred tax liabilities were not calculated on this amount, since Seat Pagine Gialle S.p.A. is not planning to pay it out.

Additional paid-in capital

This totaled € 117,155 thousand as at December 31, 2014 (€ 466,847 thousand as at December 31, 2013). Changes for the period related to:

- the full use of the reserve of € 466,847 thousand existing as at December 31, 2013 to cover the losses of Seat Pagine Gialle S.p.A. as at November 30, 2013 in compliance with Extraordinary Shareholders' Meeting resolution of March 4, 2014;
- the establishment of new additional paid-in capital of € 121,155 thousand, equal to the difference between

the fair value of the new shares as at December 22, 2014 and the share capital increase from € 120,000 to € 20,000,000;

- reduction of € 4,000 thousand to form the legal reserve in compliance with Extraordinary Shareholders' Meeting resolution of March 4, 2014.

All of the additional paid-in capital was considered to be subject to taxation in case of distribution due to the realignment carried out in 2005 between the book value and the tax value of the customer database, pursuant to Law No. 342/2000. As reported above, additional paid-in capital decreased in 2014 solely due to the coverage of prior-year losses. Deferred tax liabilities were not calculated since the Company is not planning to distribute the additional paid-in capital.

Merger deficit

This item amounts to -€ 1,340,610 thousand as at December 31, 2014. It derives from the merger with Seat Pagine Gialle Italia S.p.A. which came into effect on November 1, 2014 and became effective for accounting and tax purposes on January 1, 2014.

Legal reserve

This totaled € 4,000 thousand as at December 31, 2014 (€ 50,071 thousand as at December 31, 2013).

This reserve is subject to taxation in the event of distribution with regard to € 1,499 thousand pursuant to Article 109 of the Consolidated Income Tax Law, and with regard to € 2,501 due to the realignment carried out in 2005 pursuant to Law 342/2000.

Retained earnings/(losses)

Net retained losses totaled € 12,204 thousand (against net

retained losses of € 2,419,664 thousand as at December 31, 2013). This change was primarily the result of the coverage of losses € 1,987,983,256.73 of Seat Pagine Gialle S.p.A. as at November 30, 2013 in compliance with Extraordinary Shareholders' Meeting resolution of March 4, 2014 and the coverage of the 2013 loss of € 30,416 thousand.

Reserve for actuarial gains (losses)

The *reserve for actuarial gains (losses)* totaled -€ 1,392 thousand as at December 31, 2014 (-€ 261 thousand a year earlier) and included the net cumulative effect of recording actuarial gains (losses) on the reserve for severance indemnities due to their recognition in the financial statements pursuant to IAS 19, paragraph 93A.

Other reserves

As at December 31, 2014, this item amounts to € 984 thousand and refers to the debt for the fair value measurement of warrants on the issue date net of the related tax effect. Warrants represent a derivative recognized at fair value at the time of issue with a counter-entry in equity, since this is a transaction with the former shareholders whose holdings were diluted to 0.25% subsequent to the capital increase on December 22, 2014. From the time of issue until the establishment of the strike price, the derivative is measured pursuant to IAS 39p47a, i.e., at fair value with any changes in fair value recognized in profit or loss. Since these are listed instruments, the fair value was determined by referring to stock market values.

The change (€ 1,471,330) was the result of the coverage of losses of Seat Pagine Gialle S.p.A. as at November 30, 2013 in compliance with Extraordinary Shareholders' Meeting resolution of March 4, 2014.

16. Other comprehensive income/(expense)

Comments on individual items can be found in the previous note.

<i>(euro thousand)</i>	Year 2014	Year 2013
<i>Other comprehensive income (expense) that will not be reclassified subsequently to profit (loss) for the year</i>		
Actuarial gain (loss)	(1,924)	4
Tax effect of actuarial gain (loss)	529	(1)
Total other comprehensive income (expense) that will not be reclassified subsequently to profit (loss) for the year	(1,395)	3
<i>Other comprehensive income (expense) that will be reclassified subsequently to profit (loss) for the year</i>		
Profit (loss) from "cash flow hedge" instruments	-	-
Profit (loss) from the fair value of warrant	(984)	-
Total other comprehensive income (expense) that will be reclassified subsequently to profit (loss) for the year	(984)	-
Total other comprehensive profit (loss), net of tax effect	(2,379)	3

17. Net financial debt

As at December 31, 2014, this was structured as follows:

<i>(euro thousand)</i>		As at 12.31.2014	As at 12.31.2013	Change
A	Cash	107,202	3	107,199
B	Cash equivalent	-	-	-
C	Trading securities	-	-	-
D=(A+B+C)	Liquidity	107,202	3	107,199
E.1	Current financial receivables from third parties	2,718	644	2,074
E.2	Current financial receivables from related parties	8,876	467	8,409
F	Current bank debt	94	-	94
G	Current portion of non-current financial debt	4,976	-	4,976
H.1	Other current financial debt to third parties	1,807	-	1,807
H.2	Other current financial debt to related parties	5,724	-	5,724
I=(F+G+H)	Current financial debt	12,601	-	12,601
J=(I-E-D)	Net current financial debt	(106,195)	(1,114)	(105,081)
K	Non-current bank debt	-	-	-
L	Bond issued	-	-	-
M.1	Other non-current financial debt	32,344	-	32,344
M.2	Other non-current financial debt to related parties	-	-	-
N=(K+L+M)	Non-current financial debt	32,344	-	32,344
O= (J+N)	Net financial debt (ESMA)	(73,851)	(1,114)	(72,737)

The net financial position changed compared with December 31, 2013 mainly as a result of the merger with Seat Pagine Gialle Italia S.p.A. and the execution of the composition with creditors by Seat Pagine Gialle S.p.A., which completely extinguished amounts due to banks and bondholders against: *i)* payments of € 39,300 thousand, *ii)* the reserved capital increase from € 120 thousand to

€ 20,000 thousand, with the issue of 6,410,695,320,951 ordinary shares without par value and, as a result, *iii)* the clearance of the remaining debt. For further details regarding this transaction, see the paragraph "Effects of extinguishing debt subject to the composition with creditors procedure" in the consolidated financial statements.

A description of the items that make up net financial debt is provided below:

Non-current financial debt

This totaled € 32,344 thousand at December 31, 2014 and comprised the following:

(euro thousand)	As at 12.31.2014	As at 12.31.2013	Change
Other non-current financial debt to third parties	32,344	-	32,344
Non-current financial debt	32,344	-	32,344

Other non-current financial debt relates to the seven finance leases (six with effect from December 2008 and one with effect from the end of October 2009) raised for the purchase of the Turin real-estate complex of Seat Pagine Gialle Italia S.p.A. These contracts will be repaid through the payment of 36 remaining installments on the contracts with effect from December 2008 and 40 remaining installments on the contract with effect from October 2009. All installments are quarterly

deferred installments subject to a floating interest rate equal to three-month Euribor plus a spread of around 65 basis points p.a. The residual value is fixed at around 1% of the value of the real-estate complex. Furthermore, by an order submitted on July 9, 2014 as part of the pending composition with creditors procedure, the Court of Turin authorized the cancellation of five of these seven lease agreements pursuant to Article 169-bis of the Bankruptcy Act.

Current financial debt

This totaled € 12,601 thousand at December 31, 2014 and comprised the following:

(euro thousand)	As at 12.31.2014	As at 12.31.2013	Change
Current bank debt	94	-	94
Current portion of non-current financial debt	4,976	-	4,976
Other current financial debt to third parties	1,807	-	1,807
Other current financial debt to related parties	5,724	-	5,724
Current financial debt	12,601	-	12,601

It includes mainly:

- *Current bank debt*: this totaled € 94 thousand as at December 31, 2014. As at December 31, 2013, this item mainly referred to debt on the Term and Revolving Facility Agreement entered into with The Royal Bank of Scotland on August 31, 2012, which was extinguished in execution of the composition procedure proposals.
- *Current portion of non-current debt*: totaling € 4,976 thousand as at December 31, 2014, this refers to the current portion of the seven finance leases raised for the purchase of Seat Pagine Gialle S.p.A.'s Turin real-estate complex; in execution of the composition procedure proposals, € 380 thousand of the unpaid capital amount accrued prior to February 6, 2013,

totaling € 475 thousand inclusive of interest, was cleared. This amount includes the instalment of € 952 thousand not paid as at the end of December.

- *Other current financial debt to third parties*: standing at € 1,807 thousand as at December 31, 2014. As at December 31, 2014 this item mainly refers to the debt for the fair value measurement of warrants amounting to € 1,696 thousand.
- *Other current financial debt to related parties*: totaling € 5,724 thousand as at December 31, including € 4,724 thousand in amounts due to the Digital Local Services companies and € 1,000 thousand in amounts due to Telegate Holding GmbH.

Current financial assets

<i>(euro thousand)</i>	As at 12.31.2014	As at 12.31.2013	Change
Current financial receivables from third parties	2,718	644	2,074
Current financial receivables from related parties	8,876	467	8,409
Current financial assets	11,594	1,111	10,483

Current financial assets include:

- *current financial receivables from third parties* totaled € 2,718 thousand as at December 31, 2014 (compared with € 644 thousand as at December 31, 2013), of which € 2,000 thousand related to the sale of the investee Cipi S.p.A., € 577 thousand related to the securitization of Seat Pagine Gialle S.p.A. receivables in previous years and € 36 thousand related to loans to employees;
- *current financial receivables from related parties* totaled € 8,876 thousand as at December 31, 2014 (€ 467 thousand a year earlier). This item includes financial receivables resulting from cash-pooling relations, mainly due from Consodata S.p.A. (€ 5,553 thousand), Europages S.A. (€ 2,501 thousand) and Prontoseat S.r.l. (€ 414 thousand).

Cash and cash equivalents

Cash and cash equivalents totaled € 107,202 thousand as at December 31, 2014 and can be broken down as follows:

<i>(euro thousand)</i>	As at 12.31.2014	As at 12.31.2013	Change
Cash	105,915	3	105,912
Cash equivalent	1,273	-	1,273
Trading securities	14	-	14
Liquidity	107,202	3	107,199

18. Information on financial risks

More details can be found in Note 20 to the consolidated financial statements.

19. Non-current reserves for employees

These break down as follows:

	Year 2014			Year 2013
	Reserve for severance indemnities	Reserve for defined contribution pension plans	Total	Total
<i>(euro thousand)</i>				
Balance at beginning of the year	74	73	147	139
Provisions	-	2,941	2,941	124
Contributions	-	888	888	122
Benefits paid/received	(2,204)	(4,616)	(6,820)	(228)
Discounting losses	419	-	419	3
Actuarial losses (gains) recognised to equity	1,925	-	1,925	(4)
Merger	11,865	1,422	13,287	-
Other movements	71	196	267	(9)
Balance at end of the year	12,150	904	13,054	147

The *reserve for severance indemnities*, which totaled € 12,150 thousand at December 31, 2014 (compared with € 74 thousand at December 31, 2013), was valued by an independent actuary using the projected unit credit method, in accordance with the provisions of IAS 19.

Following the reform of the supplementary pensions system introduced by Legislative Decree No. 252 of December 5, 2005, the reserve for severance indemnities continues to constitute an obligation for the Company, since it is considered to be a defined-benefit plan.

The portion of the reserve for severance indemnities accrued and subsequently paid to supplementary pension

funds was, as in previous years, considered a *defined-contribution plan*, since the Company's obligation towards the employee is terminated upon payment of the portions accrued to the pension funds. Payments of portions of the reserve for severance indemnities accrued to the treasury fund managed by the national social security institution (INPS) were also accounted for as payments to a defined-contribution plan, since the Company is not obligated to make any further payments other than those provided for by the Ministerial Decree of January 30, 2007 if the fund does not have sufficient assets to grant the benefit to the employee.

<i>(euro thousand)</i>	As at 12.31.2014	As at 12.31.2013
A. Change in benefit obligation		
1. Benefit obligation at the beginning of the year	74	84
2. Current service cost	-	-
3. Interest expense	419	3
4. Benefit paid form plan/company	(2,204)	-
5. Other movements and change in consolidation scope	11,936	(9)
6. Changes recognised to equity (OIC effect)	1,925	(4)
a. Effects due to changes of demographic events	-	-
b. Effects due to changes of financial events	2,305	(2)
c. Effects due to changes of actuarial events	(380)	(2)
Benefit obligation at the end of the year	12,150	74
B. Account recognised in the statement of financial position		
<i>Plants that are fully unfunded and plants that are wholly or partly funded</i>		
1. Present value of defined-benefit unfunded obligations at the end of the year	12,150	74
Net liability recognised in the statement of financial position	12,150	74
<i>Amounts in the statement of financial position</i>		
1. Liabilities	12,150	74
2. Assets	-	-
C. Component of pension costs		
<i>Amounts recognised in the income statement</i>		
1. Current service costs	-	-
2. Interest expense	419	3
Total pension cost recognised in the income statement	419	3
D. Principal actuarial assumptions		
<i>Weighted-average assumptions to determine benefit obligation</i>		
1. Discount rate	1.70%	3.50%
2. Rate of price inflation	2.00%	2.00%
<i>Weighted-average assumptions to determine net pension cost</i>		
1. Discount rate	3.50%	3.20%
2. Rate of price inflation	2.00%	2.00%
E. Past experience of actuarial (profits) and losses		
a. Amount ⁽¹⁾	n.s.	n.s.
b. Percentage of plan liabilities at the closing data	n.s.	n.s.
F. Sensitivity analysis - benefit obligation evaluation based on events below		
1. Discount rate		
a. Discount rate - xx basis points	13,243	76
Events	1.45%	3.25%
Weighted-average duration of benefit obligation (years)	11.47	10.86
b. Discount rate + xx basis points	12,509	72
Events	1.95%	3.75%
Weighted-average duration of benefit obligation (years)	11.34	10.77
2. Rate of price inflation		
a. Rate of price inflation - xx basis points		
Events ⁽¹⁾	2.00%	2.00%
b. Rate of price inflation + xx basis points		
Events	2.00%	2.00%

⁽¹⁾ This is the amount of actuarial gains/ (losses) from applying the previous year's actuarial assumptions to the current workforce.

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<i>(euro thousand)</i>	As at 12.31.2014	As at 12.31.2013
G. Expected cash flow for next year		
1. Member contributions	1,185	1,809
2. Contributions forecasted to reimbursements	-	-
3. Expect payments of total performances		
Year 1	1,185	2
Year 2	566	2
Year 3	363	6
Year 4	358	3
Year 5	324	3
Next 5 years	2,508	11
H. Statistics		
1. Census date	12-31-2014	12-31-2013
2. Assets		
3. Numbers	754	4
b. Total annual payable pension	-	-
c. Annual average payable pension	-	-
d. Average age	46.1	49.4
e. Average age of service	18.7	16.1

⁽¹⁾ This is the amount of actuarial gains/ (losses) from applying the previous year's actuarial assumptions to the current workforce.

20. Other non-current liabilities

Other non-current liabilities totaled € 27,018 thousand (€ 1,369 thousand as at December 31, 2013) and are broken down as follows:

	Year 2014					Year 2013
	Reserve for sale agents' termination indemnities	Reserve for restructuring expenses	Other non-operating liabilities	Other non-current operating liabilities	Total	Total
<i>(euro thousand)</i>						
Balance at beginning of the year	-	-	1,369	-	1,369	1,274
Provisions	1,399	-	-	-	1,399	-
Utilizations/repayments	(1,338)	-	(11)	(87)	(1,436)	-
Discount losses (gains)	1,361	193	5	-	1,559	-
Merger	22,346	4,735	163	2,284	29,528	-
Other movements	223	(4,928)	(781)	85	(5,401)	95
Balance at end of the year	23,991	-	745	2,282	27,018	1,369

The *reserve for sale agents' termination indemnities*, which totaled € 23,991 thousand, represents the accrued debt at the end of the year to active sales agents for the indemnities due to them in the event of termination of the agency contract, as provided for by current regulations.

The balance of the fund was discounted, taking into consideration expected future cash flows, using the pre-tax discount rate that reflects the current market valuation of the cost of money over time.

The change due to the passage of time and to changes in the discount rate applied was recorded as financial

expense of € 1,361 thousand. *Other non-operating liabilities* of € 745 thousand referred to debt to Prontoseat S.r.l., Consodata S.p.A. and Cipi S.p.A., generated as part of the tax consolidation scheme following the request for a refund of the excess corporation tax (IRES) paid for fiscal periods prior to 2012 as a result of the failure to deduct regional production tax (IRAP) relating to staff and similar expenses.

These are comparable with the tax receivables mentioned under section 14 in these Notes.

21. Reserves for (operating and non-operating) current risks and charges

These break down as follows:

	Year 2014				Year 2013
	Reserve for commercial risks	Reserves for contractual and other operating risks	Non-operating reserves	Total	Total
<i>(euro thousand)</i>					
Balance at beginning of the year	-	3,450	19,038	22,488	7,564
Provisions	1,597	685	-	2,282	19,014
Utilizations	(2,358)	(218)	(22,347)	(24,923)	(26)
Estimation revised	-	(532)	(7,900)	(8,432)	(3,000)
Merger	6,244	7,483	35,147	48,874	-
Other movements	-	(2,024)	(11,909)	(13,933)	-
Balance at end of the year	5,483	8,844	12,029	26,356	23,552

To be more specific:

- the *reserve for commercial risks*, which totaled € 5,483 thousand, covers any costs incurred due to failure to properly perform contractual services;
- *reserves for contractual and other operating risks*, which totaled € 8,844 thousand (€ 3,450 thousand as at December 31, 2013), include € 5,262 thousand relating to ongoing legal disputes and € 3,582 thousand relating to litigation with agents and employees. In particular, the reserve for legal disputes includes an estimated amount relating to the risk of having to pay AGCOM (the communications regulatory authority) a contribution for the 2006–2010 period. The hearing on the merits of the appeal took place on May 9, 2012 at the Lazio regional administrative court, which, by an order of May 22, 2012 at the request of SEAT, suspended the proceedings until the resolution of the request for a preliminary ruling referred to the European Court of Justice in the context of the appeal filed by another telecoms operator against the decisions taken by AGCOM on contributions.

On July 18, 2013, the European Court of Justice ruled on the matter, stating that any administrative charges imposed by Member States on companies that provide services under the system of general authorization may, in total, cover only the costs incurred in the management, control and enforcement of the general

authorization system. Said charges may cover only costs related to said activities in a proportionate, objective and transparent manner, and may not include other expenses.

It is likely that the Lazio regional administrative court will decide in accordance with the principles set forth by the European Court of Justice in its aforementioned ruling;

- the current portion of *non-operating reserves* totaled € 12,029 thousand (€ 19,038 thousand as at December 31, 2013) and mainly included € 4,707 thousand for the *current portion of the restructuring reserve* covering expenses that the company expects to incur for the ongoing restructuring, expected to be completed in early 2015, and € 5,531 thousand for the reserve for the restructuring of the sales network. The change compared with December 31, 2013 benefitted primarily from the clearance of liabilities totaling € 14,250 thousand allocated by Seat Pagine Gialle S.p.A. last year for the implementation of the transactions established in the composition plan and the € 7,900 thousand revision of the estimated liability following the settlement agreement between SEAT and the ILTE/Rotosud group, which put an end to the legal proceedings launched in 2013, as well as the associated outlay of € 9,850 thousand.

22. Trade payables and other current liabilities

Trade payables and other current liabilities can be broken down as follows:

<i>(euro thousand)</i>	As at 12.31.2014	As at 12.31.2013	Change
Payables to suppliers	51,979	840	51,139
Payables due to sales agents	11,700	-	11,700
Payables due to other	8,167	1,474	6,693
Payables due to employees	13,990	818	13,172
Payables due to social security institutions	4,731	245	4,486
Total trade payables	90,567	3,377	87,190
Payables for services to be rendered	118,247	-	118,247
Advances from customers	1,654	-	1,654
Other current liabilities	8,701	14,505	(5,804)
Total payables for services to be rendered and other current liabilities	128,602	14,505	114,097

All trade payables have a maturity of less than 12 months.

Payables to suppliers totaled € 51,979 thousand (€ 840 thousand as at December 31, 2013), up by a total of € 51,139 due to the combined effect of the merger with Seat Pagine Gialle Italia S.p.A. and the extinguishing of debt subject to the composition with creditors.

Payables due to sales agents, which totaled € 11,700 thousand as at December 31, 2014, should be considered in conjunction with the item "Advances on sales commission", recorded under "Other current assets", which amounted to € 22,082 thousand as at December 31, 2014.

Payables for services to be rendered totaled € 118,247 thousand at December 31, 2014; this item includes advanced billing for print directory advertising services and the deferral of revenues from the provision of online and voice services on a straight-line basis throughout the respective contractual periods.

Other current liabilities of € 8,701 thousand include payables deriving from the financial restructuring and the composition with creditors on a going concern basis (€ 3,086 thousand) and payables of € 860 thousand calculated as part of the national tax consolidation scheme, due to Consodata (€ 776 thousand) and to Prontoseat (€ 84 thousand).

23. Revenues from sales and services

Revenues from sales and services totaled € 388,872 thousand (€ 7,165 thousand in 2013). Following the merger of Seat Pagine Gialle Italia S.p.A. into Seat Pagine Gialle

S.p.A., the statement of operations figures are not comparable with the 2013 figures. A more detailed analysis of these revenues can be found in the report on operations.

24 Other operating costs and revenue

24.1 Other revenues and income

Other revenues and income totaled € 19,327 thousand (€ 265 thousand in 2013), including € 9,841 thousand related to the recovery of costs incurred by Seat Pagine Gialle S.p.A. and subsequently recharged to Group companies for seconded staff, € 3,990 thousand related to the recovery of expenditure, of which € 3,403 thousand from Group companies, and € 5,409 thousand of other income, of which € 4,056 thousand from subsidiaries (including € 3,868 thousand from the Digital Local Services companies and € 195 thousand from Consodata S.p.A. for administrative services).

24.2 Materials

Costs for materials amounted to € 16,734 thousand in 2014 (compared with € 35 thousand in 2013). The item referred in particular to € 12,681 thousand for *paper consumption* and € 3,303 thousand for *goods and products for resale*, for the acquisition of personalized items used in merchandising activities.

24.3 External services

Costs for external services amounted to € 267,262 thousand in 2014 (compared with € 2,125 thousand in 2013). More specifically, these refer to:

- *commissions and other agents' costs* totaling € 101,992 thousand;
- *production costs* of € 19,179 thousand relating mainly to the cost of typesetting, printing and binding PAGINEGIALLE® and PAGINEBIANCHE®;
- *inbound call center service* costs of € 8,703 thousand referring to the 89.24.24 Pronto PAGINEGIALLE® and 12.40 Pronto PAGINEBIANCHE® services;
- *advertising and promotional costs*, which totaled € 15,132 thousand, were incurred in particular to support couponing products, 89.24.24 Pronto PAGINEGIALLE® and PAGINEGIALLE.it®;
- *consultancy and professional service costs*, which totaled € 17,275 thousand.

24.4 Salaries, wages and employee benefits

Salaries, wages and employee benefits totaled € 64,612 thousand in 2014 (compared with € 5,139 thousand in 2013). The average workforce totaled 998 employees and the workforce including directors, project workers and trainees, consisted of 1,027 employees as at December 31, 2014.

24.5 Other operating expenses

Other operating expenses totaled € 2,524 thousand (€ 336 thousand in 2013). They included € 1,447 thousand of indirect and operating taxes and € 190 thousand of association fees.

24.6 Net non-recurring costs

Net non-recurring costs totaled € 5,712 thousand (€ 18,486 thousand in 2013) and include € 8,385 thousand for consultancy and other expenses connected with the composition with creditors procedure and € 2,351 thousand for costs incurred in the corporate restructuring. This item incorporates € 7,900 thousand due to the revision of the estimated liability previously recognized in the provision for risks and charges for the dispute with ILTE/Rotosud. This amount is based on the settlement agreement entered into with that company and authorized by the competent bodies of the composition procedure, which put an end to the dispute that had arisen with one of the company's top suppliers and made it possible to establish a relationship with the printing company for the 2014-2016 three-year period.

24.7 Net restructuring costs

Net restructuring costs totaled € 85 thousand in 2014 (€ 17 thousand in 2013).

In accordance with Consob Communication DEM/6064293 of July 28, 2006, information about the impact of significant non-recurring events and transactions on the results, assets and liabilities and cash flows of Seat Pagine Gialle S.p.A. is provided below. The impacts of non-recurring events and transactions in 2014 are as follows:

(euro/thousand)	Equity	Profit (loss) for the year	Net financial debt	Cash flows (*)
Amount - financial statements	176,260	1,390,295	(73,851)	107,199
Execution of composition with creditors procedure effects	1,697,016	1,555,981	1,669,912	(74,900)
Net non-recurring and restructuring costs of which:	(5,712)	(5,712)	(38,074)	(38,074)
- Effects of a settlement agreement between SEAT and Ilte/Rotosud Group	7,900	7,900	(9,850)	(9,850)
- Procedural and legal costs relating to the composition with creditors procedure	(8,385)	(8,385)	(12,718)	(12,718)
- Restructuring personnel and agents reserves	-	-	(11,512)	(11,512)
- Fair value evaluation of Seat's receivables to Glamoo	(3,511)	(3,511)	-	-
incidence%	-3.2%	-0.4%	51.6%	-35.5%

(*) Cash flows refer to the increase (decrease) in cash and cash equivalent during the year.

25. Net income from composition with creditors

Net income from composition with creditors amounted to € 1,555,981 thousand in 2014 and refers to the effects of the clearance of debt, including interest, following the execution of the transactions set forth in the composition with creditors proposals

of Seat Pagine Gialle S.p.A. and Seat Pagine Gialle Italia S.p.A. For further details, please see the paragraph "Effects of extinguishing debt subject to the composition with creditors procedure" in these Notes.

26. Financial income and expense

26.1 Financial expense

Financial expense totaled € 130,520 thousand in 2014 (€ 97 thousand in 2013, € 137,019 thousand on a like-for-like basis).

Please note that interest expense on the loan pursuant to the Term and Revolving Facility Agreement entered into with The Royal Bank of Scotland on August 31, 2012 and on the senior secured bonds was calculated at the contractually agreed rates on the total amount of the debt, not taking into account the provisions of the proposals for the composition with creditors of Seat Pagine Gialle S.p.A. and Seat Pagine Gialle Italia S.p.A. (which should be referred to for additional information) and of applicable legislation, with regard to the aforementioned debts and associated interest. Such accounting treatment conforms to IAS 39 AG57, under which financial liabilities are counted until the debt is extinguished (i.e. until the composition with creditors procedure is formally approved).

Interest accrued as of February 6, 2013 has been cleared, with an effect of € 126,273 thousand for 2014, which has been included in the statement of operations under "Net income from composition with creditors".

Financial expenses specifically consist of the following:

- € 36,927 thousand (€ 0 thousand in 2013) of interest expense on the Term and Revolving Facility Agreement entered into with The Royal Bank of Scotland on August 31, 2012;
- € 89,264 thousand (€ 0 thousand in 2013) of interest expense on the senior secured bonds; this amount includes € 5,590 thousand relating to the issue discount;
- € 1,452 thousand (against € 0 thousand in 2013) of interest expense on debts to Mediocredito Italiano S.p.A. in relation to finance leases raised for the purchase of the Turin real estate complex on Corso Mortara where Seat Pagine Gialle S.p.A. has its offices;
- € 2,869 thousand of other financial expense, (€ 97 in 2013) including € 1,998 thousand of interest expense (€ 2 thousand in 2013) from discounting non-current assets and liabilities.

26.2 Financial income

Financial income for the year 2014 totaled € 3,500 thousand (€ 39 thousand in 2013), primarily including € 2,134 thousand of interest income from the investment of short-term liquidity in the banking system at market rates.

27. Income taxes

Income taxes for 2014 can be broken down as follows:

(euro/thousand)	Year 2014	Year 2013	Change
Current income taxes	(1,690)	(2,235)	545
Provision (reversal) of deferred tax assets	(13,003)	(12,644)	(359)
(Provision) reversal of deferred tax liabilities	1,688	447	1,241
Income taxes referred to previous years	3	-	3
Total income taxes for the year	(13,002)	(14,432)	1,430

Current income taxes totaled € 1,690 thousand in 2014 (€ 2,235 thousand in the previous year).

The reversal of *deferred tax assets* amounts to € 13,003 thousand and refers primarily to the deduction of utilizations of reserves for risks in 2014, on which deferred tax assets were recognized in previous years.

The reversal of *deferred tax liabilities* amounted to € 1,688 thousand and referred mainly to the reduction in the difference between carrying amounts and amounts recorded for tax purposes concerning other intangible assets as a result of the write-downs recorded following impairment tests in previous years.

No deferred tax assets were recognized for unused tax losses of € 35,385 thousand relating to the Seat Group national tax consolidation scheme as at December 31, 2014.

On December 24, 2014, the Company received a tax assessment notice from the Italian Revenue Service - Lombardy Regional Office (hereinafter "DRE"), claiming that the company failed to apply withholding taxes in 2009 on interest paid to the Royal Bank of Scotland (Milan branch) for the senior loan.

The assessment is based on the assumption that due to the structure of the senior loan, for tax purposes it should have been considered a form of syndicated loan, based on which the credit support providers would be the effective beneficiaries of the remuneration paid by SEAT each in proportion with the share of the loan underwritten. Therefore, according to the DRE, the Company should have applied withholding tax on part of the interest paid to the Royal Bank of Scotland. The DRE has calculated the withholding tax that it believes should have been applied in

2009 as € 5.2 million, in addition to approximately € 1 million in interest. The DRE did not apply penalties due to the objective uncertainty inherent in this issue. Therefore, the total amount requested is approximately € 6.2 million.

The Company, with the support of the professionals that it immediately engaged for this reason, believes that the assessment is illegitimate for various reasons and that there are valid grounds to challenge the tax authority's claims in the relevant fora, without prejudice to the uncertainty inherent in almost any dispute, especially in a particularly complex case such as that in question which involves a high degree of uncertainty with respect to interpretation (as also shown by the fact that no penalties have been applied). The Company has engaged tax advisors to thoroughly examine this issue with the intention of challenging the Office's claims by contesting the notice of assessment before the competent Tax Commission to have it cancelled in its entirety, unless the dispute is settled out of court.

On the basis of the foregoing, for the purposes of this Annual Report as at December 31, 2014, the risk of having to use resources intended to produce economic benefits with respect to the assessment sent by the DRE should not be deemed likely, although it is possible. Therefore, pursuant to IAS 37, no addition was made to the reserves for tax risks and charges.

The reconciliation of the income taxes reported in the financial statements and the theoretical income taxes resulting from the application of the tax rates in force to the pre-tax result for the financial years ending December 31, 2014 and December 31, 2013, respectively, is as follows:

(euro/thousand)	As at 12.31.2014	As at 12.31.2013
Profit (loss) before income taxes	1,402,356	(15,985)
Current income taxes calculated with the theoretical tax rate (31,40%)	(440,340)	5,019
Substitute tax Legislative Decree 98/2011	-	-
Fiscal effect on non-deductible expenses for IRAP purposes	51,491	(833)
(Deferred tax assets not entered) / gains on revaluation	9,250	(12,644)
Tax IRES effect due to the reduction of composition with creditors procedure debt	423,416	-
Permanent differences and other movements	(56,819)	(5,974)
Total income taxes for the year	(13,002)	(14,432)

The permanent differences (€ 56,819 thousand in 2014, against € 5,974 thousand in 2013) are attributable mainly to non-deductible interest expense pursuant to Article 96 of the Consolidated Income Tax Law. Considering that the recovery of deferred tax assets is not considered likely within the available business plan time horizon, deferred tax assets were not recognized on interest not deducted during the period in the amount of € 31,935 thousand. Permanent differences are also associated

with the non-deductibility of components related to impairment, as well as the effect of taxes on tax losses for the period for which deferred tax assets were not recognized.

Please note that the reduction in debts of Seat PG and Seat PG Italia S.p.A. due to the composition with creditors (totaling € 1,555,980 thousand) does not constitute a taxable gain pursuant to Article 88, paragraph 4 of the Consolidated Income Tax Law.

Net deferred tax assets and liabilities

There were net deferred tax liabilities of € 20,740 thousand as at December 31, 2014 (€ 134 thousand in assets a year earlier). The breakdown and changes that occurred throughout the year are as follows:

(euro/thousand)	As at 12.31.2013	Changes during the year				As at 12.31.2014		
		Merger	Income taxes ac- counted for in the income statement	Income taxes accounted for equity	Tax group and other movements	Total	of which IRES	of which IRAP
Deferred tax assets								
Allowance for doubtful trade receivables	-	26,038	(5,479)	-	-	20,559	20,559	-
Reserves for contractual risks	6,318	22,470	(14,925)	-	-	13,863	12,374	1,489
Goodwill amortization	-	4,319	(844)	-	-	3,475	1,330	2,145
Other	426	6,151	(1,006)	470	-	6,041	5,563	478
Deferred tax not entered	(6,632)	(42,445)	9,251	-	-	(39,826)	(39,826)	-
Total deferred tax assets	112	16,533	(13,003)	470	-	4,112	-	4,112
Deferred tax liabilities								
Customer Relationship	-	(8,644)	997	-	-	(7,647)	(6,697)	(950)
Brands	-	(16,502)	1,207	-	-	(15,295)	(13,395)	(1,900)
Reserves to employees	21	(496)	(602)	528	-	(549)	(549)	-
Other	1	(1,363)	86	-	(85)	(1,361)	(1,361)	-
Total deferred tax liabilities	22	(27,005)	1,688	528	(85)	(24,852)	(22,002)	(2,850)
Total net deferred tax	134	(10,472)	(11,315)	998	(85)	(20,740)	(22,002)	1,262

It should be noted that, during the period all deferred tax assets for corporation tax (IRES) were released on account of it not

being deemed probable that taxable profit within the available business plan horizon will be sufficient to recover them.

Current tax assets

Current tax assets totaled € 22,227 thousand at December 31, 2014 (€ 20,888 thousand at December 31, 2013). These can be broken down as follows:

<i>(euro/thousand)</i>	As at 12.31.2014	As at 12.31.2013	Change
Income tax receivables	21,943	20,631	1,312
Other tax receivables	284	257	27
Total current tax assets	22,227	20,888	1,339

The amount of € 21,943 thousand as at December 31, 2014 mainly includes the corporation tax (IRES) credit, which was carried forward from previous tax periods, of

which € 18,000 thousand was subject to a refund request by the Parent Company submitted via the 2014 Global National Consolidation form.

Current tax payables

These can be broken down as follows:

<i>(euro/thousand)</i>	As at 12.31.2014	As at 12.31.2013	Change
Income tax payables	2,907	565	2,342
Other tax payables	10,306	494	9,812
Total current tax payables	13,213	1,059	12,154

Current income tax payables totaled € 2,907 thousand at December 31, 2014 and referred to regional production tax

(IRAP) payables. They were offset only partly by receivables for payments made on account.

28. Non-current assets held for sale and discontinued operations

On December 22, 2014, in the execution of the Seat Pagine Gialle Italia S.p.A. composition with creditors proposals, Telegate Holding GmbH, a wholly-owned subsidiary of Seat Pagine Gialle S.p.A., distributed (with the approval of The Royal Bank of Scotland plc, in its capacity as security agent) the shares directly held in Telegate AG (amounting to 61.13% of the company's share capital), as well as the dividends associated with such shares, to the Class B and C creditors, on the basis

of pledges granted by Telegate GmbH on its shareholding in Telegate AG.

Therefore, Seat Pagine Gialle S.p.A.'s 16.23% investment in Telegate AG was reclassified from discontinued operations to investments.

In 2014, the net gain on non-current assets held for sale and discontinued operations totaled € 942 thousand, and mainly referred to dividends from Telegate AG of € 1,283 thousand.

29. Related-party transactions

With reference to the provisions of IAS 24 and pursuant to Consob Regulation No. 17221 of March 12, 2010, the effects on the separate financial statements of transactions with related parties of Seat Pagine Gialle as at December 31, 2014 are listed below.

No atypical or unusual transactions or transactions potentially giving rise to a conflict of interest were carried out in 2014.

The merger of Seat Pagine Gialle Italia S.p.A. into Seat Pagine Gialle S.p.A., which was provided for by the proposals for a composition with creditors made by both companies and approved pursuant to Article 2505 of the Italian Civil Code by their respective Boards of Directors on March 4, 2014, should be considered to be a related-party transaction

pursuant to the Procedure for Transactions with Related Parties approved by the Company's Board of Directors in December 2010, pursuant to the Regulations on Transactions with Related Parties adopted pursuant to Consob Regulation No. 17221 of March 12, 2010, as amended by Consob Regulation No. 17389 of June 23, 2010. More specifically, the merger is a Material Transaction that requires the consent of the Committee of Independent Directors pursuant to Article 3.2 of the Procedure for Transactions with Related Parties.

The prospectus concerning material transactions with related parties was published on February 21, 2014 pursuant to the Regulations on Transactions with Related Parties.

Income statement

	Year 2014	Associates	Companies with significant influence	Other related parties (*)	Total related parties
<i>(euro/thousand)</i>					
Revenues from sales and services	388,872	1,925	-	-	1,925
Other income	19,327	15,516	-	-	15,516
Costs of materials and external services	(283,996)	(44,008)	-	(315)	(44,323)
Salaries, wages and employee benefits	(64,612)	(234)	-	(3,640)	(3,874)
Interest income	3,500	93	-	-	93
Interest expense	(130,520)	(7)	-	-	(7)
Income taxes for the year	(13,002)	(770)	-	-	(770)

(*) Directors, statutory auditors, managers with strategic responsibilities.

	Year 2013	Associates	Companies with significant influence	Other related parties (*)	Total related parties
<i>(euro/thousand)</i>					
Revenues from sales and services	7,165	7,165	-	-	7,165
Other income	265	236	-	-	236
Costs of materials and external services	(2,159)	(702)	-	(219)	(921)
Salaries, wages and employee benefits	(5,139)	-	-	(4,969)	(4,969)
Valuation adjustments	2,781	2,781	-	-	2,781
Non-recurring and restructuring costs, net	(18,486)	-	-	(5,201)	(5,201)
Interest income	39	4	-	-	4
Income taxes for the year	(14,432)	311	-	-	311

(*) Directors, statutory auditors, managers with strategic responsibilities and related companies through directors, statutory auditors and managers with strategic responsibilities.

Statement of financial position

<i>(euro/thousand)</i>	As at 12.31.2014	Associates	Companies with significant influence	Other related parties (*)	Total related parties
Assets					
Trade receivables	177,398	3,127	-	-	3,127
Other current assets	48,286	5,524	-	-	5,524
Current financial assets	11,594	8,876	-	-	8,876
Liabilities					
Other non-current liabilities	27,018	745	-	-	745
Current financial debts	12,601	5,724	-	-	5,724
Trade payables	90,567	6,882	-	1,417	8,299
Payables for services to be rendered and other current liabilities	128,602	891	-	-	891

(*) Directors, statutory auditors, managers with strategic responsibilities.

<i>(euro/thousand)</i>	As at 12.31.2013	Associates	Companies with significant influence	Other related parties (*)	Total related parties
Assets					
Other current assets	48,286	2,721	-	-	2,721
Current financial assets	11,594	467	-	-	467
Liabilities					
Trade payables	90,567	167	-	1,376	1,543
Payables for services to be rendered and other current liabilities	128,602	13,305	-	4,013	17,318

(*) Directors, statutory auditors, managers with strategic responsibilities and related companies though directors, statutory auditors and managers with strategic responsibilities.

Statement of cash flows

	Year 2014	Associates	Companies with significant influence	Other related parties (*)	Total related parties
<i>(euro/thousand)</i>					
Cash inflow (outflow) from operating activities	(21,525)	(32,278)	-	(15,204)	(47,482)
Cash inflow (outflow) for investments	(37,212)	-	-	-	-
Cash inflow (outflow) for financing	(37,408)	8,849	-	-	8,849
Cash inflow (outflow) from non-current assets held for sale and discontinued operations	8,444	-	-	-	-
Increase (decrease) in cash and cash equivalents in the year	(87,701)	(23,429)	-	(15,204)	(38,633)

(*) Directors, statutory auditors, managers with strategic responsibilities and related companies though directors, statutory auditors and managers with strategic responsibilities.

	Year 2013	Associates	Companies with significant influence	Other related parties (*)	Total related parties
<i>(euro/thousand)</i>					
Cash inflow (outflow) from operating activities	(1,898)	7,791	-	(6,796)	995
Cash inflow (outflow) for investments	89	-	-	-	-
Cash inflow (outflow) for financing	1,809	1,752	-	-	1,752
Increase (decrease) in cash and cash equivalents in the year	-	9,543	-	(6,796)	2,747

(*) Directors, statutory auditors, managers with strategic responsibilities and related companies though directors, statutory auditors and managers with strategic responsibilities.

Remuneration paid to managers with strategic responsibilities and compensation paid to directors and statutory auditors

Position	As at 12.31.2014
Managers with strategic responsibilities	1,593
Remuneration due to Directors (*)	2,047
Remuneration due to Statutory Auditors	278

(*) This includes the consultancy given by the lawyer Castelli. Variable remunerations are net of releases in amounts not paid previous years.

Main financial statement items relating to subsidiaries, associates, joint ventures and companies with significant influence over Seat Pagine Gialle S.p.A.

Statement of operations

(euro/thousand)	Year 2014	Year 2013	Type of transaction
REVENUES			
of which			
Seat Italia S.p.A.	-	7,165	retroceded telephone traffic and strategic/coordiantion activities
Europages S.A.	1,923	-	commissions
Total revenues on sales and services	1,925	7,165	
OTHER INCOME			
of which			
Consodata S.p.A.	1,970	171	recovery of cost of seconded personnel and refunds for services
Seat Italia S.p.A.	-	9	recovery of cost of seconded personnel and refunds for services
Digital Local Services S.r.l.	13,066	-	recovery of cost of seconded personnel and refunds for services
Europages S.A.	14	56	recovery of cost of seconded personnel and refunds for services
Total other income	15,516	236	
COSTS			
of which			
Digital Local Services S.r.l.	36,181	-	commercial service and rents
Prontoseat S.r.l.	3,645	-	mainly referred to call center services
Consodata S.p.A.	3,824	-	mainly referred to sale of direct marketing services
Seat Italia S.p.A.	-	702	mainly referred to administrative services
Total costs of materials and external services	44,008	702	
Total salaries, wges and employee benefits	234	-	costs of seconded personnel
Total valuation adjustments	-	(2,781)	accruals and release of doubtful trade receivables for receivables to Seat Italia S.p.A..
INTEREST INCOME			
of which			
Europages S.A.	55	-	interest income on financing to Europages
Consodata S.p.A.	38	-	interest income on the intercompany current account
Seat Italia S.p.A.	-	4	interest income on the intercompany current account
Total interest income	93	4	
INTEREST EXPENSE			
of which			
Digital Local Services S.r.l.	7	-	interest expense on the intercompany current account
Total interest expense	7	-	interest expense on the intercompany current account
INCOME TAXES			
of which			
Prontoseat S.r.l.	84	113	profit tax over the year of italian subsidiaries in tax group
Consodata S.p.A.	686	145	profit tax over the year of italian subsidiaries in tax group
Seat Italia S.p.A.	-	(1.831)	profit tax over the year of italian subsidiaries in tax group
Cipi S.p.A.	-	1.262	profit tax over the year of italian subsidiaries in tax group
Total income taxes	770	(311)	

Statement of financial position

(euro/thousand)	As at 12.31.2014	As at 12.31.2013	Type of transaction
OTHER NON-CURRENT ASSETS			
of which			
Seat Italia S.p.A.	-	2,013	long-term receivables for tax group
Prontoseat S.r.l.	-	58	long-term receivables for tax group
Total other non-current assets	-	2,071	
NON-OPERATING NON-CURRENT LIABILITIES			
of which			
Consodata S.p.A.	353	353	long-term receivables for tax group
Prontoseat S.r.l.	392	392	long-term receivables for tax group
Seat Italia S.p.A.	-	392	long-term receivables for tax group
Cipi S.p.A.	-	232	long-term receivables for tax group
Total non-operating non-current liabilities	745	1,369	
OPERATING CURRENT ASSETS			
of which			
Consodata S.p.A.	1,399	284	recovery of costs and services rendered
Digital Local Services S.r.l.	3,042	-	
Europages S.A.	4,003	56	receivables for recovery costs of seconded personnel, for services rendered and commercial advances
Seat Italia S.p.A.	-	310	receivables for services rendered into managerial and strategic consultancy
Total operating current assets	8,651	650	
NON-OPERATING CURRENT LIABILITIES			
of which			
Digital Local Services S.r.l.	3,309	-	services rendered
Europages S.A.	1,201	-	services rendered
Consodata S.p.A.	1,097	-	services rendered
Prontoseat S.r.l.	878	-	services rendered
Seat Italia S.p.A.	-	770	services rendered
Total non-operating current liabilities	6,892	770	
NON-OPERATING CURRENT LIABILITIES			
of which			
Prontoseat S.r.l.	84	293	liabilities for tax group
Consodata S.p.A.	776	351	liabilities for tax group
Seat Italia S.p.A.	-	8,984	liabilities for tax group
Cipi S.p.A.	-	1,705	liabilities for tax group
Total non-operating current liabilities	881	11,333	
CURRENT FINANCIAL ASSETS AND CASH EQUIVALENT			
of which			
Consodata S.p.A.	5,553	-	current account receivables
Europages S.A.	2,510	-	current account receivables
Prontoseat S.r.l.	414	-	current account receivables
Digital Local Services S.r.l.	335	-	current account receivables
Seat Italia S.p.A.	-	467	current account receivables
Total current financial assets and cash equivalents	8,876	467	
CURRENT FINANCIAL LIABILITIES			
of which			
Digital Local Services S.r.l.	4,724	-	current account liabilities
Telegate Holding GmbH	1,000	-	current account liabilities
Total current financial liabilities	5,724	-	

30. Other information

Statement of fees paid to the Independent Auditors and related entities.

Pursuant to Article 149-duodecies of Consob's Issuers' Regulation (Resolution No. 11971/1999 as subsequently amended), the fees for 2014 for auditing and other services carried out for Seat Pagine Gialle S.p.A. by PricewaterhouseCoopers S.p.A. and related entities are shown below.

The 2014 separate financial statements of Seat Pagine Gialle S.p.A. were audited by PricewaterhouseCoopers S.p.A. on the basis of the mandate awarded by the Shareholders' Meeting held on June 12, 2012 for 2012-2020, in compliance with the Consolidated Finance Act (Legislative Decree No. 58 of February 24, 1998).

<i>(euro/thousand)</i>	Year 2014	Year 2013
PricewaterhouseCoopers S.p.A.	857	74
Audit	382	74
Services for the purposes of certification	475	-
Services and assignments in PricewaterhouseCoopers network	435	-
IT & Operations assessment	135	-
Independent Business Review relating to composition with creditors procedure	300	-

List of significant equity investments

Name	Registered Office	Share capital	Owned by	% ownership	
Subsidiaries					
CONSODATA S.p.A.	Rome (Italy)	Euro	2,446,330	Seat Pagine Gialle S.p.A.	100.00
EUROPAGES S.A.	Neuilly-sur-Seine Cedex (France)	Euro	1,000,000	Seat Pagine Gialle S.p.A.	98.37
EUROPAGES Benelux SPRL	Watermael-Boitsfort (Belgium)	Euro	20,000.00	Europages S.A.	97.39
GLAMOO LTD	London (Great Britain)	Pound Sterling	14,042	Seat Pagine Gialle S.p.A.	100.00
GLAMOO S.r.l.	Milan (Italy)	Euro	100,000.00	Glamoo Ltd	
PRONTOSEAT S.r.l.	Turin (Italy)	Euro	10,500	Seat Pagine Gialle S.p.A.	100.00
TELEGATE HOLDING GmbH	Munich (Germany)	Euro	26,100	Seat Pagine Gialle S.p.A.	100.00
TELEGATE AG	Munich (Germany)	Euro	19,111,091	Seat Pagine Gialle S.p.A.	16.24
11880 TELEGATE GmbH	Vienna (Austria)	Euro	35,000	Telegate AG	100.00
TELEGATE MEDIA AG	Essen (Germany)	Euro	4,050,000	Telegate AG	100.00
WERWIEWAS GmbH (ex VIERAS GmbH)	Munich (Germany)	Euro	25,000	Telegate Media AG	100.00
TELEGATE LLC	Yereva (Armenia)	Dram Armeno	50,000	Telegate AG	100.00
TDL INFOMEDIA Ltd. (in administration)	Hampshire (Great Britain)	Pound Sterling	139,524.78	Seat Pagine Gialle S.p.A.	100.00
MOBILE COMMERCE Ltd.	Cirencester (Great Britain)	Pound Sterling	497	TDL Infomedia Ltd.	10.00
TDL BELGIUM S.A. in liquidazione	Bruxelles (Belgium)	Euro	750,087,200	TDL Infomedia Ltd.	49.60
TDL 2013 Realisations Limited (in administration) (ex THOMSON DIRECTORIES Ltd)	Hampshire (Great Britain)	Pound Sterling	1,340,000	TDL Infomedia Ltd.	100.00
THOMSON DIRECTORIES PENSION COMPANY Ltd	Hampshire (Great Britain)	Sterline	2	TDL Infomedia Ltd.	100.00
Digital Local Services BOLZANO 1 S.r.l.	Turin (Italy)	Euro	10,000	Seat Pagine Gialle S.p.A.	100.00
Digital Local Services ADRIATICO 1 S.r.l.	Turin (Italy)	Euro	10,000	Seat Pagine Gialle S.p.A.	100.00
Digital Local Services ADRIATICO 2 S.r.l.	Turin (Italy)	Euro	10,000	Seat Pagine Gialle S.p.A.	100.00
Digital Local Services BOLOGNA 1 S.r.l.	Turin (Italy)	Euro	10,000	Seat Pagine Gialle S.p.A.	100.00
Digital Local Services BOLOGNA 2 S.r.l.	Turin (Italy)	Euro	10,000	Seat Pagine Gialle S.p.A.	100.00
Digital Local Services CALABRIA 1 S.r.l.	Turin (Italy)	Euro	10,000	Seat Pagine Gialle S.p.A.	100.00
Digital Local Services CALABRIA 2 S.r.l.	Turin (Italy)	Euro	10,000	Seat Pagine Gialle S.p.A.	100.00
Digital Local Services CAMPANIA 1 S.r.l.	Turin (Italy)	Euro	10,000	Seat Pagine Gialle S.p.A.	100.00
Digital Local Services CAMPANIA 2 S.r.l.	Turin (Italy)	Euro	10,000	Seat Pagine Gialle S.p.A.	100.00
Digital Local Services CAMPANIA 3 S.r.l.	Turin (Italy)	Euro	10,000	Seat Pagine Gialle S.p.A.	100.00
Digital Local Services COMO 1 S.r.l.	Turin (Italy)	Euro	10,000	Seat Pagine Gialle S.p.A.	100.00
Digital Local Services CUNEO 1 S.r.l.	Turin (Italy)	Euro	10,000	Seat Pagine Gialle S.p.A.	100.00
Digital Local Services CALABRIA 1 S.r.l.	Turin (Italy)	Euro	10,000	Seat Pagine Gialle S.p.A.	100.00
Digital Local Services EMILIA 1 S.r.l.	Turin (Italy)	Euro	10,000	Seat Pagine Gialle S.p.A.	100.00
Digital Local Services EMILIA 2 S.r.l.	Turin (Italy)	Euro	10,000	Seat Pagine Gialle S.p.A.	100.00
Digital Local Services EMILIA 3 S.r.l.	Turin (Italy)	Euro	10,000	Seat Pagine Gialle S.p.A.	100.00
Digital Local Services FIRENZE 1 S.r.l.	Turin (Italy)	Euro	10,000	Seat Pagine Gialle S.p.A.	100.00
Digital Local Services FIRENZE 2 S.r.l.	Turin (Italy)	Euro	10,000	Seat Pagine Gialle S.p.A.	100.00
Digital Local Services FIRENZE 3 S.r.l.	Turin (Italy)	Euro	10,000	Seat Pagine Gialle S.p.A.	100.00
Digital Local Services GENOVA 1 S.r.l.	Turin (Italy)	Euro	10,000	Seat Pagine Gialle S.p.A.	100.00
Digital Local Services LAZIO 1 S.r.l.	Turin (Italy)	Euro	10,000	Seat Pagine Gialle S.p.A.	100.00
Digital Local Services LAZIO 2 S.r.l.	Turin (Italy)	Euro	10,000	Seat Pagine Gialle S.p.A.	100.00
Digital Local Services LAZIO 3 S.r.l.	Turin (Italy)	Euro	10,000	Seat Pagine Gialle S.p.A.	100.00
Digital Local Services LIGURIA 1 S.r.l.	Turin (Italy)	Euro	10,000	Seat Pagine Gialle S.p.A.	100.00
Digital Local Services LIGURIA 2 S.r.l.	Turin (Italy)	Euro	10,000	Seat Pagine Gialle S.p.A.	100.00
Digital Local Services LOMBARDIA 1 S.r.l.	Turin (Italy)	Euro	10,000	Seat Pagine Gialle S.p.A.	100.00
Digital Local Services LOMBARDIA 2 S.r.l.	Turin (Italy)	Euro	10,000	Seat Pagine Gialle S.p.A.	100.00

List of significant equity investments

Name	Registered Office	Share capital	Owned by	% ownership
Subsidiaries				
Digital Local Services LOMBARDIA 3 S.r.l.	Turin (Italy)	Euro	10,000 Seat Pagine Gialle S.p.A.	100.00
Digital Local Services NAPOLI 1 S.r.l.	Turin (Italy)	Euro	10,000 Seat Pagine Gialle S.p.A.	100.00
Digital Local Services NAPOLI 2 S.r.l.	Turin (Italy)	Euro	10,000 Seat Pagine Gialle S.p.A.	100.00
Digital Local Services PIEMONTE 1 S.r.l.	Turin (Italy)	Euro	10,000 Seat Pagine Gialle S.p.A.	100.00
Digital Local Services PIEMONTE 2 S.r.l.	Turin (Italy)	Euro	10,000 Seat Pagine Gialle S.p.A.	100.00
Digital Local Services PUGLIA 1 S.r.l.	Turin (Italy)	Euro	10,000 Seat Pagine Gialle S.p.A.	100.00
Digital Local Services PUGLIA 2 S.r.l.	Turin (Italy)	Euro	10,000 Seat Pagine Gialle S.p.A.	100.00
Digital Local Services PUGLIA 3 S.r.l.	Turin (Italy)	Euro	10,000 Seat Pagine Gialle S.p.A.	100.00
Digital Local Services PUGLIA 4 S.r.l.	Turin (Italy)	Euro	10,000 Seat Pagine Gialle S.p.A.	100.00
Digital Local Services ROMA 1 S.r.l.	Turin (Italy)	Euro	10,000 Seat Pagine Gialle S.p.A.	100.00
Digital Local Services ROMA 2 S.r.l.	Turin (Italy)	Euro	10,000 Seat Pagine Gialle S.p.A.	100.00
Digital Local Services ROMA 3 S.r.l.	Turin (Italy)	Euro	10,000 Seat Pagine Gialle S.p.A.	100.00
Digital Local Services ROMAGNA 1 S.r.l.	Turin (Italy)	Euro	10,000 Seat Pagine Gialle S.p.A.	100.00
Digital Local Services ROMAGNA 2 S.r.l.	Turin (Italy)	Euro	10,000 Seat Pagine Gialle S.p.A.	100.00
Digital Local Services SARDEGNA 1 S.r.l.	Turin (Italy)	Euro	10,000 Seat Pagine Gialle S.p.A.	100.00
Digital Local Services SARDEGNA 2 S.r.l.	Turin (Italy)	Euro	10,000 Seat Pagine Gialle S.p.A.	100.00
Digital Local Services SICILIA 1 S.r.l.	Turin (Italy)	Euro	10,000 Seat Pagine Gialle S.p.A.	100.00
Digital Local Services SICILIA 2 S.r.l.	Turin (Italy)	Euro	10,000 Seat Pagine Gialle S.p.A.	100.00
Digital Local Services SICILIA 3 S.r.l.	Turin (Italy)	Euro	10,000 Seat Pagine Gialle S.p.A.	100.00
Digital Local Services SICILIA 4 S.r.l.	Turin (Italy)	Euro	10,000 Seat Pagine Gialle S.p.A.	100.00
Digital Local Services SICILIA 5 S.r.l.	Turin (Italy)	Euro	10,000 Seat Pagine Gialle S.p.A.	100.00
Digital Local Services SICILIA 6 S.r.l.	Turin (Italy)	Euro	10,000 Seat Pagine Gialle S.p.A.	100.00
Digital Local Services SONDRIO LECCO 1 S.r.l.	Turin (Italy)	Euro	10,000 Seat Pagine Gialle S.p.A.	100.00
Digital Local Services TORINO 1 S.r.l.	Turin (Italy)	Euro	10,000 Seat Pagine Gialle S.p.A.	100.00
Digital Local Services TORINO 2 S.r.l.	Turin (Italy)	Euro	10,000 Seat Pagine Gialle S.p.A.	100.00
Digital Local Services TORINO 3 S.r.l.	Turin (Italy)	Euro	10,000 Seat Pagine Gialle S.p.A.	100.00
Digital Local Services TORINO 4 S.r.l.	Turin (Italy)	Euro	10,000 Seat Pagine Gialle S.p.A.	100.00
Digital Local Services TOSCANA 1 S.r.l.	Turin (Italy)	Euro	10,000 Seat Pagine Gialle S.p.A.	100.00
Digital Local Services TOSCANA 2 S.r.l.	Turin (Italy)	Euro	10,000 Seat Pagine Gialle S.p.A.	100.00
Digital Local Services TRENTO 1 S.r.l.	Turin (Italy)	Euro	10,000 Seat Pagine Gialle S.p.A.	100.00
Digital Local Services UMBRIA 1 S.r.l.	Turin (Italy)	Euro	10,000 Seat Pagine Gialle S.p.A.	100.00
Digital Local Services VARESE 1 S.r.l.	Turin (Italy)	Euro	10,000 Seat Pagine Gialle S.p.A.	100.00
Digital Local Services VENETO 1 S.r.l.	Turin (Italy)	Euro	10,000 Seat Pagine Gialle S.p.A.	100.00
Digital Local Services VENETO 2 S.r.l.	Turin (Italy)	Euro	10,000 Seat Pagine Gialle S.p.A.	100.00
Digital Local Services VENETO 3 S.r.l.	Turin (Italy)	Euro	10,000 Seat Pagine Gialle S.p.A.	100.00
Digital Local Services VENETO 4 S.r.l.	Turin (Italy)	Euro	10,000 Seat Pagine Gialle S.p.A.	100.00
Digital Local Services VENETO 5 S.r.l.	Turin (Italy)	Euro	10,000 Seat Pagine Gialle S.p.A.	100.00
Digital Local Services VERONA 1 S.r.l.	Turin (Italy)	Euro	10,000 Seat Pagine Gialle S.p.A.	100.00
Digital Local Services BERGAMO 1 S.r.l.	Turin (Italy)	Euro	10,000 Seat Pagine Gialle S.p.A.	100.00
Digital Local Services BERGAMO 2 S.r.l.	Turin (Italy)	Euro	10,000 Seat Pagine Gialle S.p.A.	100.00
Digital Local Services BRESCIA 1 S.r.l.	Turin (Italy)	Euro	10,000 Seat Pagine Gialle S.p.A.	100.00
Digital Local Services BRESCIA 2 S.r.l.	Turin (Italy)	Euro	10,000 Seat Pagine Gialle S.p.A.	100.00
Digital Local Services FRIULI 1 S.r.l.	Turin (Italy)	Euro	10,000 Seat Pagine Gialle S.p.A.	100.00
Digital Local Services MILANO 1 S.r.l.	Turin (Italy)	Euro	10,000 Seat Pagine Gialle S.p.A.	100.00
Digital Local Services MILANO 2 S.r.l.	Turin (Italy)	Euro	10,000 Seat Pagine Gialle S.p.A.	100.00
Digital Local Services MILANO 3 S.r.l.	Turin (Italy)	Euro	10,000 Seat Pagine Gialle S.p.A.	100.00

Certification of the separate financial statements pursuant to Article 81-ter of Consob Regulation No. 11971 of 14 May 1999, as amended

1. The undersigned, Vincenzo Santelia, in his capacity as Chief Executive Officer, and Andrea Servo, as Chief Financial Officer of Seat Pagine Gialle S.p.A., hereby certify, taking into account the provisions of Article 154-bis, paragraphs 3 and 4 of Legislative Decree No. 58 of 24 February 1998, that the administrative and accounting procedures for the preparation of the separate financial statements, deemed to be adequate in relation to the characteristics of the business, were effectively applied during 2014.
2. The administrative and accounting procedures for the preparation of the separate financial statements as at December 31, 2014 were subjected during the year to a critical review in order to evaluate their suitability and how effectively they had been applied. No anomalies emerged as a result of this verification.
3. The following is also certified:
 - 3.1 The separate financial statements at December 31, 2014:
 - were prepared in compliance with the applicable international accounting standards recognised in the European Union pursuant to Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002 (International Financial Reporting Standards – IFRS), and with the provisions applicable in Italy, specifically with regard to Article 154-ter of Legislative Decree No. 58 of 24 February 1998 and to the implementing provisions of Article 9 of Legislative Decree No. 38 of 28 February 2005;
 - correspond to the results contained in the books and the accounting entries;
 - are able to provide a true and accurate representation of the assets and liabilities, results and cash flows of the Company.
 - 3.2 The report on operations includes a reliable analysis of performance and operating results, as well as of the position of the Company, together with a description of the main uncertainties and risks to which it is exposed.

Milan, March 12, 2015

Chief Executive Officer

Vincenzo Santelia

Chief Financial Officer

Andrea Servo

SEAT Pagine Gialle S.p.A.
Registered office Corso Mortara 22, Turin
Share capital: €20,000,000.00
Turin Business Register and VAT number 003970540963

**REPORT OF THE BOARD OF STATUTORY AUDITORS TO
THE SEAT PAGINE GIALLE S.P.A. SHAREHOLDERS'
MEETING PURSUANT TO ARTICLE 153 OF LEGISLATIVE
DECREE 58/98**

Dear Shareholders,

During the year ended December 31, 2014, insofar as we are aware and in relation to what is specified below, the SEAT PAGINE GIALLE S.p.A. Board of Statutory Auditors carried out its supervisory functions in compliance with the law, and adhered to the standards of conduct of the Board of Statutory Auditors of joint-stock companies with shares listed in regulated markets, recommended by the Italian accounting profession, and to Consob communications on corporate controls and the activities of the Board of Statutory Auditors. The same can be stated for the Board of Statutory Auditors currently in office, as of the date on which its members took office.

The Board of Statutory Auditors currently in office was appointed by the company's Ordinary Shareholders' Meeting of January 27, 2015, which took the necessary measures following the resignations, of immediate effect, of Enrico Cervellera, Vincenzo Ciruzzi and Andrea Vasapoli from their respective positions on the Board of Statutory Auditors on October 13, 2014. Pursuant to Article 2401 of the Italian Civil Code, alternate auditors Maurizio Gili and Marco Lovati, who had been appointed by the shareholders' meeting of July 25, 2013, took over the roles of Chairman of the Board of Statutory Auditors and Standing Auditor, respectively, until the shareholders' meeting of January 27, 2015, which appointed the new Board of Statutory Auditors. That meeting appointed Maurizio Gili as Chairman, Guido Nori and Ada Alessandra Garzino Demo as standing auditors and Roberta Battistin and Marco Benvenuto Lovati as alternate auditors.

The statutory auditors thus appointed shall remain in office until the end of the term of the Board of Statutory Auditors appointed by the Ordinary Shareholders' Meeting of June 12, 2012, i.e., until the shareholders' meeting called to approve the financial statements as at December 31, 2014.

The current members of the Board of Statutory Auditors are in compliance with the limit on the number of corporate offices they are allowed to hold, as set forth in Article 144-*terdecies* of the regulation approved by Consob by resolution No. 11971 of May 14, 1999 and subsequent amendments (issuers' regulation).

As regards statutory auditing duties, at the justified proposal of the Board of Statutory Auditors, the Shareholders' Meeting of June 12, 2012 engaged the company PRICEWATERHOUSECOOPERS S.p.A. to audit the accounts in accordance with Legislative Decree No. 58/1998 (Consolidated Finance Act) and Legislative Decree No. 39/2010. Reference should therefore be made to the reports of those auditors. The term of the auditing engagement will end with the approval of the financial statements as at December 31, 2020.

This being stated, given these updates to the Board of Statutory Auditors, the parties preparing this report cannot but acknowledge that, insofar as they are responsible and for events relating to 2014, they have relied on the reports of the Board of Statutory Auditors in office during that time as well as information and data from the meeting minutes of the Board of Directors, the company's Committees and the Supervisory Board established in accordance with Legislative Decree No. 231/2001. As soon as they took office, the undersigned auditors promptly met with the company departments, participated in Committee and Board of Directors' meetings, obtained information directly from the various corporate governance functions and also promoted the required information exchanges with the independent auditors. It was found that the previous Boards of Statutory Auditors always participated in meetings of the Boards of Directors, the Committees and the Supervisory Board, either jointly or through a representative.

The undersigned auditors also combined information from the periodic reporting prepared by the previous governing bodies with information properly and promptly provided by the Directors and the company departments on general business performance, outlooks and the most significant transactions, in terms of size and characteristics, carried out by the company and by its subsidiaries. In this regard, it should be reported that the undersigned auditors also viewed the meeting minutes of the Board of Statutory Auditors of SEAT PAGINE GIALLE ITALIA S.p.A., a wholly-owned subsidiary of SEAT PAGINE GIALLE S.p.A., which merged into the latter as of November 1, 2014. No critical issues or irregularities worth noting arose during such examinations.

Based on the fact-finding and informational activities, investigations and consultations set forth above, as well as the exchange of information with the previous Board of Statutory Auditors, the current Board of Statutory Auditors has been able to:

- obtain sufficient information to confirm the conduct of activities in compliance with the law and the Articles of Association, as well as in compliance with the principles of proper administration and the degree of adequacy of the company's organizational structure. These elements have been confirmed even within the limited amount of time available through direct investigations, information gathered from the heads of the departments concerned, information exchanged with the independent auditors and direct participation, while the current Board of Statutory Auditors has been in office, in the meetings of the Control and Risk Committee, the Remuneration Committee and the Supervisory Board;
- confirm that the functioning and effectiveness of the internal control systems and the adequacy of the administration and accounting system have been monitored, particularly in terms of the reliability of the latter to provide a true and fair view of business operations. The information outlined above has been supplemented with direct fact-finding by this Board through meetings and information exchanges with the heads of the respective departments;

- verify, in person, that the functioning of the control system of Group companies and the adequacy of the instructions provided to them, also in accordance with Article 114, paragraph 2 of the Consolidated Finance Act, have been monitored;
- verify that the report on remuneration, pursuant to Article 123-ter of the Consolidated Finance Act and Article 84-quater of Consob regulation 11971/1999 has been prepared; it has no specific remarks in this regard;
- verify the actual procedures used to implement the corporate governance rules set forth in the code of corporate governance for listed companies promoted by Borsa Italiana S.p.A., as adopted by the company;
- verify the supervision and directly confirm the compliance of the internal procedure on related party transactions with the principles laid out in the regulation approved by Consob by resolution 17221 of March 12, 2010 and subsequent amendments, as well as observance thereof, pursuant to Article 4, paragraph 6 of the same regulation;
- confirm supervision over the corporate reporting process and verify compliance with regulatory and legal standards relating to the formation and lay-out of the separate and consolidated financial statements as well as the accompanying documents;
- ascertain the adequacy of the method used to test assets for impairment;
- verify that the report on operations for the year 2014 is compliant with the laws and regulations in force, and consistent with the resolutions passed by the Board of Directors and the events described in the separate and consolidated financial statements. No specific remarks were required from the Board of Statutory Auditors on the half-year report. The half-year report and quarterly reports were published in accordance with the law and regulations in force.

During our supervisory activity carried out on the basis of the assumptions, within the limits and according to the methods described above, no significant facts emerged that would require reporting to the competent bodies or mention in this report.

The specific information to be provided in this report is listed below, according to the provisions of Consob communication DEM 1025564 of April 6, 2001, and subsequent amendments. As highlighted above, given the changes in the members of the Board of Statutory Auditors, in providing the following information regarding the period prior to when they took office, the current statutory auditors cannot but acknowledge that they have relied on the reports of the Board of Statutory Auditors in office during that time as well as information and data from the meeting minutes of the Board of Directors, the company's Committees and the Supervisory Board.

1) Comments on the most important economic, financial and investment transactions carried out by the Company and their compliance with legal requirements and the Memorandum of Association.

As reported previously, in orders handed down on October 3, 2014, the Court of Turin approved the composition with creditors procedures proposed by SEAT PAGINE GIALLE S.p.A. and by the subsidiary SEAT PAGINE GIALLE ITALIA S.p.A. in light of the favorable opinion of the official receiver and having verified the legal compliance of the procedures, the regular conduct and positive outcome of the vote and the feasibility of the proposed procedures themselves.

In the immediate aftermath of the approval, the extraordinary transactions constituting essential and substantial parts of the composition with creditors plan were implemented, as resolved upon by the competent company bodies

on March 4, 2014. These transactions include (for details, please refer to the report on operations):

- the merger of SEAT PAGINE GIALLE ITALIA S.p.A. into SEAT PAGINE GIALLE S.p.A.;
- coverage of the comprehensive losses as at November 30, 2013 by using all net reserves outstanding on this date, reducing the share capital to €120,000.00 and, for the remaining amount, using the reserves arising from the capital increase referred to herein;
- the paid capital increase, in a single tranche, from €120 thousand to €20,000 thousand, excluding option rights pursuant to Article 2441, paragraphs 5 and 6 of the Italian Civil Code, to be issued against the clearance of the debts of SEAT PAGINE GIALLE S.p.A. and SEAT PAGINE GIALLE ITALIA S.p.A. to financial creditors in Classes B and C;
- the allocation of the difference between the overall nominal amount (including interest) of the debts being cleared and the nominal amount of the capital increase referred to above as follows: (i) to cover the residual losses accrued and accruing as at the date of the capital increase, together with the deficit from the merger of SEAT PAGINE GIALLE ITALIA S.p.A. into SEAT PAGINE GIALLE; (ii) to the legal reserve in the amount of €4,000,000, i.e. one fifth of the share capital; and (iii) the remaining portion of this difference to available reserves, following the calculation of allocations pursuant to (i) and (ii);
- the issue of warrants enabling paid subscription of ordinary shares representing approximately 5% of the post-capital increase fully diluted share capital.

In early 2015, the company therefore made cash payments to satisfy creditors according to the procedures and terms described in the respective proposals for the composition with creditors. In other words, the company has carried out the proposed composition with creditors as at the reference date of this report. There is no doubt that the activities referred to above are the most significant transactions of 2014 and the first months of 2015. With respect to the results of business operations, please refer to the report on operations. We also consider it worth noting an important detail: during 2014, the company's activities relating to the execution of the composition with creditors, in addition to business operations, which were also an integral part of the proposed composition with creditors on a going concern basis, were carried out under the auspices of the Court of Turin and with periodic control by the official receiver, as required by law. This control was not only meant to verify the fulfilment of requirements associated with the composition with creditors, but also and especially to check the reliability of the business plan underlying the composition procedures. These activities clearly had a successful outcome, as reported by the management body, which announced that the objectives set for the last year were met, and as demonstrated by the approval that shall be followed by closure proceedings when the competent bodies confirm that the procedures have been fully implemented.

These circumstances support the opinion provided herein concerning the correctness of the management and the adequacy of the organizational structure, the internal control system and the organizational and accounting system.

Please also be reminded that on March 4, 2014, the Company's Ordinary Shareholders' Meeting resolved to promote a liability action against former directors who held office between August 8, 2003 and October 21, 2012.

In addition, on December 22, 2014 the company's Board of Directors decided to hold a subsequent shareholders' meeting for a proposal to initiate a derivative action against the former members of the Board of Statutory Auditors, only if the settlement proposal formulated by the above former Directors was not approved.

The Shareholders' Meeting of January 27, 2015 approved the settlement proposal received by the Company and, therefore, the settlement of the liability action against the former directors that held office between August 8, 2003 and October 21, 2012 and the settlement of relationships with parties other than the former directors called before the court, including the Board of Statutory Auditors, for a total payment of €30 million. The settlement has been completed and of the €30 million, the company collected €6 million on February 6, 2015 and €24 million on February 10, 2015.

2) Atypical and/or unusual transactions, including intra-group and related party transactions

There were no atypical and/or unusual transactions.

As regards ordinary related party transactions, on March 12, 2015 the Board of Directors approved the extension, until the Shareholders' Meeting of April 23, 2015, of the agreement entered into, in accordance with the Board of Directors' resolution of April 1, 2014, with the firm of Attorney Michaela Castelli for legal advisory services regarding corporate reporting and the management of relations with Borsa Italiana and Consob. The resolution was passed in compliance with the regulations and procedures established for transactions with related parties.

3) Evaluation of the adequacy of information provided by the directors in the report on operations concerning atypical and/or unusual transactions, including intra-group and related party transactions

Transactions of this type were not carried out this year. In this regard, please note that the company has adopted a dedicated procedure governing the fulfilment of reporting obligations pursuant to Article 16 of the Articles of Association and Article 150, paragraph 1 of the Consolidated Finance Act in

order to ensure the transparency and compliance of related party transactions in which the company or third parties have an interest, or which are influenced by the party that exercises management and coordination (including intra-group transactions), the activities carried out, transactions of greater economic and financial significance for the company and atypical and/or unusual transactions. For further details on the procedure, please refer to the “Report on Corporate Governance and Shareholder Structure of SEAT PAGINE GIALLE S.p.A.” pursuant to Article 123-*bis* of the Consolidated Finance Act.

4) Observations and proposals on findings and emphasis of matter sections contained in the independent auditors’ reports

Today, the independent auditors PRICEWATERHOUSECOOPERS S.p.A. issued their reports pursuant to Article 14 of Legislative Decree No. 39/2010 on the separate financial statements of SEAT PAGINE GIALLE S.p.A. and the consolidated financial statements of the SEAT PAGINE GIALLE Group, in which they:

- certify that the separate financial statements of SEAT PAGINE GIALLE S.p.A. and the consolidated financial statements of the SEAT PAGINE GIALLE Group as at December 31, 2014 are compliant with the International Financial Reporting Standards adopted by the European Union as well as measures issued in the implementation of Article 9 of Legislative Decree no. 38/2005; therefore, they have been drafted clearly and represent a true and proper account of the investment and financial situation, the economic results and the cash flows of the company and the Group for the year ending on that date;
- highlight, in an emphasis of matter section with reference to the separate financial statements: (i) what is described by the directors in the “Effects of extinguishing debt subject to the composition with creditors procedure” section of the notes, also contained in the report on operations, with respect to the effects of the approval of the composition procedures with

the creditors of SEAT PAGINE GIALLE S.p.A. and SEAT PAGINE GIALLE ITALIA S.p.A. by the Court of Turin; (ii) what is described in the “Presentation of accounting data” section of the notes, with respect to the fact that the operating and financial data for 2014 are not comparable with those from the previous year due to the merger of SEAT PAGINE GIALLE ITALIA S.p.A. into SEAT PAGINE GIALLE S.p.A., effective as of November 1, 2014, and effective for tax and accounting purposes on January 1, 2014;

- highlight, in an emphasis of matter section regarding the consolidated financial statements, what is described by the directors in the “Effects of extinguishing debt subject to the composition with creditors procedure” section of the notes, also contained in the report on operations, with respect to the effects of the approval of the composition procedures with the creditors of SEAT PAGINE GIALLE S.p.A. and SEAT PAGINE GIALLE ITALIA S.p.A. by the Court of Turin;

- certify that the report on operations and the information pursuant to paragraph 1, sections c), d), f), l) and m) and paragraph 2, section b) of Article 123-*bis* of the Consolidated Finance Act, presented in the Report on Corporate Governance and Shareholder Structure, are consistent with the separate financial statements of SEAT PAGINE GIALLE S.p.A. and the consolidated financial statements of the SEAT PAGINE GIALLE Group.

With respect to the above emphasis of matter sections, the Board of Statutory Auditors has no observations or proposals to make.

5) Submission of reports pursuant to Article 2408 of the Italian Civil Code, any measures taken and results

On March 9, 2015, the Board of Statutory Auditors received a communication from shareholder Stella D'Atri, common representative of the SEAT PAGINE GIALLE S.p.A. savings shareholders, which she classified as a report pursuant to Article 2408 of the Italian Civil Code. A copy was also sent to Consob.

The report requested that the Board of Statutory Auditors investigates and reports to the shareholders' meeting on the following matters:

- consistency of and grounds for additional remuneration for key directors and executives;
- consistency of related party transactions and compliance with laws and regulations;
- existence of conflicts of interest of the directors in agreements entered into,

with reference to the period subsequent to the approval of the composition with creditors.

She also asked the Board of Statutory Auditors to verify that the business plan underlying the composition with creditors is supported by suitable documentation and verifications of the facts, and that it is subject to quantitative monitoring, and also that the final settlement entered into with the former directors and statutory auditors is consistent with the resolution formally adopted during the shareholders' meeting.

In response to this communication, the Board of Statutory Auditors carried out the required investigations, assessed the individual items noted and obtained the appropriate information. On this basis it states:

- with respect to the consistency of and grounds for additional remuneration, the consistency of transactions with related parties and the existence of conflicts of interest, no irregularities have been found based on the documentation filed in the company records. More specifically, as regards remuneration, express reference is made to the detailed information contained in the remuneration report pursuant to Article 123-*ter* of the Consolidated Finance Act. As regards related party transactions and the potential existence of conflicts of interest, the Board of Statutory Auditors makes express reference to the observations on the specific points provided above. It highlights that, as has been previously noted, the company has a dedicated procedure governing fulfilment of reporting obligations pursuant to Article 16 of the Articles of Association and Article 150, paragraph 1 of the Consolidated Finance Act (for the details, please refer to the “Report on Corporate Governance and Shareholder Structure of SEAT PAGINE GIALLE S.p.A.” pursuant to Article 123-*bis* of the Consolidated Finance Act) and that on the basis of the information contained in the company records and the information obtained, that procedure has been properly and fully applied;
- with respect to the request regarding the business plan, it should be noted that the plan has been made public for the purpose of the composition with creditors on a going concern basis. The plan has been deemed suitable to achieve the targets it lays out according to the evaluations of the expert engaged by the company pursuant to Article 161, paragraph 3 of the Bankruptcy Act, who also provided the certification pursuant to Article 186-*bis*, section b) of the Bankruptcy Act, as well as based on the report of the official receiver pursuant to Article 172 of the Bankruptcy Act, the favorable vote of the majority of creditors, the approval of the composition with creditors and, lastly, the execution of the composition procedure itself. Additional evidence that the Plan is supported by documentation as well as verifications of the facts can be found in the fact that no objections of any nature have been raised by the official receiver who is responsible,

under the auspices of the Court, for checking the feasibility of the Plan and the assumption that the continuation of business activities is the best way to satisfy creditors. The company has provided periodic disclosures in this regard and, as a result, activities have necessarily been monitored. In addition, on the basis of audits of the Board of Directors' meeting minutes from 2014, as well as the current control body's direct participation in the most recent Board meetings, it can be confirmed that the CEO and the functions responsible for company management have periodically reported to the Board on the progress of company activities and their consistency with the budget targets established in the composition with creditors plan. Therefore, also in this case, no censurable irregularities, insufficiencies or information gaps have been found;

- lastly, as regards the settlement, the relative agreement is consistent with the resolution passed by the shareholders' meeting. Indeed, as reported previously, the settlement has already been completed.

6) Submission of other reports, any measures taken and results

No other reports have been submitted.

7) Assignment of additional engagements to the independent auditors and relative costs

During 2014, PRICEWATERHOUSECOOPERS S.p.A. was engaged to carry out the following activities in addition to the audit of the financial statements as at December 31, 2014:

- opinion on the proposed share capital increase excluding option rights

pursuant to Article 2441, paragraphs 5 and 6 of the Italian Civil Code and Article 158, paragraph 1 of the Consolidated Finance Act. The fee agreed upon for this engagement was €300 thousand, in addition to expenses of €3,850;

- examination of the pro-forma consolidated statement of financial position, the pro-forma consolidated statements of operations and the pro-forma consolidated statements of cash flows as at December 31, 2013 and as at June 30, 2014, in addition to the audits required to issue the report on preliminary data included in the prospectus associated with the share

capital increase pursuant to the previous point. The fee agreed upon for this engagement was €175 thousand, in addition to expenses of €11,345;

- agreed audit procedures on a sample of the 74 single-shareholder limited-liability Digital Local Services companies. The fee agreed upon for this engagement was €55 thousand, in addition to expenses of €1,240;
- support in the process of transitioning the Glamoo group's reporting package to IFRS. The fee agreed upon for this engagement was €35 thousand, in addition to expenses of €880.

8) Assignment of engagements to parties linked to the independent auditors by continuous relations and relative costs

During 2014, the following professional engagements were assigned to parties linked to PRICEWATERHOUSECOOPERS S.p.A. by continuous relations and/or parties belonging to its network:

- PricewaterhouseCoopers Advisory S.p.A.: independent business review supporting the composition procedure pursuant to Article 172 of the Bankruptcy Act. The fee agreed upon for this engagement was €300 thousand, in addition to expenses of €10,517;

- PricewaterhouseCoopers Advisory S.p.A.: methodological and operating support to define the IT Operations strategy. The fee agreed upon for this engagement was €135 thousand, in addition to expenses of €8,495.

9) Opinions issued pursuant to the law during the year

During the year, the opinions required of the Board of Statutory Auditors were issued as required by law.

10) Frequency and number of meetings of the Board of Directors and the Board of Statutory Auditors

Insofar as has been observed and based on the corporate records, the Board of Statutory Auditors:

- met regularly and prepared 6 reports relating to corporate activities, as well as the minutes relating to the drafting of the Board of Statutory Auditors' report of the Shareholders' Meeting with reference to the financial statements as at December 31, 2013;
- participated in all 14 meetings of the Board of Directors;
- participated, jointly or through one of its members, in the meetings of the Control and Risk Committee, which held 7 meetings, the Remuneration Committee (4 meetings) and the Supervisory Board (4 meetings), pursuant to Legislative Decree 231/2001;
- participated in the following Shareholders' Meetings:
 - Extraordinary Shareholders' Meeting on March 4, 2014,

- Ordinary Shareholders' Meeting on March 4, 2014,
- Ordinary Shareholders' Meeting on May 9, 2014,
- Special Savings Shareholders' Meeting on July 2, 2014.

For the purposes of full disclosure, please note that the Board of Statutory Auditors also participated in the meetings of holders of the bonds named “€550,000,000 10½% Senior Secured Notes due 2017”, “€200,000,000 10½% Senior Secured Notes due 2017” and “€65,000,000 10½% Senior Secured Notes due 2017” on July 7, 2014.

In the early months of 2015 and until the date on which this report was drafted, the Board of Statutory Auditors met 3 times in order to obtain all useful and necessary information regarding corporate governance, the company structure and internal control systems and to exchange information with the previous Board of Statutory Auditors, the Board of Statutory Auditors of the subsidiary, Consodata S.p.A., and the independent auditors in order to best carry out its supervisory duties. During that same period, the Board of Statutory Auditors: participated in all meetings of the Board of Directors (4) as well as, either jointly or through one or more of its members, the meetings of the Control and Risk Committee (4), the Supervisory Board (1) and the Appointments and Remuneration Committee (1).

The Board of Statutory Auditors, represented by its Chairman, also participated in the Ordinary Shareholders' Meeting held on January 27, 2015.

11) Observations on compliance with the principles of proper administration

First and foremost, we refer to the observations already provided with respect to the company's periodic reporting activities required under the composition with creditors procedures and the resulting audits and controls by the official receiver. Based on reports contained in the company records, as well as information obtained directly, the Board of Statutory Auditors supervised observance of the law and the articles of association and compliance with principles of proper administration, ensuring that the transactions decided upon and implemented by the directors were compliant with the law and the articles of association, inspired by the principle of economic effectiveness and were not imprudent or risky, in conflict with the company's interests or with the resolutions passed by the shareholders' meeting, or such so as to compromise the integrity of the company's assets. The above has also been guaranteed by the supervision of the competent bodies under the composition with creditors procedure referred to above.

The Board of Statutory Auditors has obtained direct knowledge of the governance tools and instruments adopted by the company, which are described in detail in the report on corporate governance and shareholder structure pursuant to Article 123-*bis* of the Consolidated Finance Act, and believes that they provide a valid oversight of compliance with the principles of proper administration in the course of business operations.

Lastly, it should be noted that the Board of Statutory Auditors checked the procedure followed by the Board of Directors for the purpose of verifying the independence of Directors, and found that the criteria and procedures adopted by the Board of Directors to confirm the fulfilment of independence requirements were correctly applied and that the joint management body composition requirements were observed. Lastly, the current Board of Statutory Auditors, the temporary Board in place in the final months of 2014 and the previous Board verified, pursuant to Article 148 and Article 148-*bis* of the Consolidated Finance Act, that the members of the Board of Statutory Auditors meet independence requirements, also with regard to the independence requirements of independent directors.

12) Observations on adequacy of the management structure

The Board of Statutory Auditors supervises the adequacy of the company's and Group's organizational structure by obtaining detailed information regarding the organizational structure and appropriate information concerning the management functions, as well as by meeting with the heads of the various company departments, Internal Audit and the independent auditors in order to exchange data and information. Based on the reports of the previous Board of Statutory Auditors and, insofar as could be ascertained directly, there were no irregularities and/or critical issues worth reporting.

13) Observations on the adequacy of the internal control system

With reference to supervision over the adequacy and effectiveness of the internal control system, also pursuant to Article 19 of Legislative Decree 39/2010, the Board of Statutory Auditors had periodic meetings with the head of the Internal Audit Department and obtained information by participating in the relative meetings with the Control and Risk Committee and the Supervisory Board. The current Board of Statutory Auditors was able to confirm, in relation to this topic, that the company has established a Control and Risk Committee and has adopted, pursuant to Article 7P1 of the code of corporate governance, an internal control and risk management system intended to identify, measure, manage and monitor the main risks it faces. On October 26, 2012, the CEO was identified by the Board of Directors as the director in charge of the internal control and risk management system. The company also relies on the support of the Internal Audit Department, which is organized so as to verify and ensure that the internal control system is efficient and effective, and to check that this system provides reasonable guarantees that the company can achieve its objectives both economically and efficiently. The current Board of Statutory Auditors was also able to concretely confirm the main features of the internal control and risk management system in relation to financial disclosure, pursuant to Article 123-bis, paragraph 2, section b) of the Consolidated Finance Act. For further details, please refer to

the Report on Corporate Governance and Shareholder Structure pursuant to Article 123-*bis* of the Consolidated Finance Act.

The Board of Statutory Auditors was also able to confirm audit planning by requesting information from the head of the Internal Audit Department and by participating in Control and Risk Committee meetings. The Board of Statutory Auditors also confirmed that the company has had an organization, management and control model pursuant to Legislative Decree No. 231/2001 since 2004, thoroughly examined its updates and verified activities, also by participating in the meetings of the Supervisory Board.

In addition, the Board of Statutory Auditors met with the independent auditors, verified their independence pursuant to Article 19 of Legislative Decree No. 39/2010, and took note on the basis of documentation obtained of the previous control body's supervision of the financial disclosure process and the audit of the separate and consolidated financial statements.

On the basis of the foregoing, no irregularities or critical issues were identified that could discredit the adequacy of the internal control system, also and especially with respect to the activities carried out by the parties responsible for it, on the basis of the risk management systems adopted and the organizational model.

14) Observations on the adequacy of the administration/accounting system and on its reliability to properly represent business transactions

As appropriate, the adequacy and reliability of the administration/accounting system was checked by the Board of Statutory Auditors, the substitute Board of Statutory Auditors that took office following the resignation of the previous Board of Statutory Auditors and this Board of Statutory Auditors, by obtaining information from the heads of the respective departments, examining company documents and analyzing the results of the work carried out by the

independent auditors. The Board of Statutory Auditors also met with the Chief Financial Officer and viewed his certification. No irregularities or critical issues were found that could cast doubt over that officer's opinion regarding the adequacy of the administration/accounting systems and the processes underlying the preparation of the operating and financial data.

It is also reported that the company tested the intangible assets recognized in the financial statements for impairment. As in the past, these tests were carried out with the support of a highly qualified independent expert and shared by the Board of Directors at its meeting on March 12, 2015. For a complete description of the methods used, please refer to the notes to the separate and consolidated financial statements. The Board of Statutory Auditors monitored impairment testing and its results during meetings with the independent auditors and by participating in Control and Risk Committee meetings, during which they were examined.

15) Observations on the adequacy of instructions provided by the company to subsidiaries pursuant to Article 114, paragraph 2 of Legislative Decree 58/1998

The Board of Statutory Auditors supervised the adequacy of the procedure whereby the company gives the instructions referred to above so that the subsidiaries provide the necessary information, in order to comply with reporting obligations established by law, without raising objections.

16) Observations on any significant aspects that emerged during meetings held with the independent auditors pursuant to Article 50, paragraph 2 of Legislative Decree 58/1998

Based on the reports of the previous Board of Statutory Auditors, and insofar as has been directly observed by the current Board of Statutory Auditors during meetings with the independent auditors, including through participation in meetings of the Control and Risk Committee, no aspects requiring reporting have emerged.

17) Application of the Corporate Governance Committee's code of corporate governance for listed companies

The company applies the code of corporate governance referred to above. For more detailed information on the evolution of compliance pursuant to Article 123-*bis*, paragraph 2, section a) of the Consolidated Finance Act, please refer to the Report on Corporate Governance and Shareholder Structure.

Lastly, the Board of Statutory Auditors carried out its audit activities on compliance with laws relating to the preparation of the draft separate and consolidated financial statements as at December 31, 2014, the respective notes and the report on operations, as well as on the basis of all other useful information provided directly by the management body, the department heads and the independent auditors.

In particular, within the limits of the responsibilities attributed to the Board of Statutory Auditors by law, it is reported that the separate and consolidated financial statements as at December 31, 2014 have been prepared in compliance with the International Financial Reporting Standards applicable as at January 1, 2014, in light of amendments and interpretations issued by the IASB/IFRIC. For more detailed information, please refer to the applicable section of the separate and consolidated financial statements of SEAT PAGINE GIALLE S.p.A. The separate and consolidated financial statements are accompanied by the required certifications signed by the CEO and the Chief Financial Officer. On the basis of the foregoing, subsequent to the supervisory activities carried out by the Board of Statutory Auditors in office during the year documented in the relative meeting minutes, and by the substitute Board that took over from the previous resigning Board of Statutory Auditors and, finally, the investigation and analysis, as well as examination and inspection activities carried out by the current Board of Statutory Auditors, the undersigned Statutory Auditors have no observations to make, pursuant to Article 153 of Legislative Decree 58/1998, on the aspects for which they are responsible regarding the separate and consolidated financial statements, their relative notes and the report on operations, and have found no reasons to object to the approval of the resolution proposals provided by the Board of Directors.

The term of office of the current Board of Statutory Auditors comes to an end at the shareholders' meeting convened to approve the financial statements for 2014. Therefore, the shareholders are asked to pass a resolution to re-appoint this body.

Turin, April 2, 2015

Statutory Auditors

Maurizio Gili, Chairman

Guido Nori, Standing Auditor

Ada Alessandra Garzino Demo, Standing Auditor



AUDITORS' REPORT IN ACCORDANCE WITH ARTICLES 14 AND 16 OF LEGISLATIVE DECREE N° 39 OF 27 JANUARY 2010

To the Shareholders of
SEAT Pagine Gialle SpA

- 1 We have audited the separate financial statements of SEAT Pagine Gialle SpA as of 31 December 2014, which comprise the statement of financial position, the income statement, the statement of comprehensive income, the statement of cash flows, the statement of changes in equity and the related explanatory notes. The directors of SEAT Pagine Gialle SpA are responsible for the preparation of these financial statements in compliance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree n° 38/2005. Our responsibility is to express an opinion on these separate financial statements based on our audit.
- 2 We conducted our audit in accordance with the auditing standards and criteria recommended by Consob, the Italian Commission for listed Companies and the Stock Exchange. Those standards and criteria require that we plan and perform the audit to obtain the necessary assurance about whether the separate financial statements are free of material misstatement and, taken as a whole, are presented fairly. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors. We believe that our audit provides a reasonable basis for our opinion.

For the opinion on the separate financial statements of the prior year, which are presented for comparative purposes, reference is made to our report dated 17 April 2014.

- 3 In our opinion, the separate financial statements of SEAT Pagine Gialle SpA as of 31 December 2014 comply with the International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree n° 38/2005; accordingly, they have been prepared clearly and give a true and fair view of the financial position, result of operations and cash flows of SEAT Pagine Gialle SpA for the year then ended.

PricewaterhouseCoopers SpA

Sede legale e amministrativa: Milano 20149 Via Monte Rosa 91 Tel. 0277851 Fax 027785240 Cap. Soc. Euro 6.812.000,00 i.v., C.F. e P.IVA e Reg. Imp. Milano 12979880155 Iscritta al n° 119644 del Registro dei Revisori Legali - Altri Uffici: **Ancona** 60131 Via Sandro Totti 1 Tel. 0712132311 - **Bari** 70124 Via Don Luigi Guanella 17 Tel. 0805640211 - **Bologna** 40126 Via Angelo Finelli 8 Tel. 0516186211 - **Brescia** 25123 Via Borgo Pietro Wuhrer 23 Tel. 0303697501 - **Catania** 95129 Corso Italia 302 Tel. 0957532311 - **Firenze** 50121 Viale Gramsci 15 Tel. 0552482811 - **Genova** 16121 Piazza Dante 7 Tel. 01029041 - **Napoli** 80121 Piazza dei Martiri 58 Tel. 08136181 - **Padova** 35138 Via Vicenza 4 Tel. 049873481 - **Palermo** 90141 Via Marchese Ugo 60 Tel. 091349737 - **Parma** 43100 Viale Tanara 20/A Tel. 0521275911 - **Roma** 00154 Largo Fochetti 29 Tel. 06570251 - **Torino** 10122 Corso Palestro 10 Tel. 011556771 - **Trento** 38122 Via Grazioli 73 Tel. 0461237004 - **Treviso** 31100 Viale Felissent 90 Tel. 0422696911 - **Trieste** 34125 Via Cesare Battisti 18 Tel. 0403480781 - **Udine** 33100 Via Poscolle 43 Tel. 043225789 - **Verona** 37135 Via Francia 21/C Tel. 0458263001

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- 4 We draw your attention to the information provided:
- by the directors in the paragraph “Effects of extinguishing debt subject to the composition with creditors procedure” of the explanatory notes and repeated in the report on operations, in relation to the accounting effects of the approval by the Court of Torino of the composition with creditors procedures of SEAT Pagine Gialle SpA and SEAT Pagine Gialle Italia SpA;
 - at paragraph “Presentation of accounting data” of the explanatory notes, with reference to the non-comparability of the 2014 operating and financial data with those of the prior year, due to the merger of SEAT Pagine Gialle Italia SpA in SEAT Pagine Gialle SpA, effective from 1 November 2014, but with retrospective accounting and tax effects as of 1 January 2014.
- 5 The directors of SEAT Pagine Gialle SpA are responsible for the preparation of the report on operations and of the report on corporate governance and ownership structure published in section “Governance” of the website of SEAT Pagine Gialle SpA, in compliance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the report on operations and of the information referred to in paragraph 1, letters c), d), f), l), m), and paragraph 2, letter b), of article 123-bis of Legislative Decree n° 58/98 presented in the report on corporate governance and ownership structure, with the financial statements, as required by law. For this purpose, we have performed the procedures required under Italian Auditing Standard n° 001 issued by the Italian Accounting Profession (Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili) and recommended by Consob. In our opinion, the report on operations and the information referred to in paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b), of article 123-bis of Legislative Decree n° 58/98 presented in the report on corporate governance and ownership structure are consistent with the separate financial statements of SEAT Pagine Gialle SpA as of 31 December 2014.

Turin, 2 April 2015

PricewaterhouseCoopers SpA

Signed by

Piero De Lorenzi
(Partner)

This report has been translated from the original which was issued in accordance with Italian legislation. We have not examined the translation of the separate financial statements referred to in this report.

" il Giallo è dinamicità "



Pictured above extracted from the last spot of SEAT PG

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Other information





Proposed resolutions \

"Dear Shareholders,

The Company's Board of Directors has convened this ordinary shareholders' meeting to propose that you approve the Seat Pagine Gialle S.p.A. Financial Statements as at December 31, 2014, from which - even in execution of the already approved by the Extraordinary General Meeting of March 4, 2014 - that the equity is as follows:

- share capital of € 20,000,000;
- share premium amounting to € 117,155,297.07;
- legal reserve amounting to € 4,000,000.00;
- deficit arising from the merger with Seat Pagine Gialle S.p.A. Italy amounting to € 1,340,610,506.94;
- loss carryforwards amounting to € 12,203,233.78 as at the date of execution of the capital and other reserves of € 2,375,409.25;
- positive result for the year amounted to € 1,390,295,399.26, reflecting the write-off of debts of the company resulting in the approval of the proposed arrangement.

In consideration of the above, we hereby submit the following recommendation for resolution for your approval:

"The Seat Pagine Gialle S.p.A. shareholders' meeting has

- a) examined the Company's financial statements closed as at December 31, 2014;*
- b) having regard for the report on operations annexed to the financial statements;*
- c) having acknowledged the reports from the Board of Statutory Auditors and the independent auditors PricewaterhouseCoopers S.p.A.;*
- d) having taken into account (i) what is contained in the proposals of composition with creditors procedure of the Company and Seat Pagine Italia S.p.A. and the extraordinary transactions through which to implement the proposals themselves, (ii) the resolution, therefore, in the course of the extraordinary shareholders' meeting of March 4, 2014, and (iii) the*

provision of counterpart of the Turin Court of September 26, 2014 and filed on October 3, 2014 and noted that the positive result for the year is the result of operations and resolutions referred to in those points (i) and (ii) and;

- e) having considered that the company has carried out, in favor of creditors, payments and transfers of equity provided by the proposals.*

resolves

- to approve the Seat Pagine Gialle S.p.A. Report on operations by the Board of Directors and financial statements, which shows a profit of € 1,390,295,399.26;
 - in accordance with and pursuant what had already been approved by the Extraordinary General Meeting of March 4, 2014, which provided, among other things, "...4. to allocate the difference between the total nominal amount, including interest, subject to write-off of debts and the nominal amount of the capital increase referred to in paragraph 3 of this resolution as follows: (i) to cover residual losses accrued and accruing on the date of execution of the capital increase, together with the deficit resulting from the merger of Seat Pagine Gialle S.p.A. Italy in the Company (as approved today by the respective Boards of Directors); (ii) the establishment of the legal reserve of € 4,000,000.00 (four million / 00), equal to a fifth of the capital; (iii) to free reserves, the remaining portion of the aforementioned difference after accounting than under (i) and (ii)..."
- the act of giving (and approve) allocation of the result as follows:
- € 12,203,233.78 to cover losses accrued and € 1,340,610,506.94 to cover the deficit resulting from the merger of Seat Pagine Gialle S.p.A. Italy Seat Pagine Gialle S.p.A. .
 - available reserve the remaining € 37,481,658.54 ".

Shareholders' Meeting Resolutions

The Ordinary Shareholders' Meeting of SEAT Pagine Gialle S.p.A. was held in a single session at Corso Mortara 22, Turin, the Company's registered office, on April 23, 2014.

The Meeting resolved:

- to approve the SEAT Pagine Gialle S.p.A. Report on operations by the Board of Directors and financial statements, which show a profit of € 1,390,295,399.26;
- in compliance with and in implementation of the extraordinary shareholders' meeting resolution of March 4, 2014, to acknowledge (and approve) the allocation of the profit as follows: € 12,203,233.78 to cover accrued losses, € 1,340,610,506.94 to cover the deficit arising from the merger of SEAT Pagine Gialle Italia S.p.A. into SEAT Pagine Gialle S.p.A. and € 37,481,658.54 to available reserves;
- to set at 7 the number of members of the Board of Directors, establishing their term of office up to the approval of the financial statements for the year ended December 31, 2016, to set at € 75,000 the annual compensation for each director - in addition to € 5,000 for each day of board activities exceeding the annual threshold of 18 days - and to authorize a civil liability insurance policy for the directors, with a maximum annual premium of € 350,000;
- to appoint Vincenzo Santelia, Maria Elena Cappello, Michaela Castelli, Mauro Del Rio, David Eckert, Francesca Fiore and Corrado Sciolla to the office of Director, and to appoint Vincenzo Santelia as Chairman of the Board of Directors. The appointed directors were all drawn from the single list submitted for the Shareholders' Meeting. That list was submitted through GoldenTree Asset Management LP, in its capacity as asset manager, by shareholders The San Bernardino County Employees' Retirement Association, GT NM LP, GoldenTree SG Partners LP and Goldentree Asset Management Lux S.à.r.l., and was approved by majority vote;
- to appoint Maurizio Gili, Ada Garzino Demo and Guido Nori as Standing Auditors, Massimo Parodi and Roberta Battistin as Alternate Auditors, and Maurizio Gili as Chairman of the Board of Statutory Auditors, until the approval of the financial statements as at December 31, 2017, establishing at € 90,000 the annual compensation owing to the Chairman of the Board of Statutory Auditors and at € 60,000 the annual compensation owing to each Standing Auditor. The Board of Statutory Auditors was appointed based on the single list submitted for the Shareholders' Meeting. That list was submitted through GoldenTree Asset Management LP, in its capacity as asset manager, by shareholders The San Bernardino County Employees' Retirement Association, GT NM LP, GoldenTree SG Partners LP and Goldentree Asset Management Lux S.à.r.l., and was approved by majority vote;
- to adjust the fees due to the independent auditors PricewaterhouseCoopers S.p.A. for the financial years from 2015 to 2020;
- to approve Section I of the Remuneration Report pursuant to Article 123-ter of Legislative Decree 58 of February 24, 1998.



To contact Seat Pagine Gialle S.p.A.

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**A copy of official documents available
on the website**

www.seat.it

**Official documents may be
requested to**

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