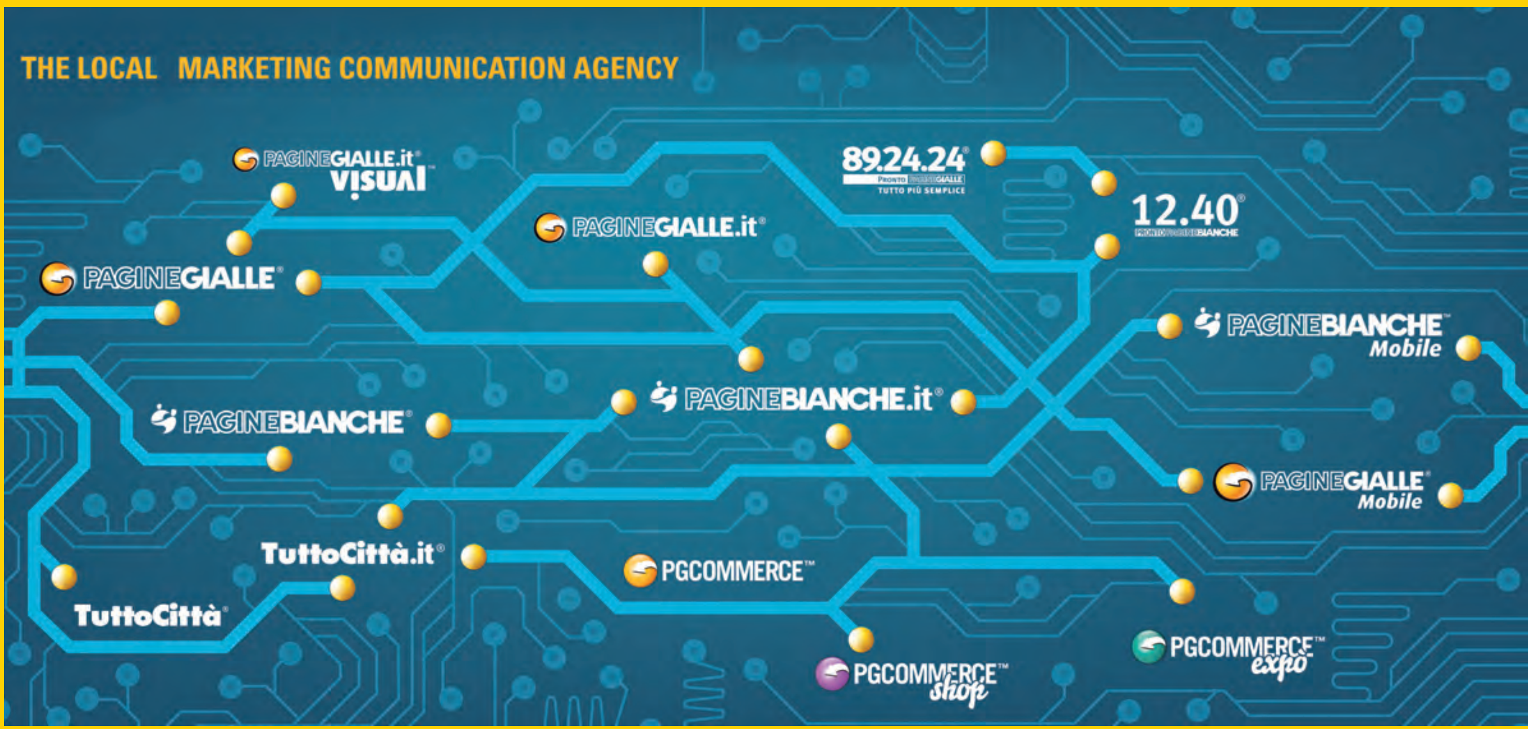

First Half Report as at June 30, 2011

First Half Report as at June 30, 2011

Registered office: Via Grosio, 10/4 - 20151 Milan (Italy)
Secondary office: Corso Mortara, 22 - 10149 Turin (Italy)
Fully paid-up share capital: € 450,265,793.58
Tax Code and VAT Code: 03970540963
Milan Register of Companies No. 03970540963

SeatPG. Network of relations, driver of development.

Multiplying opportunities for companies starting with their relations. This is what SeatPG has been doing for 85 years. A leader in local marketing communication services, it creates networks of qualified contacts and gets business started for Italian companies.

The SEAT Pagine Gialle group is a major multimedia platform that provides detailed information and sophisticated search tools to tens of millions of users and offers its advertisers a wide range of multiplatform advertising methods (print-online&mobile-voice). The Group specializes in highly innovative online products, print directories and directory assistance services, as well as providing a large selection of complementary advertising services.

EDIZIONE SPECIALE 1861 - 2011 150 anni

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Reggio Emilia e provincia 2011

Lavoro

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Highlights and general information

Company Boards

(information correct as at 29 August 2011)

Board of Directors	Chairman	Enrico Giliberti
	Chief Executive Officer and General Manager (*)	Alberto Cappellini
	Directors	Lino Benassi (I) Dario Cossutta Maurizio Dallocchio (I) Alberto Giussani (I) Luigi Lanari Pietro Masera Antonio Tazartes Marco Tugnolo Nicola Volpi
	Secretary to the Board of Directors	Marco Beatrice
Remuneration Committee	Chairman	Lino Benassi Dario Cossutta Luigi Lanari
Internal Audit Committee	Chairman	Alberto Giussani Maurizio Dallocchio Marco Tugnolo
Board of Statutory Auditors	Chairman	Enrico Cervellera
	Acting Auditors	Vincenzo Ciruzzi Andrea Vasapolli
	Alternate Auditors	Guido Costa Guido Vasapolli
Common representative of savings shareholders		Stella D'Atri
Manager responsible for preparation of the financial statements		Massimo Cristofori
Independent Auditors		Reconta Ernst & Young S.p.A.

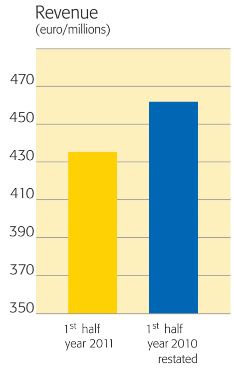
(*) The Board of Directors met on 10 May 2011 and appointed the Chief Executive Officer, Alberto Cappellini, as General Manager of the Company.

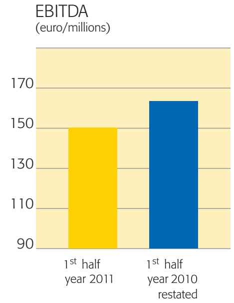
(I) Meets the requirements set forth in article 148, paragraph 3 of Legislative Decree no. 58/98 and in the Corporate Governance Code for Listed Companies in order to qualify as independent.

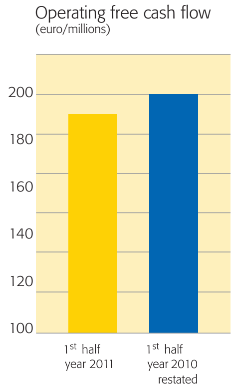
Economic and financial highlights of the Group

The economic and financial results of the SEAT Pagine Gialle Group for the first half of 2011, the first half of 2010 *restated* and the year 2010 *restated* have been prepared in accordance with the international accounting standards issued by the International Accounting Standards Board and approved by the European Union (IFRS).
For more information about the methods for the *restated* accounts, refer to the introduction of the Report on Operations.

- Consolidated REVENUES at € 433.2 million, a reduction of 6.3% compared with the first half of 2010 *restated*. On a same-publication basis and at constant euro/sterling exchange rates, revenue fell by € 22.8 million (-5%).
- Consolidated EBITDA at € 150.2 million (-8.2% compared with the first half of 2010 restated), with an operating margin of 34.7%, was essentially stable compared with the first half of 2010 *restated* (35.4%).
- OPERATING FREE CASH FLOW at € 188.4 million, € 11.2 million less than that generated during the first half of 2010 *restated*, which were affected by increased industrial investments as a result of the internet offering.
- NET FINANCIAL DEBT as at June 30, 2011 at € 2,682.5 million showed an improvement of € 48.5 million compared with December 31, 2010.







(euro/million)	1st half year 2011	1st half year 2010 restated	Year 2010 restated
Economic and financial data			
Revenues from sales and services	433.2	462.4	1,034.4
GOP (*)	175.0	181.2	456.2
EBITDA (*)	150.2	163.6	416.5
EBIT (*)	92.9	120.4	(374.8)
Pre-tax profit (loss)	(36.6)	1.5	(628.8)
Profit (loss) on continuing operations	(32.1)	(6.6)	(716.7)
Profit (loss) pertaining to the Group	(32.6)	(8.4)	(718.1)
FCF (*)	188.4	199.6	414.6
Capital expenditure	20.5	16.0	40.3
Net invested capital (*)	2,840.5	3,619.4	2,912.6
of which goodwill and customer database	*2,630.5*	*3,337.8*	*2,651.3*
of which net operating working capital (*)	*87.7*	*149.9*	*158.3*
Equity of the Group	192.3	911.9	213.6
Net financial debt (*)	2,682.5	2,735.0	2,731.0
Economic and financial ratios			
EBITDA/Revenues	34.7%	35.4%	40.3%
EBIT/Revenues	21.4%	26.0%	(36.2%)
EBIT/Net invested capital	3.3%	3.3%	(12.9%)
Profit (loss) for the period/Equity of the Group	(17.0%)	(0.9%)	(336.2%)
FCF/Revenues	43.5%	43.2%	40.1%
Operating working capital/Revenue	20.2%	32.4%	15.3%
Workforce			
Workforce at the end of the period (units)	4,684	5,126	4,810
Average workforce for the period	3,912	4,723	4,493
Revenues/Average workforce	111	98	230

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

Non-GAAP measures

In addition to the conventional IFRS indicators, this first half report as at June 30, 2011 includes some non-GAAP measures with a view to providing a better assessment of the Group's economic and financial performance.

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 economic and financial performance 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 Group 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, valuation adjustments and provisions to reserves for risks and charges.
- EBITDA (operating result before amortization, depreciation and other non-recurring and restructuring costs, net) refers to EBIT (operating result) before non-recurring and restructuring costs, net, and operating amortization, depreciation and write-down (relating to intangible assets with a finite useful life and tangible assets) and non-operating amortization and write-down (relating to goodwill and customer databases).
- 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 (Book Value) is the sum of cash and cash equivalents and current and non-current financial assets and liabilities.
- Net Financial Debt refers to net financial debt (book value) gross of net adjustments relating to cash flow hedge instruments and transaction costs on loans and securitizations not yet amortized.
- FCF (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

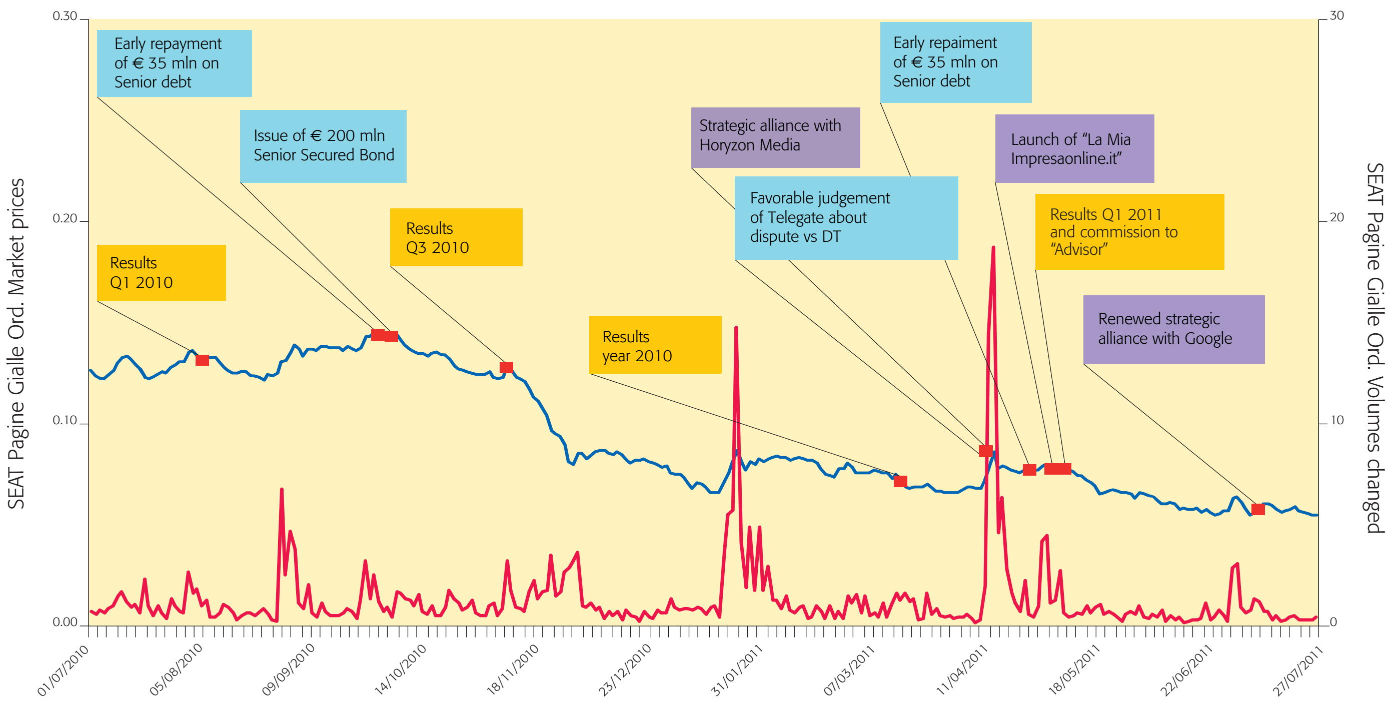
		At 06.30.2011	At 06.30.2010 restated	At 12.31.2010 restated
Share capital	euro	450,265,793.58	450,265,793.58	450,265,793.58
Number of ordinary shares	No.	1,927,027,333	1,927,027,333	1,927,027,333
Number of savings shares	No.	680,373	680,373	680,373
Market capitalisation (based on average market price)	euro/mln	122	261	170
SEAT Pagine Gialle S.p.A. share weighting (SPG ordinary shares) - Ftse Italia All Share (ex Mibtel)		0.019%	0.048%	0.027%
Equity par share	euro	0.100	0.473	0.111
Profit (loss) par share	euro	(0.017)	(0.004)	(0.373)

Ratings for SEAT Pagine Gialle S.p.A.
(Information correct as at August, 29, 2011)

Rating agency	Corporate	Outlook
S&P's	CCC+	Negative
Moody's	Caa3	Negative

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

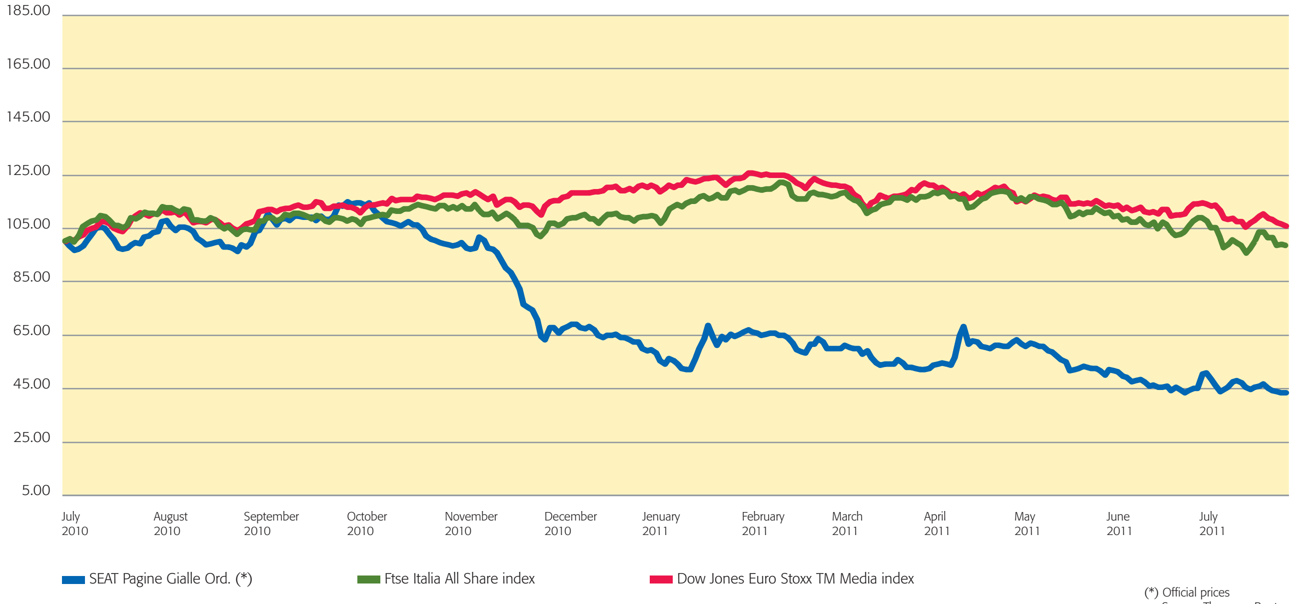
On June 30, 2011, shares in SEAT Pagine Gialle closed at € 0.06, down 26.8% compared with the price of € 0.08 recorded on December 31, 2010.
The negative performance of the shares was influenced by the structure of the Company's enterprise value, which consists predominantly of debt. Slight decreases in the enterprise value (with the debt calculated at the nominal value and not at the market value) of the Company were translated into increasingly significant reductions in its market value, represented by stock exchange listings. From the end of December 2010 to the end of June 2011, the enterprise value expressed by the value of SEAT Pagine Gialle fell by 1.7%.
The performance of other companies in the industry was also negative in terms of both enterprise value (Yellow Media Canada -38.3%, Eniro -32.5%, Yell -12.5% and Pages Jaunes -7.8%) and stock exchange value for the period (Yellow Media Canada -1.3%, Yell -60.3%, Eniro -18.9% and Pages Jaunes -8.8%).



(*) Market prices
Source: Thomson Reuters

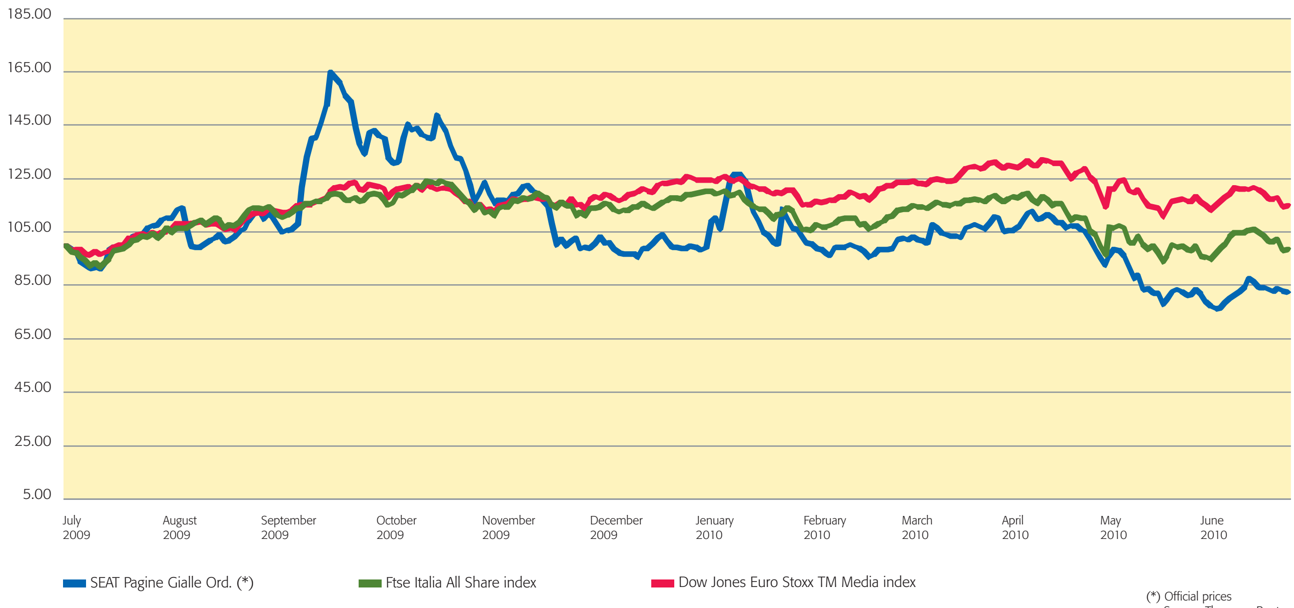
Performance of SEAT Pagine Gialle S.p.A. shares in the first half of 2011 vs. FTSE Italia All-Share Index and Dow Jones Euro Stoxx Media Index

(Information updated at the end of July 2011)



(*) Official prices
Source: Thomson Reuters

Performance of SEAT Pagine Gialle S.p.A. shares in the first half of 2010 vs. FTSE Italia All-Share Index and Dow Jones Euro Stoxx Media Index



(*) Official prices
Source: Thomson Reuters

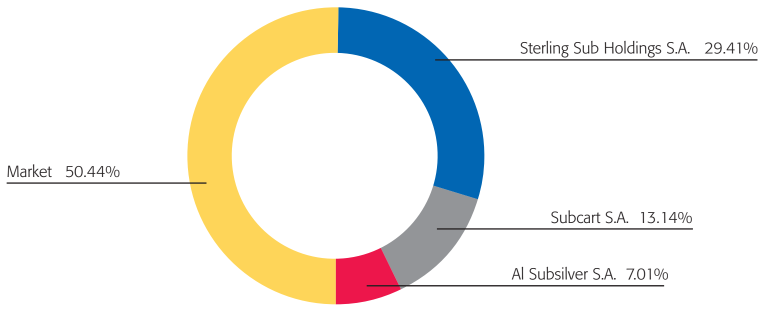
Shareholders

The table below lists the ordinary shareholders of SEAT Pagine Gialle S.p.A. which hold more than 2% of the Company's share capital as at June 30, 2011.

Shareholders as at June 30, 2011	Ordinary shares held	% ordinary share capital
Sterling Sub Holdings S.A.	566,683,788 (*)	29.41
Subcart S.A.	253,219,895 (*)	13.14
AI Subsilver S.A.	135,113,995 (*)	7.01

(*) On October 8, 2010, the Company was party to the drawing up of a deed of pledge which the Shareholders listed in the table (the "Leading Shareholders") created over the shares held by each of them which were already the object of a pledge pursuant to the Deed of Pledge drawn up on April 22, 2004 (as subsequently confirmed and extended) and pursuant to the deed of pledge drawn up on January 28, 2010 (which covers all the obligations of the Company arising from the bond drawn up on the same date and named "€ 550,000,000 10 1/2 Senior Secured Notes Due 2017"). The pledge created on October 8, 2010, which is subordinate to the pledges created pursuant to the aforementioned deeds of pledge, guarantees that the Company will fulfil all its obligations in connection with the issue, on the same date, of the bond named "€ 200,000,000 10.5% Senior Secured Notes Due 2017".

SEAT Pagine Gialle S.p.A. shareholder structure as at June 30, 2011



Organizational structure of the Group

Italian directories	UK Directories	Directory Assistance	Other activities
SEAT Pagine Gialle S.p.A.	TDL Infomedia Ltd. 100%	Telegate AG a) 77.37%	Consodata S.p.A. 100%
	Thomson Directories Ltd. 100%	11811 Nueva Información Telefónica S.A.U. 100%	Cipi S.p.A. 100%
		Telegate Media AG 100%	
		Pagine Gialle Phone Service S.r.l. 100%	Europages S.A. 93.562%
		Prontoseat S.r.l. 100%	

Legenda

a) 16.24% directly owned and 61.13% owned through Telegate Holding GmbH.

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Report on Operations

Contents

Economic and financial performance of the Group

Introduction

Changes in accounting policies

It should be noted that starting with the Interim condensed financial statements, the SEAT Group modified the accounting policies it uses for determining the revenues and costs from the provision of online and voice services.
Given the changes that have affected the composition of SEAT's commercial products and the economic content of the services it renders, the Company believes that all revenue derived from online and voice products and services (including those related to traditional products) rendered over a defined contractual period (usually 12-months), should be recognized on a contractual length basis (i.e., at the end of the contractual period) since such revenue relates to products and services rendered throughout the contractual term. This recognition principle is consistent with IAS 18, paragraph 13, which provides that such criteria for recognition applies to two or more transactions, together, when they are linked, so that the commercial effect cannot be understood without reference to the complete set of transactions.
The change also applies to the recognition of costs directly related to the rendering of the aforementioned services (the main portion of which consists of commissions accrued by the sales force) which will be accounted for in the statement of operations at the same time as the revenue to which they relate is accounted for.
The new accounting policies will result in a "better" accounting representation than the one that would result by applying the previous recognition criteria because it provides a better view of the changed economic content of the services rendered and of the continuing activities occurring throughout the contractual period of online and voice products and services. This change is therefore considered as a change in accounting policies within the meaning of IAS 8.14 (b).
In line with the requirements of IAS 8.19 (b), the Company has completed the retrospective restatement, as it is in possession of the information that has become available following the recent changes made to the IT systems, which make it possible to estimate the economic and financial effects that the new policies would have had, if they had been adopted during the financial years prior to 2011, with a reasonable degree of accuracy. The figures for the statements of operations, the statements of financial position and the statements of cash flows for the periods ending in March 2010, June 2010, December 2010 and March 2011 have therefore been restated, with the detailed economic and financial impacts.

Statement of financial position as at June, 30 2011

The restatement of the economic and financial effects as a result of the retrospective application of the change in accounting policies essentially consists of deferring the revenues (and related costs) previously all accounted for at the time of the activation of the services usually for a period of 12 months starting from the activation. The total revenues (net of costs) that are the subject of the restatement showed a strong increasing trend from 2010, therefore the impact, net of adjustment, led to a decrease in the economic results (because they were deferred in the future) and as a result a corresponding reduction in the Group's Equity, which stood at € 192.3 million as at June 30, 2011.
It should be noted that for these reasons the Parent Company's Equity was also reduced to € 201.5 million; this result places the Company in the situation set out in article 2446 of the Italian Civil Code as the net accumulated losses amount to more than one third of the share capital. On the basis of what is described above the Board of Directors, which approved this Report, has also made provision to adopt the appropriate measures in compliance with article 2446 of the Italian Civil Code.

Reclassified consolidated statements of operations for the first half of 2011

Revenues from sales and services in the first half of 2011 came to € 433,245 thousand, a fall of 6.3% compared with the first half of 2010 *restated* (€ 462,395 thousand). On a same publication basis and at constant euro/sterling exchange rates, revenue fell by € 22,842 thousand (-5%).

Before eliminations between the Group's different Business Areas, revenues from sales and services comprise the following components:

- revenues from the Italian directories Business Area (*SEAT Pagine Gialle S.p.A.*) reached €335,449 in the first half of 2011, a fall of 2.6% compared with the first half of 2010 *restated*. Core products (print-voice & mobile-phone) closed the half year with revenues failing by 1.5% compared with the same period in the previous financial year with a continued decrease in print revenues (-48.3%) more than offset by a significant organic growth of 32.7% for revenues from the traditional advertising offering and those coming from online marketing services. The growth in these two segments, together with the separate accounting of the online component of PAGINEGIALLE® revenues, which was traditionally accounted for under the revenues from print products, has allowed the process of developing the revenue mix in favor of online products, which represented around 57% of total revenues in the half year, to be accelerated. As in the previous quarters, the overall drop in revenue growth was caused by a fall in revenues from voice traffic generated by the 89.24.24 Pronto PAGINEGIALLE® and 12.40 Pronto PAGINEBIANCHE® services and some non-core products (particularly direct marketing and promotional products), which were affected, amongst other things, by the sales network's greater focus on core products, particularly online activities;

- revenues from Directories UK (TDL Infomedia group) totaled € 26,027 thousand for the first half of 2011, down € 13,149 thousand compared to the first half of 2010 *restated*. The revenue trend reflected the particularly difficult market situation for directories in the United Kingdom, which had serious repercussions on all media operators present; in addition, the performance of revenues for the first half was adversely affected by a different publication schedule, which saw the publication of 53 directories in the first months of the year, compared with 73 directories published in the first six months of the previous year. On a same-publication basis and exchange rates between the euro and sterling, revenues in the first half of 2011 fell by 21%;

- revenues in the Directory Assistance Business Area (Telegate Group, Pagine Gialle Phone Service and Prontoseat) were € 61,013 thousand in the first half of 2011, a decrease of around 17% compared with the first half of 2010 *restated* (€ 73,484 thousand).
  This fall is partly attributable to the reduction in revenues from the Pagine Gialle Phone Service following the sale in May 2010 of business units designated to carry out call center activities for the Livorno and Turin offices to People Care S.r.l. and Voice Care S.r.l., which belong to the Contacta Group, with the resulting movement of the related workforce.

The fall is also attributable to the Telegate Group, which in the first half of 2011 posted revenues of € 55,889 thousand (-8.8% compared with the first half of 2010 *restated*). Revenues from Germany totaled € 51,236 thousand, a fall of 7.9% compared to the first half of 2010 *restated*, due to the structural difficulties of the directory assistance market, with a steady decline in call volumes, which was only partially offset by the growth in online revenue (+€ 3.3 million). Prontoseat S.r.l. recorded revenues of € 4,778 thousand in the first half of 2011, down 12.7% compared to the first half of 2010, due to a fall in inbound revenue (-45.4%), which was only partially offset by the growth in revenues from outbound traffic (47.9%);

- revenues from other activities (Europages, Consodata and Cipi) totaled € 20,683 thousand in the first half of 2011, down around 17% compared to the first half of 2010 *restated* (€ 24,947 thousand), mainly due to a fall in revenues from Europages and Consodata.

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 € 167,554 thousand for the first half of 2011, down € 7,578 thousand compared to the first half of 2010 *restated* (€ 175,132 thousand). In more detail, costs for materials and external services for the period were as follows:

- *industrial costs*: these totaled € 51,615 thousand, down by € 4,335 thousand compared to the first half of 2010 *restated*, mainly due to lower revenue volume. The fall in print revenues led to a drop in the number of pages printed and volumes distributed, mainly for SEAT Pagine Gialle S.p.A., which resulted in a decline in paper consumption (down by € 3,837 thousand), production costs (down by € 4,374 thousand), and distribution and storage costs (down by € 2,123 thousand). Meanwhile, data transmission costs increased (up by € 2,331 thousand) due to the creation of online service.

- *commercial costs*: these totaled € 70,774 thousand in the first half of 2011, against € 72,115 thousand in the first half of 2010 *restated*. The reduction is attributable to costs for commission and other sales costs, which fell by € 2,606 thousand compared with the first half of 2010 *restated*, and lower advertising costs (a fall of € 2,207 thousand compared with the first half of 2010). The increase of € 2,252 thousand in costs of commission to editors under the scope of the management of new internet offerings aimed at increasing web traffic increased;

- *overhead*: these totaled € 46,022 thousand for the first half of 2011, down by € 1,986 thousand compared to € 48,008 thousand in the first half of 2010 *restated* thanks to the cost-cutting measures implemented.

Salaries, wages and employee benefits, net of recovered costs, totaled € 90,668 thousand for the first half of 2011, down by € 15,410 thousand compared to € 106,078 thousand in the first half of 2010 *restated*. SEAT Pagine Gialle S.p.A., the group's Parent Company, was largely responsible for this change, seeing its salaries, wages and employee benefits fall by € 7,033 thousand after reducing its average workforce from 1,219 employees in the first half of 2010 to 1,027 in the first half of 2011.

The Group's workforce, including directors, project workers and trainees, consisted of 4,684 employees as at June 30, 2011 (against 4,810 employees as at December 31, 2010). The average workforce in the first half of 2011 was 3,912 employees (4,723 employees in the first half of 2010).

Gross operating profit (GOP), at € 175,023 thousand in the first half of 2011, was down by € 6,162 thousand compared to the first half of 2010 *restated* (€ 181,185 thousand). The operating margin for the first half of 2011 was 40.4%, against 39.2% in the first half of 2010 *restated*.

Valuation adjustments and provisions to reserves for risks and charges, net totaled € 22,792 thousand in the first half of 2011, of which € 15,177 thousand related to the allowance for provision for doubtful trade receivables, which, in spite of the decrease of € 2,067 thousand compared with the first half of 2010 *restated*, enabled the Group to maintain its coverage of overdue receivables (approximately 42% for the Parent Company). The item also includes provisions to reserves for operating risks and charges, net, negative for € 7,615 thousand in the first half of 2011 and negative for € 88 thousand in the first half of 2010 *restated*, which, in the first half of 2010, benefited from the reversal of a provision of € 4,500 thousand due to the expiration of contractual risks with telephone operators in relation to mobile network call origination charges.

Other operating income and expenses, net was negative for € 2,027 thousand in the first half of 2011 (negative for € 421 thousand in the first half of 2010 *restated*).

Operating result before amortization, depreciation and non-recurring and restructuring costs, net (EBITDA), which was € 150,204 thousand in the first half of 2011, fell by 8.2% compared to € 163,608 thousand in the first half of 2010 *restated*, with an operating margin of 34.7%, more or less stable compared to 35.4% in the first half of 2010 *restated*.

Operating amortization, depreciation and write-down, at € 29,967 thousand in the first half of 2011, fell by € 2,597 thousand compared with € 32,564 thousand for the first half of 2010. Of this figure, € 24,066 thousand related to intangible assets with a finite useful life (€ 24,798 thousand in the first half of 2010), and € 5,901 thousand to property, plant and equipment (€ 7,766 thousand in the first half of 2010).

Non-operating amortization, depreciation and write-down totaled € 18,980 thousand in the first half of 2011(€ 1,565 thousand in the first half of 2010). Following evaluations in the first half of 2011, impairment tests resulted in the recording of write-downs on the goodwill of the TDL Group (€ 16,364 thousand) and Telegate Holding GmbH (€ 1,329 thousand).

Non-recurring and restructuring costs, **net** totaled € 8,364 thousand in the first half of 2011 (€ 9,089 thousand in the first half of 2010). They include i) non-recurring costs, net, of € 7,023 thousand in the first half of 2011 (€ 6,080 thousand in the first half of 2010), of which € 6,844 thousand relates to the Parent Company mainly for consultancy on activities aimed at identifying and implementing financial options for the long-term stabilization of the financial structure by renegotiating the existing debt and ii) restructuring costs, net, of € 1,341 thousand in the first half of 2011 (€ 3,009 thousand in the first half of 2010), mainly relating to the provision of € 670 thousand for the restructuring reserve for Telegate and the restructuring costs of € 549 thousand incurred by Thomson.

Operating result (EBIT) was € 92,893 thousand in the first half of 2011(€ 120,390 thousand in the first half of 2010 *restated*). The operating margin was 21.4%, compared to 26.0% in the first half of 2010 *restated*. The operating result, in addition to reflecting the negative business performance already illustrated by the GOP and EBITDA, also reflects the effects of the write-downs in goodwill described above.

Interest expense, net, totaled € 129,515 thousand (€ 118,843 thousand in the first half of 2010). This figure represents the difference between interest expense, at € 139,120 thousand (against € 127,332 thousand in the first half of 2010) and interest income, at € 9,605 thousand (€ 8,489 thousand in the first half of 2010). The net balance rose by € 10,672 (+9.0%) compared with the first half of 2010, mainly due to the effect of the higher interest paid on the Senior Secured Bond issued at the end of January 2010 and October 2010, which was only partly offset by the lower interest on the Senior debt.

Interest expense in the first half of 2011 included, more specifically:
- € 55,132 thousand in interest expense on the fixed rate subordinated loan with associate company Lighthouse International Company S.A., in line with the amount recorded in the first half of 2010. This amount includes € 3,007 thousand in relation to the amortization of transaction costs for the period;
- € 24,865 thousand of interest expense, net, against € 32,763 thousand in the first half of 2010, on the Senior Credit Agreement between SEAT Pagine Gialle S.p.A. and The Royal Bank of Scotland Plc Milan branch (hereinafter known as The Royal Bank of Scotland). This amount includes € 4,037 thousand relating to transaction costs for the period, and € 5,268 thousand relating to the negative impact of cash flow hedge instruments against interest rate risk;

- € 41,866 thousand of interest expense on Senior Secured Bonds (compared with € 25,473 thousand in the first half of 2010). This amount includes € 952 thousand relating to transaction costs for the period and € 1,538 thousand for the share of the issue discount;
- € 1,214 thousand of interest expense (against € 2,681 thousand in the first half of 2010) on Asset Backed Securities issued in June 2006 by the special purpose entity, Seat Servizi per le Aziende S.r.l. (formerly Meliadi Finance S.r.l.), as part of a securitization program;
- € 1,161 thousand of interest expense (against € 1,142 thousand in the first half of 2010) on debts due to Leasint S.p.A. in relation to seven financial leasing contracts raised for the purchase of the Turin property complex in Corso Mortara, where SEAT Pagine Gialle S.p.A. has its offices;
- € 4,941 thousand of other interest expense, against € 5,592 thousand in the first half of 2010, including € 2,254 thousand of interest expense from discounting non-current assets and liabilities (against € 2,679 thousand in the first half of 2010);
- € 9,941 thousand of foreign exchange losses (against € 4,805 thousand in the first half of 2010) recorded as a result of hedging transactions against euro/sterling exchange rate risk, which were partly offset by the foreign exchange gains of € 7,853 thousand recorded under interest income.

Interest income in the first half of 2011 mainly included:
- € 1,106 thousand of interest income (€ 825 thousand in the first half of 2010) from non-current assets, particularly assets used to finance the TDL Infomedia group's pension fund;
- € 530 thousand of interest income (€ 546 thousand in the first half of 2010) from the investment of short-term liquidity in the banking system at market rates, mainly Euribor rates;
- € 7,853 thousand of foreign exchange gains (€ 7,044 thousand in the first half of 2010) mainly recorded as a result of the hedging policy adopted against euro/sterling exchange rate risk.

In the first half of 2011 the average total cost of the financial debt of SEAT Pagine Gialle S.p.A. was 8.34% (against 7.25% in the first half of 2010). This change was due to the difference in the structure of the debt following the issue of the new € 750,000 thousand 10.5% fixed-rate Senior Secured Bond for the repayment of the Senior bank loan at considerably lower rates.

Income taxes for the period were positive for € 4,500 thousand in the first half of 2011 (negative for € 8,196 thousand in the first half of 2010 *restated*). In accordance with the provisions of IAS 34, income taxes for the period were calculated by applying the average rates expected for the 2011 financial year to the gross pre-tax profit.

Profit (loss) on continuing operations presented a loss of € 32,122 thousand, against a loss of € 6,649 thousand in the first half of 2010 *restated*.

Profit (loss) for the period of Non-controlling interests totaled a profit of € 462 thousand, against a profit of € 1,573 thousand in the first half of 2010 *restated*, mainly related to non-controlling interests of the Telegate group.

Profit (loss) for the period pertaining to the Group totaled a loss of € 32,584 thousand, against a loss of € 8,384 thousand in the first half of 2010 *restated*.

Reclassified consolidated statement of financial position as at 30 June 2011

Introduction

For its facilities agreement with The Royal Bank of Scotland, the indenture with Lighthouse International Company S.A. and the January 2010 bond issued, SEAT Pagine Gialle S.p.A. provided the usual security, the most significant being:
- pledge over its main trademarks;
- pledge over shares in the main subsidiaries.

The securities were given in favor of The Royal Bank of Scotland, Lighthouse International Company S.A., the holders of the bond issued by Lighthouse International Company S.A. and subscribers of the bond issued directly by the company in January 2010 (as well as all other creditors secured within the context of the aforementioned transactions).
There is also a special lien in favor of The Royal Bank of Scotland on fixed assets of SEAT Pagine Gialle S.p.A. with a net book value greater than or equal to € 25 thousand pursuant to the Senior facilities agreement.

Net invested capital

Net invested capital, at € 2,840,647 thousand as at June 30, 2011, fell by € 72,176 thousand compared with December 31, 2010 *restated*. The item consists of the following components:

- **goodwill and customer databases**, which totaled € 2,630,505 thousand as at June 30, 2011 (€ 2,651,255 thousand as at December 31, 2010), of which € 2,617,734 thousand related to goodwill and € 12,771 thousand related to customer databases, recorded under the Group's assets when acquisitions were carried out. This item fell by € 20,750 thousand, mainly as a result of write-downs recorded following impairment tests conducted on the goodwill of the TDL group (€ 16,364 thousand) and Telegate Holding GmbH (€ 1,329 thousand).

- **other non-current assets** totaled € 204,889 thousand as at June 30, 2011, down by € 37,129 thousand compared to December 31, 2010 *restated* (€ 242,018 thousand). These assets include:

  - capital assets and equipment, which totaled € 155,748 thousand as at June 30, 2011, down by € 10,096 thousand compared to December 31, 2010 (€ 165,844 thousand). This change reflects capital expenditure worth € 20,539 thousand, which was more than offset by operating amortization, depreciation and write-down totaling € 29,967 thousand.

    Capital expenditure covered the following business areas:
    - € 14,613 thousand was spent on SEAT Pagine Gialle S.p.A. (€ 12,080 thousand in the first half of 2010) on: *i*) software aimed at increasing product innovation in order to offer a service that responded better to customer requirements, with applications such as "Pagine Gialle e-book" and "PagineBianche e-book" and with the "App4site" product linked to the possibility of purchasing a series of modules that can be integrated on the customer's website; *ii*) a review of the information systems

supporting administrative processes and management reporting using a single Corporate Performance Management application; and *iii*) consolidation of the CRM system through the adaptation of several administrative and commercial system interfaces to interventions on information systems to activate new offerings and review the main processes with a view to developing its products from a customer-centric perspective by adopting a single-contract approach. In the domain of infrastructure, during the first half of 2011, centralized hardware was acquired with a view to replacing outdated equipment in order to improve performance and reduce energy consumption and to allow employees and the sales force to use more innovative and technologically-advanced equipment.

- € 2,315 thousand was spent in the first half of 2011 on the Telegate group for the replacement and modernization of technological equipment at call centers.

- € 1,505 thousand was spent in the first half of 2011 on Consodata S.p.A. for the purchase and development of application-oriented software, the development of software platforms, the improvement of databases (including geo-referenced databases) and the purchase of databases.

- *equity investments valued at equity*, totaling € 378 thousand as at June 30, 2011, related to associate company Lighthouse International Company S.A. This item did not present any change compared to December 31, 2010;

- *deferred tax assets, net* totaled € 47,810 thousand as at June 30, 2011 (€ 74,934 thousand as at December 31, 2010 *restated*), of which € 35,602 thousand was mainly related to SEAT Pagine Gialle S.p.A., € 7,546 thousand to the Telegate group and € 4,049 thousand to the TDL Infomedia group;

- operating non-current liabilities totaled € 47,979 thousand as at June 30, 2011 (€ 62,346 thousand as at December 31, 2010). The item includes:
  - *defined-benefit pension plans*, which totaled € 10,125 thousand as at June 30, 2011 (€ 20,821 thousand as at December 31, 2010), net of assets designed to finance these plans, totaling € 43,081 thousand as at June 30, 2011 (€ 35,863 thousand as at December 31, 2010). Both the liabilities and the respective assets were valued by an independent actuary using the projected unit credit method. During the first half of 2011, € 7,463 thousand was paid out to increase the assets used in the context of these schemes; this amount increased by € 4,768 thousand compared with the first half of 2010 following the renegotiation of the TDL Infomedia group pension fund repayment plan, which involved additional payments. Pursuant to the provisions of IAS 19, paragraph 93A, the actuarial profits, net, generated in the first half, which totaled € 3,085 thousand, were recognized directly to Group equity, net of tax effect;
  - the *reserve for severance indemnities* totaled € 13,800 thousand as at June 30, 2011 (€ 15,968 thousand as at December 31, 2010);
  - the *reserve for sale agents' termination indemnities* totaled € 21,904 thousand as at June 30, 2011 (€ 22,975 thousand as at December 31, 2010). 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, according to current regulation. Taking into consideration expected 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;

- **non-operating non-current liabilities** totaled € 10,059 thousand as at June 30, 2011 (€ 20,372 thousand as at December 31, 2010 *restated*), of which € 6,508 thousand related to deferred tax liabilities, mainly in relation to the Telegate group (€ 5,906 thousand). The reduction compared to 2010 was due to the transfer of the current portion of the reserve for restructuring (€ 9,448 thousand) in connection with the Parent Company reorganization plan;

- **operating working capital** was positive for € 87,670 thousand as at June 30, 2011 (positive for € 158,257 thousand as at December 31, 2010 *restated*).
  The reduction in operating working capital in the first half of the year (€ 70,587 thousand) was significant, since the business is characterized by high levels of turnover concentrated in the last few months of the year and collected the following year.

  Listed below are the most significant changes that took place in the first half with reference to:
  - *trade receivables*, which totaled € 570,678 thousand as at June 30, 2011, falling by € 42,410 thousand compared with December 31, 2010, mainly related to SEAT Pagine Gialle S.p.A. (€ 40,364 thousand);
  - *payables for services to be rendered and other current liabilities*, which totaled € 357,870 thousand as at June 30, 2011, increasing by € 66,617 thousand compared with December 31, 2010 *restated*, mainly in relation to purchase and invoice times for advertising services for paper products and, following changes in the accounting policies for online and voice products.
  - *trade payables*, which totaled € 171,615 thousand as at 30 June 2011, falling by € 35,978 thousand compared with December 31, 2010 *restated*, essentially related to SEAT Pagine Gialle S.p.A. (€ 35,760 thousand);

- **non-operating working capital** was negative for € 24,309 thousand as at June 30, 2011 (negative for € 55,919 thousand as at December 31, 2010 *restated*), down by € 31,610 thousand compared to 31 December 2010 *restated*. More specifically, this includes:
  - *current tax assets* of € 43,743 thousand as at June 30, 2011 (€ 3,759 thousand as at December 31, 2010), of which € 38,256 thousand relates to the tax effect resulting from the change in accounting criteria, mainly attributable to the Parent Company (€ 38,099 thousand);
  - *income tax payables* of € 37,659 thousand as at June 30, 2011 (€ 32,277 thousand as at December 31, 2010), up by € 5,382 thousand compared to December 31, 2010 due to the provision for taxes for the period in the statement of operations;
  - *reserves for non-operating current risks and charges* were € 24,651 thousand as at June 30, 2011 (€ 21,831 thousand as at December 31, 2010). A total of € 7,289 thousand of the current reserve for restructuring in place at the beginning of the year was used throughout the first half, of which € 6,902 thousand related to SEAT Pagine Gialle S.p.A. for the implementation of its reorganization plan.

Equity

Equity totaled € 205,615 thousand as at June 30, 2011 (€ 228,654 thousand as at December 31, 2010 *restated*), of which € 192,252 thousand pertained to the Parent Company (€ 213,590 thousand as at December 31, 2010 *restated*), and € 13,363 thousand to non-controlling interests (€ 15,064 thousand as at December 31, 2010 *restated*).

The reduction of € 21,338 thousand in the portion pertaining to the Parent Company and was the result of:

- a decrease of € 2,422 thousand (net of tax effect) in actuarial losses recorded with reference to defined-benefit pension plans;
- the increase of € 7,395 thousand compared to December 31, 2010 in the Reserve for cash flow hedge instruments (negative for € 5,213 thousand as at June 30, 2011; negative for € 12,608 thousand as at December 31, 2010). For further details see paragraph 15 of the Explanatory Notes to the Interim condensed consolidated financial statements;
- the loss of € 32,584 thousand for the period.

Net financial debt

As at June 30, 2011 this was structured as follows:

(euro/thousand)	At 06.30.2011	At 06.30.2010	Change
Net financial debt	**2,682,466**	**2,731,032**	**(48,566)**
Transaction costs on loans and securitization program not yet amortized	(52,827)	(60,823)	7,996
Net market value of cash flow instruments	5,213	13,780	(8,567)
Net financial debt - "book value"	**2,634,852**	**2,683,989**	**(49,137)**
- Non-current financial debts	*2,461,938*	*2,603,219*	*(141,281)*
- Current financial debts	*334,120*	*326,164*	*7,956*
- Non-current financial assets	*(2,136)*	*(2,168)*	*32*
- Current financial assets and cash and cash equivalents	*(159,070)*	*(243,226)*	*84,156*

Net financial debt totaled € 2,682,466 thousand as at June 30, 2011, a decrease of € 48,566 thousand compared with December 31, 2010; it differs from the net financial debt "book value", described below, in that it is recorded gross of costs incurred on *i*) the entering and refinancing relating to the medium- and long-term Senior debt with the Royal Bank of Scotland; *ii*) the Subordinated loan due to Lighthouse International Company S.A. and *iii*) the Senior Secured Bond Issue. These costs, net of accumulated amortization, totaled €52,827 thousand as at June 30, 2011. The net financial debt does not include the net value arising from the valuation at market values of the cash flow hedge instruments in place on the reference date of this report or, if closed early, cash flow hedge instruments that will become effective in subsequent periods. As at June 30, 2011 this value amounted in total to net liabilities of € 5,213 thousand (€ 13,780 thousand as at December 31, 2010).

Net financial debt (book value) totaled € 2,634,852 thousand as at June 30, 2011 (€ 2,683,989 thousand as at December 31, 2010) and comprises the following items:

- **non-current financial liabilities** totaled € 2,461,938 thousand as at June 30, 2011 (€ 2,603,219 thousand as at December 31, 2010) and can be broken down as follows

(euro/thousand)	At 06.30.2011	At 12.31.2010	Change
Debts due to The Royal Bank of Scotland	434,298	579,583	(145,285)
Debts due to Lighthouse International Company S.A.	1,279,030	1,276,023	3,007
Debts due to bondholders (Senior Secured Bond)	700,765	698,274	2,491
Debt due to Leasint S.p.A.	47,845	49,336	(1,491)
Debts due to other lenders	-	3	(3)
Total non-current financial debts	**2,461,938**	**2,603,219**	**(141,281)**

- *Non-current debts due to The Royal Bank of Scotland* totaled € 434,298 thousand as at June, 30 2011 (€ 579,583 thousand as at December 31, 2010), net of transaction costs not yet amortized of € 12,496 thousand at the end of the period (gross value € 446,794 thousand). Including the current share of € 184,517 thousand and the revolving credit line of € 90,000 thousand, the Senior facilities with The Royal Bank of Scotland totaled € 721,311 thousand and had the following structure:
  a) tranche A (€ 184,517 thousand), repayable in two installments of € 35,196 thousand and € 149,321 thousand due on 28 December 2011 and 8 June 2012, respectively, and bearing a floating interest rate equal to Euribor plus a spread of 3.41% p.a.;
  b) tranche B (€ 446,794 thousand), repayable in a single installment in June 2013 and bearing a floating interest rate equal to Euribor plus a spread of 3.91% p.a.;
  c) a revolving credit line of € 90,000 thousand, designed to cover any working capital requirements of SEAT Pagine Gialle S.p.A. or its subsidiaries, available until 8 June 2012, with the application of a floating interest rate equal to that applicable to tranche A. This credit line has been used in full from April 21, 2011 to meet the working capital loan requirements resulting from the closure of the revolving trade receivables securitization program completed on June 15, 2011.

  It should be noted that the short-term committed credit line of € 30,000 thousand, expiring on 31 March 2011, has not been renewed.

  At the end of April 2011, the Company repaid € 35,196 thousand by way of early repayment of the remaining installment of tranche A contractually due in June 2011.

- *Debts due to Lighthouse International Company S.A.* totaled € 1,279,030 thousand as at June 30, 2011, net of € 20,970 thousand for transaction costs not yet amortized at the end of the period. The 10-year loan is due to mature in 2014 and is subject to a fixed interest rate of 8% p.a..

  SEAT Pagine Gialle S.p.A. gave guarantees worth € 350,000 thousand, at the same time as the issue of the loan, in connection with any additional costs relating to the bond; for further details about the guarantees, refer to point 20 of the Explanatory Notes to the Interim condensed consolidated financial statements.

- *Debts due to senior secured bondholders* totaled € 700,765 thousand, net of € 19,361 thousand for transaction costs not yet amortized at the end of the period. The two Senior Secured Bond issues, equal to a total nominal value of € 750,000 thousand, both mature on January 31, 2017 with a nominal rate of 10.5% to be paid half-yearly at the end of January and the end of July each year. As a result of the issue discount, the yield at issue of these bonds was 11% p.a. for the first issue and 12.85% p.a. for the second issue; the total issue discount accrued as at June 30, 2011 was € 3,327 thousand.

- *Debts due to Leasint S.p.A.*, totaling € 47,845 thousand as at June 30, 2011, relate to the seven financial leasing contracts (six contracts with effect from December 2008 and one with effect from the end of October 2009) in relation to the purchase of the Turin property complex of SEAT Pagine Gialle S.p.A. These contracts will be repaid through the payment of 50 remaining installments on the contracts with effect from December 2008 and 54 remaining installments on the contract with effect from October 2009. All installments are quarterly deferred installments subject to a variable 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 property complex.

The loan agreement with The Royal Bank of Scotland requires that SEAT Pagine Gialle S.p.A. comply with specific covenants, which are monitored quarterly and relate to the maintaining of certain ratios between: *i*) net debt and EBITDA; *ii*) EBITDA and interest on debt; and *iii*) cash flow and debt service (including interest and capital payable in each reference period).
The checks on the covenants and compliance with all the obligations imposed by the facilities agreement as at June 30, 2011 (the reference date of this report) were positive.
As is usual for similar transactions, the facilities agreements also govern other aspects, by establishing limits and operating conditions, including investments and the possibility of recourse to additional debt, making acquisitions, distributing dividends and carrying out capital transactions;

- **current financial liabilities** totaled € 334,120 thousand as at June 30, 2011 (€ 326,164 thousand as at December 31, 2010) and relate to:
  - the current portion of non-current financial debt (€ 187,463 thousand), including € 184,517 relating to the Senior facilities with the Royal Bank of Scotland due to mature in December 2011 and June 2012 and € 2,939 thousand to the short-term share of the facilities with Leasint S.p.A.);
  - € 90,000 thousand to the Royal Bank of Scotland for the revolving credit line, which was used in full;
  - € 33,880 thousand relating to debts for interest accrued but not yet paid, including € 32,812 thousand pertaining to the Senior Secured Bond;
  - debts for interest accrued but not yet paid (€ 17,375 thousand) on the facilities with the Lighthouse International Company S.A.;
  - € 5,262 thousand relating to debts to banks and other financial debts, including € 5,152 thousand relating to debts for cash flow hedge instruments for which payment has been deferred until the end of December 2011;
  - liabilities (€ 140 thousand) arising from the valuation at fair value of the derivative contracts in place as at June 30, 2011 (liabilities of € 7,260 thousand as at December 31, 2010).

  The Senior facilities with The Royal Bank of Scotland, and the debt to Leasint S.p.A., feature the application of floating interest rates linked to the Euribor rate. In order to limit its exposure to interest-rate risk, SEAT Pagine Gialle S.p.A. has taken out cash flow hedge instruments against interest-rate risk with leading international financial operators. For further details on the hedging transactions against interest-rate risk, see paragraph 21 of the Explanatory Notes to the Interim condensed consolidated financial statements.

  With reference to the second half of 2011, 76% of the total debt is protected from interest-rate risk: around 73% is protected through fixed-rate debt and around 3% through interest rate swap transactions. This hedging is considered to be sufficient in view of the performance of short-term rates.

  With reference to the 2011-2013 period, the hedging in place as at 30 June 2011 provides average protection of around 81% of the debt expected to be in place in the period, with 80% pertaining to fixed-rate debt and 1% to Interest Rate Swap transactions. As regards the 2014-2015 period, around 96% of the total expected debt will be fixed-rate debt;

- **non-current financial assets totaled** € 2,136 thousand as at June 30, 2011 (€ 2,168 thousand as at December 31, 2010) and comprise loans to employees issued at market rates for transactions of this kind;

- **current financial assets and cash and cash equivalents** totaled € 159,070 thousand as at June 30, 2011 (€ 243,226 thousand as at December 31, 2010) and include € 129,633 thousand related to cash and cash equivalents (€ 241,728 thousand as at December 31, 2010), of which € 115 thousand was held by the special purpose entity Seat Servizi per le Aziende S.r.l. (€ 84,941 thousand as at December 31, 2010) to cover expected residual settlement costs and € 23,508 thousand related to a short-term investment made by the German subsidiary Telegate AG in treasury funds anchored in the money market.

Risk from high levels of financial debt, liquidity risk and obtaining financial resources

As at June 30, 2011 the SEAT Pagine Gialle Group presented a high level of debt, characterized by financial leverage equal to more than five times its EBITDA. The average life of loans in place as at June 30, 2011 was 3.3 years and the financial instruments in place had the following maturity dates:

	Due date-by						Total
(euro/thousand)	30.06.2012	30.06.2013	30.06.2014	30.06.2015	30.06.2016	Beyond five year	
Senior Secured Bond (*)	-	-	-	-	-	750,000	750,000
The Royal Bank of Scotland (**)	274,517	446,794	-	-	-	-	721,311
Lighthouse International Company S.A.	-	-	1,300,000	-	-	-	1,300,000
Debts due to Leasint S.p.A.	2,939	3,096	3,257	3,427	3,602	34,463	50,784
Debts due to other lenders	7	-	-	-	-	-	7
Total non-current financial debt (gross value)	**277,463**	**449,890**	**1,303,257**	**3,427**	**3,602**	**784,463**	**2,822,102**

(*) In the financial statement the item amounted to € 720,126 thousands net of the discount on issue price.
(**) As at 06.30.2012 the amount included the residual opart to Trance A of € 184,517 thousands net of the lineof credit revolving of € 90,000 thousands.

The liquidity risk is the risk that the financial resources available may be insufficient to cover the short-term liabilities due by June 30, 2012 totaling € 277,463 thousand. The SEAT Pagine Gialle Group has made provision in the short-term for a high level of cash generation.
After March 31, 2012, SEAT Pagine Gialle S.p.A. will have to repay considerable sums within the context of the facilities in place. The Group's financial resources may prove insufficient to meet these commitments.
The Board of Directors has looked into the Company's financial situation in great detail and into the possible outcomes of the actions undertaken for the long-term stabilization of the financial structure, described in the paragraph below on "Going concern evaluation," which should also be referred to for a better understanding of the risks being commented on.
These financial risks were the basis of the downgrading of the ratings assigned to SEAT Pagine Gialle S.p.A. by Standard & Poor's and Moody's. The ratings reflect the agencies' assessment of the probability of default by the Company and are the result of an analysis of *i*) the Group's prospects in terms of profitability, cash flow generation and debt sustainability and *ii*) the expected reference-market scenarios. In the first half of 2011 the *ratings* assigned by the aforementioned agencies were lowered from B- to CCC+ by Standard & Poor's and from Caa1 to Caa3 by Moody's, both with confirmation of a negative outlook. These *ratings* were confirmed at the time this Report was written.
If the subjective assessment of the analysts at these *ratings* agencies shows a deterioration of one or more parameters of analysis compared to the current assessment, even if only in relation to a negative trend on the reference markets, the rating given to SEAT Pagine Gialle S.p.A. by the agencies could be downgraded.

Impact of “change of control” on the facilities agreements in place (article 123-bis, letter I of Legislative Decree no. 58/1998)

There is no change compared to the statements made in the consolidated financial statements as at December 31, 2010.

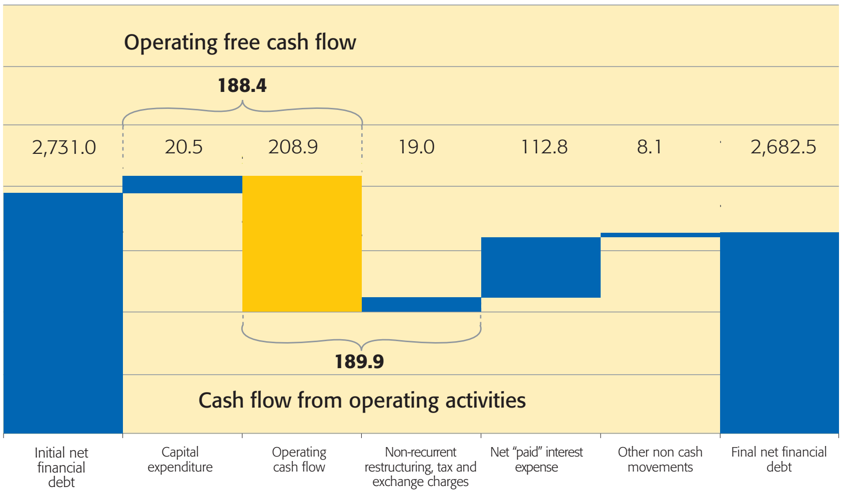
Credit risk

The SEAT Pagine Gialle group operates in the online directional advertising market, where there is a large number of clients. The large volume of transactions generates a high number of payments in arrears, hence the need for an effective credit management system. For this reason, in addition to the credit management system set up some time ago, which is constantly being reinforced, the Parent Company launched a project during the first half of the year called T-Power, which was designed to optimize its working capital. The aim is to considerably reduce trade receivables through payment conditions and credit recovery activities. The main effects, in terms of improving working cash flows, are expected in the second half of 2011 and in the 2012 financial year; current evidence confirms the validity of the project and that the targets forecast are reasonable.
Otherwise there is no change compared to the statements made in the consolidated financial statements as at December 31, 2010.

→ Consolidated financial flows for the first half of 2011

The following graph summarizes the main elements that affected the change in net financial debt in the first half of 2011:

(euro/millions)



Operating free cash flow generated in the first half of 2011 (€ 188,395 thousand) was down by € 11,199 thousand compared to the € 199,584 thousand generated in the first half of 2010 *restated*. This figure reflects the fall of € 13,404 thousand in EBITDA compared to the first half of 2010 *restated*, which was partly offset by the increase in the operating working capital contribution of € 14,133 thousand, as well as the fall of € 9,045 thousand in cash flows arising from changes in non-current operating liabilities. Operating free cash flow was negatively affected by the € 4,582 thousand increase in capital expenditures (€ 20,539 thousand in the first half of 2011, € 15,957 thousand in the first half of 2010) and the absorption from the change in non-current operating liabilities, attributable to the renegotiation of the TDL Infomedia group pension fund repayment plan.

Reclassified consolidated statements of operations

(euro/thousand)	1st half year 2011 restated	1st half year 2010	Change Absolute	Change %	Year 2010 restated
Revenues from sales and services	**433,245**	**462,395**	**(29,150)**	**(6.3)**	**1,034,354**
Costs of materials and external services (*)	(167,554)	(175,132)	7,578	4.3	(379,194)
Salaries, wages and employee benefits (*)	(90,668)	(106,078)	15,410	14.5	(198,929)
Gross operating profit (GOP)	**175,023**	**181,185**	**(6,162)**	**(3.4)**	**456,231**
% on revenues	*40.4%*	*39.2%*			*44.1%*
Valuation adjustments and provisions to reserves for risks and charges, net	(22,792)	(17,156)	(5,636)	(32.9)	(38,388)
Other operating income (expense)	(2,027)	(421)	(1,606)	n.s.	(1,347)
Operating income before amortization, depreciation, non-recurring and restructuring costs, net (EBITDA)	**150,204**	**163,608**	**(13,404)**	**(8.2)**	**416,496**
% on revenues	*34.7%*	*35.4%*			*40.3%*
Operating amortization, depreciation and write-down	(29,967)	(32,564)	2,597	8.0	(65,058)
Non-operating amortization, depreciation and write-down	(18,980)	(1,565)	(17,415)	n.s.	(685,579)
Non-recurring and restructuring costs, net	(8,364)	(9,089)	725	8.0	(40,704)
Operating result (EBIT)	**92,893**	**120,390**	**(27,497)**	**(22.8)**	**(374,845)**
% on revenues	*21.4%*	*26.0%*			*(36.2%)*
Interest expense, net	(129,515)	(118,843)	(10,627)	(9.0)	(253,959)
Gain (loss) on investments accounted for at e equity	-	-	-	n.s.	35
Profit (loss) before income taxes	**(36,622)**	**1,547**	**(38,169)**	**n.s.**	**(628,769)**
Income taxes for the period	4,500	(8,196)	12,696	n.s.	(87,938)
Profit (loss) on continuing operations	**(32,122)**	**(6,649)**	**(25,473)**	**n.s.**	**(716,707)**
Profit (loss) from non-current assets held for sale and discontinued operations	-	(162)	162	100.0	(240)
Profit (loss) for the period	**(32,122)**	**(6,811)**	**(25,311)**	**n.s.**	**(716,947)**
- of which pertaining to the Group	(32,584)	(8,384)	(24,200)	n.s.	(718,147)
- of which non-controlling interests	462	1,573	(1,111)	(70.6)	1,200

(*) Minus costs attributable to minorities and shown in the IFRS financial statements under "Other revenue and income".

Consolidated statements of comprehensive income

(euro/thousand)		1st half year 2011	1st half year 2010 restated	Change	Year 2010 restated
Profit (loss) for the period	**(A)**	**(32,122)**	**(6,811)**	**(25,311)**	**(716,947)**
Profit (loss) for "cash flow hedge" instruments		7,395	(1,124)	8,519	9,606
Profit (loss) for foreign exchange adjustments		956	(970)	1,926	(434)
Actuarial gain (loss) recognised to equity		2,422	(1,532)	3,954	(1,247)
Total other comprehensive profit (loss) for the period, net of tax effect	**(B)**	**10,773**	**(3,626)**	**14,399**	**7,925**
Total comprenhensive profit (loss) for the period	**(A+B)**	**(21,349)**	**(10,437)**	**(10,912)**	**(709,022)**
- of which pertaining to the Group		(21,811)	(12,010)	(9,801)	(710,222)
- of which non-controlling interests		462	1,573	(1,111)	1,200

Reclassified consolidated statement of financial position

(euro/thousand)		At 06.30.2011	At 12.31.2010 restated	Change	At 06.30.2010 restated
Goodwill and customer database		2,630,505	2,651,255	(20,750)	3,337,843
Other non-current assets (*)		204,889	242,018	(37,129)	243,234
Operating non-current liabilities		(47,979)	(62,346)	14,367	(66,954)
Non-operating non-current liabilities		(10,059)	(20,372)	10,313	(11,462)
Operating working capital		87,670	158,257	(70,587)	149,867
- *Operating current assets*		*654,390*	*699,285*	*(44,895)*	*688,419*
- *Operating current liabilities*		*(566,720)*	*(541,028)*	*(25,692)*	*(538,552)*
Non-operating working capital		(24,309)	(55,919)	31,610	(33,158)
- *Non-operating current assets*		*43,760*	*3,772*	*39,988*	*8,044*
- *Non-operating current liabilities*		*(68,069)*	*(59,691)*	*(8,378)*	*(41,202)*
Non-current assets held sale and discontinued operations, net		(250)	(250)	-	76
Net invested capital		**2,840,467**	**2,912,643**	**(72,176)**	**3,619,446**
Equity of the Group		192,252	213,590	(21,338)	911,866
Non-controlling interests		13,363	15,064	(1,701)	18,822
Total equity	**(A)**	**205,615**	**228,654**	**(23,039)**	**930,688**
Net financial debt		**2.682.466**	**2,731,032**	**(48,566)**	**2,734,975**
Transaction costs on loans and securitization program not yet amortised		(52,827)	(60,823)	7,996	(69,589)
Net market value of “cash flow hedge” instruments		5.213	13,780	(8,567)	23,372
Net financial debt - "book value"	**(B)**	**2,634,852**	**2,683,989**	**(49,137)**	**2,688,758**
- *Non-current financial debts*		*2,461,938*	*2,603,219*	*(141,281)*	*2,834,872*
- *Current financial debts*		*334,120*	*326,164*	*7,956*	*197,864*
- *Non-current financial assets*		*(2,136)*	*(2,168)*	*32*	*(1,964)*
- *Current financial assets, cash and cash equivalent*		*(159,070)*	*(243,226)*	*84,156*	*(342,014)*
Total	**(A+B)**	**2,840,467**	**2,912,643**	**(72,176)**	**3,619,446**

(*) Includes financial assets available for sale.

Consolidated statements of cash flows

(euro/thousand)	1st half year 2011	1st half year 2010 restated	Change	Year 2010 restated
Operating income before amortization, depreciation, non-recurring and restructuring costs, net (EBITDA)	150,204	163,608	(13,404)	416,496
Gains (losses) from discounting operating assets and liabilities	(814)	(1,629)	815	(2,705)
Decrease (increase) in operating working capital	70,587	56,454	14,133	48,064
(Decrease) increase in operating non-current liabilities (*)	(11,091)	(2,046)	(9,045)	(6,065)
Capital expenditure	(20,539)	(15,957)	(4,582)	(40,344)
(Gains) losses on disposal of non-current operating assets	38	(846)	884	(845)
Operating free cash flow	**188,385**	**199,584**	**(11,199)**	**414,601**
Payment of interest expense, net	(112,835)	(85,815)	(27,020)	(196,436)
Payment of transaction financial costs	-	(22,189)	22,189	(26,557)
Payment of income taxes	(5,247)	(4,281)	(966)	(85,362)
Payment of non-recurring and restructuring expense	(14,999)	(28,001)	13,002	(35,074)
Distribution of dividends	(2,163)	(3,365)	1,202	(3,365)
Share buy-back by Telegate AG	-	-	-	(3,364)
Flows on "Non-current assets held for sale and discontinued operations"	-	(164)	164	(240)
Foreign exchange adjustments and other movements	(4,575)	(27,962)	23,387	(32,453)
Change in net financial debt	**48,566**	**27,807**	**20,759**	**31,750**

(*) The changes don't include them non monetary effects arising from profit and losses recognised to equity.

Main events in the first half of 2011

Notice served by the communications regulator (AGCOM)

In December 2010, SEAT Pagine Gialle S.p.A. received notice of a resolution in which AGCOM identified non-payment of the contribution due for the regulator's operating expenses for the 2006-2010 period and ordered SEAT Pagine Gialle S.p.A. to pay approximately € 8.3 million.
On December 16, 2010, SEAT Pagine Gialle S.p.A. used the option provided for by the resolution to ask AGCOM to annul the resolution, by way of self-protection, and, subordinately, to adjust the size of any contribution owed by virtue of eliminating certain revenues from the calculation of taxable income.
On January 29, 2011, SEAT Pagine Gialle S.p.A. challenged the resolution at the Lazio regional administrative court (TAR), citing unlawfulness due to the violation of applicable regulations on compulsory contributions to the operation of AGCOM and due to lack of grounds.
Following the amendment request, subsequently added upon the request of AGCOM on February 16, 2011, the regulator – on February 28, 2011 – passed a new resolution reducing the contribution deemed due for the period 2006-2010 to approximately € 3.5 million.
In a letter dated April 11, 2011, SEAT Pagine Gialle S.p.A. asked the regulator to launch proceedings to re-examine the new resolution and, at the same time, on May 2, 2011 the Company filed additional reasons opposing the new resolution under the scope of the proceedings challenging the original resolution already pending at the Lazio regional administrative court (TAR).
In light of the above, the Company has made no provisions to the risks reserve as, pending the appeal before the Lazio TAR, it deems the risk of liabilities to be "possible."

Downgrading by ratings agencies Standard & Poor's and Moody's

On March 22, 2011 the ratings agency Standard & Poor's downgraded SEAT Pagine Gialle's corporate rating from B- to CCC+; this downgrading was confirmed by Moody's, which revised its rating on May 20, 2011 from Caa1 to Caa3. The outlook for the Company remains negative for both agencies.

Appointment of advisor

On May 10, 2011, with reference to the mandate conferred by the Board of Directors on the Chairman and the Chief Executive Officer to identify the financial options available with the aim of ensuring the long-term stability of the Company's financial structure, with the help of suitably qualified advisors, the Company announced that they had appointed the business bank Rothschild as financial consultant, law firms Giliberti Pappalettera Triscornia e Associati and Linklaters LLP as consultants for all legal aspects, and Alvarez & Marsal Italia S.r.l. as consultants for support activities in identifying the above-mentioned options.

Termination of the securitization program and use of the revolving credit line

On June 15, 2011, the securitization program was concluded when the five-year period came to an end. The program, which was launched with an initial issue of € 256 million in asset backed securities, was gradually reduced and the last repayment of € 3.5 million made in mid June 2011 brought this scheme to a close.
Given the market's current lack of propensity for securitization transactions, it was decided that it would be preferable not to renew this scheme but to use the revolving credit line available to the Company; this took place in April 2011.

Approval of The Royal Bank of Scotland to begin financial debt negotiations

In June 2011 the Company formalized a change of a technical nature to the loan agreement with its Senior creditor, The Royal Bank of Scotland. The aim was to allow the Company to begin discussions with its own financial creditors (other than The Royal Bank of Scotland) in the wake of the activities aimed at identifying and implementing financial options for the long-term stabilization of the Company's financial structure by renegotiating existing loans.

Post-balance sheet main events as at 30 June 2011

Renewal of agreement with Google

On July 11, 2011 the Company announced the renewal of the agreement with Google which confirms it as the Authorized Retailer in Italy of AdWords, the advertising scheme that allows companies to promote their products and services through the most widely used search engine in the world. SEAT Pagine Gialle will continue, through PGclick, the keyword advertising service aimed at customers of PagineGiallie.it, to offer Italian businesses the possibility of quickly and easily planning advertising campaigns on Google, expanding their online presence, and making it more effective.

Outlook

At the same time as the approval of this Half Year Report, the Board of Directors approved the *2011 – 2013 Strategic Guidelines and 2015 projections* which are based on the following main strategic objectives:

- development of new business models capable of guaranteeing additional revenues to the traditional ones, such as self provisioning and couponing.
- support of the use of platforms through innovation and the development of new mobile applications;
- integration of brands in order to maximize synergies for all product platforms;
- product innovation in order to offer users detailed information and sophisticated search tools, and advertisers a wide range of complementary advertising communication tools;
- go-to-market strategy with the aim of satisfying customers' communication requirements in the best way possible and increasing the efficiency and quality of products and services offered;
- review of the customer care system to improve relations with the customer base and improve the level of customer satisfaction;
- program for cutting operating costs to support business margins, in the light of the change in the revenue mix in favor of online products;
- re-engineering of processes in accordance with a business logic focused on the web.

It is estimated that these objectives will allow a development of the revenue mix in favor of online products, with a share of internet revenues of the total expected to be around 80% in 2015 and with the percentage of online marketing services being equal to around 50% of total web revenues.

Specifically, in 2011, with regard to its domestic business, SEAT Pagine Gialle S.p.A. will continue to focus on developing products aimed at small and medium businesses in order to improve their web presence, and to leverage the potential of new technologies to increase efficiency and competitiveness in local, domestic and international markets.
Local, mobile and social are the strategic guidelines for the development of new products and services for 2011, which will include several innovations such as new modules for improving SEAT customer websites with new functions, presence on social networks, the possibility of using self-provisioning platforms and couponing. These innovations, which will be added to the existing products offered for SMEs, will include the creation of customized websites, the development of multimedia content, visibility on search engines, e-commerce and info-commerce services and presence on mobiles, and will allow SEAT to further consolidate its role as a Local Internet Company.
A distinct improvement in the falling customer base trend is expected in the 2011 sales cycle (-7% in the 2010 sales cycle), which will allow the Company to sustain revenues in an economic context which is still uncertain.

Against a background of falling revenues, the Group's EBITDA and cash generation in 2011 will be supported by several specific initiatives aimed at containing costs and working capital.

Going concern evaluation

The SEAT Pagine Gialle Group ended the first half of 2011 with a net loss of € 32.6 million and shareholders' equity of € 192.3 million.
After making the necessary controls and and assessing the uncertainties discovered, the Board of Directors has formed a reasonable expectation that, taking into consideration the willingness of the various creditors and stakeholders to collaborate, it will be possible to reach a consensus for defining the operation for rebalancing the Group's financial structure, in line with the expected cash flows and suitable to support the operations set out in the Strategic Guidelines and Projections. For these reasons, the Board of Directors maintained the assumption of business continuity in the preparation of the First Half Year Report as at June 30, 2011. For more details, please see point 2.1 – Going concern evaluation in the Explanatory Notes.

Economic and financial performance by Business Area

(euro/million)		Italian Directories	UK Directories	Directory Assistance	Other Activities	Aggregate Total	Eliminations and other adjustments	Consolidated Total
Revenues from sales and services	1st half year 2011	335.4	26.0	61.0	20.7	443.1	(9.9)	433.2
	1st half year 2010 restated	344.3	39.2	73.5	24.9	481.9	(19.5)	462.4
	Year 2010 restated	797.5	73.6	140.7	55.1	1,066.9	(32.5)	1,034.4
Gross operating profit (GOP)	1st half year 2011	164.6	0.5	9.2	0.4	174.7	0.3	175.0
	1st half year 2010 restated	157.7	9.1	13.7	0.4	180.9	0.3	181.2
	Year 2010 restated	411.9	13.6	25.9	4.4	455.8	0.4	456.2
Operating income before amortization, depreciation, non-recurring and restructuring costs, net (EBITDA)	1st half year 2011	143.6	(0.4)	6.9	0.1	150.2	-	150.2
	1st half year 2010 restated	143.5	7.6	12.5	0.1	163.7	(0.1)	163.6
	Year 2010 restated	378.4	10.6	23.7	4.0	416.7	(0.2)	416.5
Operating result (EBIT)	1st half year 2011	112.8	(18.3)	0.6	(2.3)	92.8	0.1	92.9
	1st half year 2010 restated	114.0	4.8	4.6	(3.0)	120.4	-	120.4
	Year 2010 restated	(356.5)	(8.5)	(7.3)	(2.4)	(374.7)	(0.1)	(374.8)
Total assets	June 30, 2011	3,463.8	67.2	208.2	45.2	3,784.4	(89.6)	3,694.8
	June 30, 2010 restated	4,280.8	127.8	249.9	309.2	4,967.7	(345.9)	4,621.8
	December 31, 2010 restated	3,580.0	101.4	217.4	248.8	4,147.6	(305.9)	3,841.7
Total liabilities	June 30, 2011	3,397.3	85.7	74.9	37.1	3,595.0	(105.9)	3,489.1
	June 30, 2010 restated	3,513.3	138.1	80.0	299.0	4,030.4	(339.2)	3,691.2
	December 31, 2010 restated	3,469.0	127.6	81.0	238.5	3,916.1	(303.0)	3,613.1
Net invested capital	June, 30 2011	2,734.5	8.9	88.6	15.2	2,847.2	(6.7)	2,840.5
	June, 30 2010 restated	3,459.3	41.4	110.9	14.6	3,626.2	(6.8)	3,619.4
	December 31, 2010 restated	2,794.8	24.2	85.5	14.9	2,919.4	(6.8)	2,912.6
Capital expenditure	1st half year 2011	14.6	1.5	2.5	1.8	20.4	0.1	20.5
	1st half year 2010	12.1	0.9	1.5	1.5	16.0	-	16.0
	Year 2010	31.3	2.1	2.7	4.4	40.5	(0.2)	40.3
Average workforce	1st half year 2011	1,027	630	1,922	333	3,912	-	3,912
	1st half year 2010	1,219	687	2,444	373	4,723	-	4,723
	Year 2010	1,129	676	2,327	361	4,493	-	4,493
Sales agents (average number)	1st half year 2011	1,406	-	2	43	1,451	-	1,451
	1st half year 2010	1,593	-	2	43	1,638	-	1,638
	Year 2010	1,565	-	2	41	1,608	-	1,608

Key performance indicators of the Group	1st half year 2011	1st half year 2010
Number of published directories		
PAGINEBIANCHE®	31	31
PAGINEGIALLE®	63	63
ThomsonLocal	53	73
Number of distributed directories (values in million)		
PAGINEBIANCHE®	8.8	9.1
PAGINEGIALLE®	6.1	7.2
ThomsonLocal	6.2	9.6
Number of visits (values in millions)		
uninterrupted site access for 30 minutes		
PAGINEBIANCHE.it® (*)	81.1	85.2
PAGINEGIALLE.it® (*)	99.0	82.0
TuttoCittà.it®	14.7	15.2
Europages.com	28.6	20.5

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

Italian directories

Market scenario

The SEAT Pagine Gialle group is a *Local Internet Company* with strong Italian roots which operates through a network of around 100 multimedia agencies (web points) and a specialist sales channel for high-end customers and customers who need national coverage.

Alongside its traditional visibility services – which use a major multimedia platform to provide detailed information and sophisticated search tools to tens of millions of users and offer advertisers a wide range of multiplatform advertising methods (print-online & mobile-voice) – since the second half of 2009, the Company has gradually introduced innovative online marketing services, including website construction, multimedia content creation, online visibility, information and e-commerce services and a wide range of complementary advertising tools.

In Italy, in particular, in the first six months of 2011, SEAT Pagine Gialle S.p.A. continued with its strategy aimed at accelerating and promoting the online presence of small and medium-sized businesses, with the sale of approximately 48 thousand new multimedia packages.

This strategy, in particular, engendered sustained growth in online revenues, supported by the launch of new products and services and by an increase in new customers, and enabled the Company, in the midst of a tentative economic recovery, to restrict the decline in overall turnover compared with the previous year.

With regard to this, it should be noted that the establishment of websites for companies, with the support of web masters and web consultants with the necessary skills for the 360° management of customer relations, represents an activity of strategically great value, which has led to small and medium-sized businesses operating online and gradually entering the world of online marketing services and/or planning online advertising campaigns, thanks to a product from SEAT Pagine Gialle which offers better quality than what is available from the average web agency and/or media centre on the market.

At the same time, SEAT Pagine Gialle S.p.A. has attempted to protect its operating margins through reducing structural operating costs by keeping current costs down and reorganizing its main operating processes.

Revenue by product

				1st half year 2011 % on total revenues
Print		PAGINEGIALLE®	classified directories of italian business	14.9
		PAGINEBIANCHE®	alphabetical directories	12.6
		Other print product		0.1
Online&Mobile		PAGINEGIALLE.it®	search engine specilised in business searches	42.5
		PAGINEBIANCHE.it®	search engine specilised in subscriber searches	14.5
Voice		89.24.24 Pronto PAGINEGIALLE®	voice service which provides directory dassistance value added services	5.8
		12.40 Pronto PAGINEBIANCHE®	voice service which provides subscriber information service	
Total core revenues				90.4

Economic and financial performance

The results for the first six months of 2011 have been achieved in a still uncertain economic context (although there have been signs of a modest recovery) with a GDP (Gross Domestic Product) which, according to the most recent data published by Istat, grew by 0.8% in the second three months of the year compared with the same period in 2010, but only increased by a modest 0.3% compared with the first quarter of 2011.
In regard to this, last May the EU Commission displayed concern for Italy, which is growing more slowly than other countries in the eurozone, and decided to reduce the 2011 estimates for Italian GDP from +1.1% to 1%, and those for 2012 from +1.4% to +1.3%.

The table below contains the main results for the first half of 2011 compared with those for the same period in the previous financial year; the figures have been restated following the modification of the accounting policies for recording revenues and related costs from the provision of online and voice services.

(euro/million)	1st half year 2011	1st half year 2010 restated	Change Absolute	Change %	Year 2010 restated
Revenues from sales and services	335.4	344.3	(8.9)	(2.6)	797.5
GOP	164.6	157.7	6.9	4.4	411.9
EBITDA	143.6	143.5	0.1	0.1	378.4
EBIT	112.8	114.0	(1.2)	(1.1)	(356.5)
Net invested capital	2,734.5	3,459.3	(724.8)	(21.0)	2,794.8
Capital expenditure	14.6	12.1	2.5	20.7	31.3
Average workforce	1,027	1,219	(192)	(15.8)	1,129

SEAT Pagine Gialle S.p.A. generated **revenues from sales and services** of € 335.4 million in the first half of 2011, down 2.6% compared to the corresponding period of 2010 *restated*. This result reflected a performance from core products (print-online & mobile-voice) down 1.5% compared with the same period in the previous year, thanks, in particular, to the sustained growth in online activities (+77.8%).

In more detail:

a) **Core revenues**: totaled € 303.3 million in the first half of 2011, a fall of 1.5% compared with the same period in the previous year. The breakdown of this item is as follows:
   - *print*: revenue from print products totaled € 92.7 million in the first half of 2011, down 48.3% compared with the first half of 2010, with a decrease in revenues from both PAGINEBIANCHE® and PAGINEGIALLE®. The Company's recent decision to unbundle the online component of revenues from PAGINEBIANCHE®, equal to € 48.5 million in the half year, and the commercial strategy adopted by the Company to accelerate the sale of multimedia packages (print-online & mobile-voice) did, however, contribute to this worse performance from print products. Among the initiatives to support print products announced at the beginning of the year, special mention should be made of the conclusion of the sales test launched in Bologna for *PagineGialle Promotion* (based on the collection of promotional offers for commercial operators and distributed via a dedicated magazine available in both a printed and an online version), with around 90 thousand copies distributed;
   - *online&mobile:* online products generated revenues of € 191.2 million in the first half of 2011, an increase of 77.8% compared with the first half of 2010 *restated*, including the unbundling of the online component of PAGINEBIANCHE® revenues, equal in the first half of the year to € 48.5 million, net, of which overall growth in revenues for traditional products and online marketing services was 32.7%, with performance in the second quarter accelerating (+34.1%) compared with the first quarter (+31.4%). Product innovations being defined to further strengthen the leadership position of Seat PG in the local segment include couponing, which will allow Italian businesses to promote their activities on the web through discounts and advantageous promotions for a limited period of time, with consumers being able to make purchases directly online through websites and mobile devices. In addition to taking advantage of the extensive presence of its sales force in the area, in order to offer ad hoc opportunities for local customers, SEAT intends to capitalize on partnership agreements currently being defined. Lastly, it should be noted that new project *LaMiaImpresaOnline.it* was launched in May, which began with a partnership with Google and gives small and medium-size businesses the opportunity to create self-provisioning websites free of charge for the first year. Around 20 thousand websites were created, with around 80% of these belonging to non-SEAT customers. Total traffic, including visits to PAGINEGIALLE.it® via the web and mobile devices and customers' websites and mobile channels, reached around 99 million visits in the first half of 2011, an increase of 20.7% compared with the first half of 2010. This result, in particular, reflects both proprietary brand consulting, supported in particular by growth in SEO (Search Engine Optimization) and SEM (Search Engine Marketing) activities, and, to a greater extent, partnership agreements. There was a positive contribution from visits on mobile devices and to web and mobile sites made by SEAT customers, with these two components accounting for around 29% of total traffic in the period. Traffic for PAGINEBIANCHE.it®, on the other hand, reached around 81.1 million visits in the first half of 2011, a fall of 4.8% compared with the first half of 2010. With regard to this, it should be pointed out that at the end of June, downloads of SEAT mobile applications from the various app stores they are available on reached 1,150 thousand thanks to PagineGialle Mobile, which reached 900 thousand downloads, and 892424Mobile and PagineBianche Mobile, which together reached the goal of 250 thousand downloads.

- *voice*: advertising revenues from the 89.24.24 Pronto PAGINEGIALLE® and 12.40 Pronto PAGINEBIANCHE® services totaled € 19.4 million, down 8.5% compared to the first half of 2010 *restated*. This result reflected a performance in the second quarter of 2011 (+1.1%) which was better than the performance in the first three months of 2011 (-16%), in spite of the commercial strategies described above, which focused in particular on the sale of online marketing services and products.

b) **Other revenues and non-core products**: revenues from other products in the first half of 2011 totaled € 32.2 million, a decrease of € 4.1 million compared with the first half of 2010. They refer in particular to revenues from voice traffic (€ 23.3 million) generated by the 89.24.24 Pronto PAGINEGIALLE® and 12.40 Pronto PAGINEBIANCHE® services, down 10.7% compared with the first half of 2010. This item also includes € 3.5 million in revenues for Direct Marketing products, merchandising activities and Sky products, a fall of € 2 million compared with the first half of 2010.

GOP totaled € 164.6 million in the first half of 2011, up 4.4% (€ 6.9 million) compared to the first half of 2010 *restated*, generating a margin of 49.1% (45.8% in the first half of 2010 *restated*), due essentially to keeping operating costs down, which made it possible to stem the fall in revenues.
Materials and external services, net of costs debited to third parties, totaled € 137.5 million in the first half of 2011, down by € 8.6 million compared to the first half of 2010 *restated*. In particular, production costs totaled € 43.0 million, a decrease of € 8.3 million as a direct result of the fall in print revenues, which, from the point of view of costs, resulted in a decrease in both directory printing and volumes distributed, which is reflected in the lower paper purchases and processing and distribution costs. The drop in the number of calls to the 12.40 Pronto PAGINEBIANCHE® and 89.24.24 Pronto PAGINEGIALLE® services caused inbound call center service costs to fall (€ 1.5 million). Meanwhile, industrial telecom service costs related to the creation of online services increased (€ 2.3 million). Commercial costs, equal to € 66.8 million, increased by € 0.8 million compared with the first half of 2010 *restated* following an increase in fees paid to publishers as part of the new online products offering intended to boost web traffic (+ € 2.4 million) and in outbound call center costs (+ € 2.0 million), which was partly offset by the reduction in supply costs (- € 2.4 million) and advertising costs (- € 1.3 million).
Closer attention to costs enabled general costs to be reduced to € 27.7 million in the first half of 2011 (- € 1.1 million) compared to the first half of 2010.
Salaries, wages and employee benefits, net of recovered costs for personnel seconded to other Group companies, totaled € 33.3 million in the first half of 2011, down 17.4% compared to the first half of 2010 *restated*.
This decrease was due to a reduction in the average workforce from 1,219 employees in the first half of 2010 to 1,027 in the first half of 2011.
The workforce, including directors, project workers and trainees, consisted of 1,235 employees as at 30 June 2011 (1,233 employees as at December 31,2010).

EBITDA amounted to € 143.6 million in the first half of 2011, basically stable compared with the first half of 2010 *restated*, yielding a margin of 42.8% (41.7% in the first half of 2010 *restated*). The fall in relation to GOP is due to the provisions for risks and charges, which in the first half of 2010 benefited from the release of € 4.5 million due to the expiration of contractual risks with telephone operators relating to mobile network call origination tariffs.

EBIT in the first half of 2011 totaled € 112.8 million (€ 114.0 million in the first half of 2010 *restated*), a fall of € 1.2 million due to higher non-recurring costs (+ € 2.0 million), mainly in relation to costs for consultancy on activities aimed at identifying and implementing financial options for the long-term stabilization of the financial structure by renegotiating the existing debt (€ 4.3 million).

Net invested capital was € 2,734.5 million as at June 30, 2011, net of the book value of shareholdings in subsidiaries, and decreased by € 60.3 million compared to December 31, 2010 *restated*, mainly due to the reduction in operating working capital (€ 70.4 thousand).

Capital expenditure in the first half of 2011 totaled € 14.6 million, relating mainly to *i*) software aimed at increasing product innovation in order to offer a service that responded better to customer requirements, with applications such as "Pagine Gialle e-book" and "Pagine Bianche e-book" and with the "App4site" product linked to the possibility of purchasing a series of modules that can be integrated on the customer's website; *ii*) a review of the information systems supporting administrative processes and management reporting using a single Corporate Performance Management application; and *iii*) consolidation of the CRM system through the adaptation of several administrative- and commercial-system interfaces to interventions on information systems to activate new offerings and review the main processes with a view to developing its products from a customer-centric perspective by adopting a single-contract approach. In the domain of infrastructure, during the first half of 2011, centralized hardware was acquired with a view to replacing outdated equipment in order to improve performance and reduce energy consumption and to allow employees and the sales force to use more innovative and technologically advanced equipment.

The **average workforce** (1,027 employees in the first half of 2011) fell by 192 employees compared with the first half of 2010, partly as a result of corporate programs to reduce the workforce and the use of the wage guarantee fund (CIGS).

Regulation

The business of the SEAT Pagine Gialle group in general, and of SEAT Pagine Gialle S.p.A. in particular, is regulated by a set of EC directives (2002/19, 20, 21 and 22, as subsequently amended) on telecommunication systems which have been gradually transposed into regulations by the member states, if not always in a uniform manner. To be more specific:
- Directive 2002/19/EC on access to, and interconnection of, electronic communications networks and associated facilities;
- 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 user rights relating to electronic communications networks and services;
- Directive 2002/58/EC on the processing of personal data and the protection of privacy in the electronic communications sector.

More specifically, the most important regulations for the Group (with a view to promoting competition and reducing the gap between operators with a dominant market position and new operators) are:

- the **Access Directive**, which enables information service providers, usually without their own telecommunications network, to obtain interconnection to the network of all fixed and mobile telephone operators (so that their services can be reached by all subscribers of all networks) and, above all, to use a series of services at cost-orientated prices from operators in a dominant position;

- the **Universal Service Directive**, particularly in relation to the expectation of a single database of fixed and mobile subscribers (who have given their express consent to be included), which must be compiled by all national administrators and made available to users of the content of the database, at fair, non-discriminatory and cost-orientated prices;

- the **Authorization Directive**, which, among other things, simplified the terms and conditions of obtaining authorization to carry out telephone operator activities (extending authorization to include parties not previously eligible).

With the exception of Directive 2002/58/EC, which relates to the processing of personal data and the protection of privacy in the electronic communications sector and was assimilated into Italian law through Legislative Decree no. 196 of 30 June 2003 (the privacy code), these directives were assimilated into law within the electronic communications code (Legislative Decree no. 259 of 1 August 2003) and other specific orders by either AGCOM (the national communications regulation authority) or the Garante della Privacy (the Italian data protection authority).

At the end of November 2009, the European Commission approved the new package of directives on telecommunications:

- Directive 2009/140/EC (Directive for "Better Regulation")
- Directive 2009/136/EC (Directive on "Citizens' Rights")
- Regulation 2009/1211, which set up supranational regulatory body BEREC (Body of European Regulators for Electronic Communications)

As regards SEAT Pagine Gialle S.p.A., these regulations have not changed the scope of the obligations of universal service or the rules for the creation of a single database.
The reform came into force on 25 May in most EU countries; it is expected to take longer in Italy and, as a result, the new Code of Electronic Communications will probably not be revised before the end of 2011.
On 1 April 2010, the Garante della Privacy issued an order entitled "*Processing of subscriber data with regard to number portability*" (published in G.U. (Gazzetta Ufficiale) no. 99 of 29 April 2010), which accepted the requests of SEAT Pagine Gialle S.p.A. This order amended certain rules on privacy in creating telephone directories (introduced by an order of the same authority on 15 July 2004) and in relation to the terms of inclusion in the single database of subscribers who change telephone operator but keep the same number (number portability).
The new system involves a form of "tacit assent" to retaining subscribers' information in the single database (the database that must be used by all companies that produce print, online and voice telephone directories). Users still have the option to change their decision free of charge at any time, even after changing to the new operator.

The previous rules led to the removal from the single database of all users who had changed telephone operator, while remaining active, because the new administrator was obligated to obtain a new form from the subscriber giving express consent to be included in the directories. Since this was a burden in terms of the time and effort involved, the parties in question rarely returned the consent form to the new administrator, and therefore were removed from the directories. As a result, there was a risk of gradual deterioration of the single database (with the disappearance of business and residential users), with possible negative consequences on the completeness and quality of national directories.

On 8 April 2010, the Garante della Privacy issued an order entitled: "*Measures to protect the reverse search of former subscribers to telephone services*" (published in G.U. no. 99 of 29 April 2010).

The measure provides for the reactivation, as of 1 January 2011, of the reverse search function (which consists of searching for the name of a subscriber based on their telephone number) in online directories and voice services. This function, which is frequently requested by the public and has been prohibited since August 2005, will be restored for all subscribers whose data were already included in a public directory prior to the creation of the single database (the rules of which required express consent, even in cases where the subscriber had not amended any data already supplied to their operator). Subscribers will still have the possibility of being excluded from the function by informing their operator that they do not wish to be the subject of a reverse search.

In February 2011, the Garante della Privacy issued order no. 73 of 24 February 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 (see next paragraph), 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 directories.

In particular, this order (which also takes into account the positions and requests for clarification expressed by Seat) confirms the validity of the orders issued in 2010 on the two topics raised by Seat:

- The order of 29 April 2010 relating to length of time in the single database – and therefore in the directory – of the consent granted by subscribers who change telephone operator with number portability;
- The order of 8 April 2010 on the reverse search function.

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 no. 166 of 20 November 2009 ("Urgent provisions for the implementation of EU obligations and the execution of judgments of the Court of Justice of the European Community") converted Decree no. 135 of 25 September 2009 (the "Malan amendment") into law and made significant amendments to article 130 of the personal data protection code ("unwanted communication"). By going beyond the provisions of the order issued by the Garante della Privacy on 15 July 2004 that introduced the *opt-in* principle (the need for a person to give express consent to be contacted for direct marketing purposes), the new provisions of law allow telephone processing of data relating to subscribers included in telephone directories for the purposes of sending advertising material, direct selling and carrying out market research or marketing communication for those who have not exercised their right of objection (*opt-out*). Objection may be expressed by recording the relevant telephone number in a public objections register. A regulation on this register was approved by the council of ministers on 9 July and is due to be published in the G.U. (it will enter into force within 90 days of publication). The register will be created and managed by the Ministry of Economic Development, which may entrust it to an independent organization once it is fully operational.

The same conversion law provided for an extension, from 31 December 2009 to 25 May 2010, of the date up to which creators of databases drawn from telephone directories published prior to 1 August 2005 may use the data contained in these databases for promotional purposes without providing information and obtaining consent. In its order of 22 December 2009, the Garante della Privacy also extended until 25 May 2010 the deadlines for the implementation of its previous order of 12 March 2009 containing the regulations to which owners of the aforementioned databases are bound.

Presidential Decree no. 178 of 7 September 2010, on the creation of the "Public register of subscribers who object to the use of their telephone number for direct marketing purposes," was published on 2 November 2010. This was a necessary step to complete the amendment to legislation on the use of subscriber data for telemarketing purposes that took place last year through Legislative Decree no. 135/2009, which transformed the previous *opt-in* regime introduced in 2005 (the need for subscribers to give express consent to their telephone operator, which then recorded this in the single database, with SEAT identifying subscribers who had given their consent by printing a telephone handset next to the relevant names in its Pagine Bianche directories) into an *opt-out system* (all telephone subscribers can be contacted for telesales purposes unless they expressly object to this by signing up to the register).

The register, which is managed by the Ugo Bordoni Foundation, was activated on 1 February 2011. With effect from this date:

- companies operating in the telemarketing sector may not call the numbers of the subscribers listed in the register. Therefore, all lists created for telesales purposes based on telephone directories (whether Pagine Bianche or Pagine Gialle) must first be compared with the objections database. 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 Bordoni Foundation and must sign a contract under which they agree to match their lists with the objections database.

Although this order relates mainly to direct marketing companies, it does have implications for some of SEAT's commercial activities. In fact, as set out in the Garante della Privacy order issued on 19 January 2011 ("Regulations on operator-assisted telephone processing of personal data for marketing purposes following the creation of the public objections register"), the new regulatory framework also gives businesses the right to object. Therefore, telesales of the products of any company aimed at a "business" audience may be carried out using the aforementioned matching procedure (alternatively, using lists of parties that have given their express consent). Seat therefore launched the new procedures necessary for subscription to the Objections Register, signing a contract for the purchase of a package of 5,000,000 numbers on which to carry out matching activities, for a cost of € 105,000.

Lastly, a new feature in postal marketing should be pointed out, which, until now, was governed by an *opt-in* regime (requiring explicit consent from the subscriber to be contacted with communications of a commercial nature by post). On 22 May 2011, the previous regulation, which established an *opt-out* system (the possibility of being contacted without explicit consent) without prejudice to the right of those involved to refuse postal marketing, by signing up to the Public Objections Register, was modified within the "Development Decree" (Legislative Decree no. 70 of 22 May 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 this new feature is the elimination 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 order is issued by the Garante della Privacy.

UK directories

Market situation and strategic positioning

The Thomson group, present in the UK telephone directories market since 1980, became part of the SEAT Pagine Gialle group at the end of 2000. In June the Thomson group employed 638 people and produced 53 editions of Thomson Local directories, with plus of 6 million copies distributed throughout the UK. It is the third-largest operator in the country, after Yell and British Telecom.

The Group operates in three related business areas, and its main products are as follows:

- classified print directories under the Thomson Local brand, with a regional focus. In addition to the business section, which is classified according to categories, the product also includes sections with information on public utilities, local entertainment events and street maps;
- online directories via its proprietary site, www.ThomsonLocal.com. The website is the online version of the print product and provides search services using "key words." The website offers users search services using both Thomson's proprietary database (Business Finder) and the wider internet (Web Finder). The Group has launched the Web Finder Directory, a print directory that lists the websites that can be consulted online, to support the Web Finder search engine;
- business information, via the sale of licenses to consult its database online and its Business Search PRO product.

The TDL Infomedia group continues to face a complex market situation, despite a recovery. After GDP increased by 1.4% in 2010, the UK economy is expected to grow again this year (source: Eurostat).

Structure of the Business Area

The UK directories Business Area is organized as follows:

MAIN COMPANIES

↓

TDL Infomedia Ltd.

↓

Thomson Directories Ltd.

↓

Thomson Directories Pension Company

Main company events

- On May 11, 2011, the pension fund plan was renegotiated, scheduling payments of £ 4 million by the end of May 2011 and £ 2.4 million by the end of June 2011. For the 2011-2013 period, the payments scheduled are equal to £ 2.4 million, while the payments for 2014 to 2027 total £ 2 million.
- A recapitalization was undertaken on June 1, 2011, with the conversion of credit equal to £ 22.5 million.

Economic and financial performance

The table below contains the main results for the first half of 2011 compared with those for the same period in the previous financial year; the figures have been restated following the modification of the accounting policies for determining revenues and related costs from the provision of online and voice services

(euro/million)	1st half year 2011	1st half year 2010 restated	Change Absolute	Change %	Year 2010 restated
Revenues from sales and services	26.0	39.2	(13.2)	(33.7)	73.6
GOP	0.5	9.1	(8.6)	(94.5)	13.6
EBITDA	(0.4)	7.6	(8.0)	n.s.	10.6
EBIT	(18.3)	4.8	(23.1)	n.s.	(8.5)
Net invested capital	8.9	41.4	(32.5)	(78.5)	24.2
Capital expenditure	1.5	0.9	0.6	66.5	2.1
Average workforce	630	687	(57)	(8.3)	676

Revenues from sales and services totaled € 26.0 million in the first half of 2011 (£ 22.6 million), a decrease of € 13.2 million (£ 11.5 million). The performance of revenues in the first half of the year was adversely affected by a different publication schedule, which saw the publication of 53 directories in the first six months of the year, compared with 73 published in the first six months of the previous year. On a same publication basis and at constant euro/sterling exchange rates, revenues in the first half of 2011 fell by 21% compared with the first half of 2010. In addition, in order to take into account the minimum circulation clauses in contracts relating to advertising in print directories, revenues in 2010 for the company reflect the effect (equal to € 4.5 million) from the recording of revenues at the time the minimum distribution level for the directories involved is reached.
Based on the effects listed above, print products were also negatively affected by the difficult economic and market conditions, and recorded a sharper fall in sales. Revenues from direct marketing also fell (-14.3% compared with the first half of 2010).
Online revenues increased, totaling € 12.8 million in the first half of 2011 (€ 11.2 million in the first half of 2010 *restated*), as a result of the greater penetration.

GOP, at € 0.5 million, was down of € 8.6 million compared with the first half of 2010 *restated* (€ 9.1 million). Lower salaries, wages and employee benefits, and particularly a sharp fall in service costs due to a cost-cutting policy implemented by the Company, only partially offset the fall in revenues.
The fall in salaries, wages and employee benefits is linked to the reduction in staff numbers (with the average workforce falling by 57 compared to June 2010). This reflects the impact of the internal Restructuring Plan launched in 2009 and still under way in the first few months of 2011, involving all areas of the Company, and lower pension fund management costs following the transfer of employees to defined-contribution pension funds outside of the Group.
The fall in the cost of services caused by lower general costs was significant.

EBITDA, negative for € 0.4 million in the first half of 2011 (against a positive figure of € 7.6 million in the first half of 2010 *restated*), fell by € 8.0 million compared with the first half of 2010 *restated*, performing in line with GOP. At constant exchange rates and on a same-publication basis, the fall in the margin was reduced to € 3.5 million.

EBIT as at June 30, 2011 was negative for € 18.3 million (positive for € 4.8 million as at June 30, 2010 *restated*). This reduction reflects the write-down in goodwill of € 16.4 million as a consequence of impairment test.

Net invested capital of the Thomson group totaled € 8.9 million (£ 8.0 million) as at June 30, 2011, down by € 15.3 million compared to December 31, 2010 *restated* (£ 20.8 million). This figure includes goodwill worth € 17.1 million and a defined-benefit pension fund with a net value of € 10.1 million as at June 30, 2011. The decrease in net invested capital is due for € 16.4 million to the write-down in goodwill above mentioned.

Capital expenditure totaled € 1.5 million (£ 1.3 million), an increase compared with the same period in the previous year, and refers essentially to the launch of the sales force automation program through the distribution of laptops to most of the sales force.

The **average workforce** was 630 employees in the first half of 2011, down by 57 compared to the first half of the previous year due to the Company restructuring plan.

Regulation

There is no significant change compared to the consolidated financial statements made at December 31, 2010.

Directory Assistance

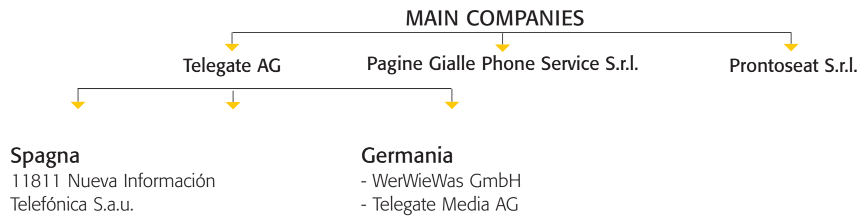
Market situation and strategic positioning

The Directory Assistance Business Area provides telephone information services via the group headed by the German subsidiary, Telegate AG, and Prontoseat S.r.l. and Pagine Gialle Phone Service S.r.l., direct subsidiaries of SEAT Pagine Gialle S.p.A.

The Telegate group currently operates in the German and Spanish directory assistance markets. In **Germany,** the Group's key market, the structural decline in call volumes on the directory assistance market was confirmed in 2011. In light of this decline, Telegate increasingly focused its activities on the local search market via an increasingly varied product range, positioning itself as a marketing partner for small and medium-sized businesses.

Structure of the Business Area

The Directory Assistance Business Area provides telephone information services via the group headed by the German subsidiary, Telegate AG, and Prontoseat S.r.l. and Pagine Gialle Phone Service S.r.l., direct subsidiaries of SEAT Pagine Gialle S.p.A.



Main company events

On June 29, 2011, the Shareholders' Meeting of Telegate AG (in which SEAT Pagine Gialle S.p.A. holds a direct stake of 16.24% and an indirect stake of 61.13% via Telegate Holding GmbH) decided:

- to distribute a shareholder dividend of € 0.50 for each of the 19,111,091 shares;
- to approve the purchase of treasury shares equivalent to a maximum of 10% of the share capital, to be exercised by December 31, 2013, and the authorization of the Management Board, following the approval of the Supervisory Board, to decide on the use of the treasury shares purchased.

Economic and financial performance

The table below contains the key figures for the first half of 2011 compared with those for the same period in the previous financial year; the figures have been restated following the modification of the accounting policies for determining revenues and related costs from the provision of online and voice services.

(euro/million)	1st half year 2011	1st half year 2010 restated	Change Absolute	Change %	Year 2010 restated
Revenues from sales and services	61.0	73.5	(12.5)	(17.0)	140.7
GOP	9.2	13.7	(4.5)	(32.8)	25.9
EBITDA	6.9	12.5	(5.6)	(44.8)	23.7
EBIT	0.6	4.6	(4.0)	(87.0)	(7.3)
Net invested capital	88.6	110.9	(22.3)	(20.1)	85.5
Capital expenditure	2.5	1.5	1.0	66.7	2.7
Average workforce	1,922	2,444	(522)	(21.4)	2,327

In the first half of 2011, **revenues from sales and services** for the Directory Assistance Business Area totaled € 61.0 million, down 12.5% compared to € 73.5 million in the first half of 2010 *restated*.

EBITDA fell by € 5.6 million compared to the first half of 2010 *restated*, to € 6.9 million.

For more details on these figures, see the following analysis by company and geographical area.

Telegate Group

SEAT Pagine Gialle S.p.A. holds 16.24% and Telegate Holding GmbH holds 61.13%

The table below contains the key figures for the first half of 2011 compared with those for the same period in the previous financial year; the figures have been restated following the modification of the accounting policies for determining revenues and related costs from the provision of online and voice services.

(euro/million)	1st half year 2011	1st half year 2010 restated	Change Absolute	Change %	Year 2010 restated
Revenues from sales and services	55.9	61.3	(5.4)	(8.8)	123.1
GOP	9.0	12.9	(3.9)	(30.2)	24.8
EBITDA	6.8	11.1	(4.3)	(38.7)	22.2
EBIT	0.8	6.1	(5.3)	(86.9)	(5.3)
Net invested capital	67.4	90.0	(22.6)	(25.1)	65.4
Capital expenditure	2.3	1.4	0.9	64.3	2.5
Average workforce	1,642	1,667	(25)	(1.5)	1,672

Revenues from sales and services fell in the first half of 2011 by 8.8%, to € 55.9 million (€ 61.3 million in the first half of 2010 *restated*), due to the continued fall in call volumes for traditional telephone assistance services, including services with added value and outsourcing. Online revenues rose to € 17.3 million.

The revenues by country break down as follows:

- in **Germany**, where the telephone assistance service market continues to decline, voice revenues fell to € 34.0 million, down 18.5% compared to the same period of the previous year. In terms of turnover, the fall in call volumes was only partially offset by an increase in average call duration and tariffs.
  Telegate continued to pursue its transformation process in 2011, focusing its activities on the Local Search market via an increasingly varied product range and positioning itself as a marketing partner for small and medium-sized businesses.
  Online advertising revenues in the first half of 2011 totaled € 17.2 million, equal to around 33.6% of total revenues in Germany (around 25% in the first half of 2010 *restated*). The increase was equal to € 3.3 million compared with the first half of 2010 thanks to advertising revenues and the positive contribution made by revenues from the sale of Google Adwords™, an advertising program which allows companies to promote products and services on the American company's search engine.
  In terms of EBITDA, the fall compared with the first half of 2010 was equal to € 3.9 million, with the fall in revenues being offset by the lower operating costs achieved by cost rationalization.

- in **Spain**, in the first half of 2011 revenues fell 17.5% compared to the first half of 2010 due to a fall in call volumes for the 11811 service and outsourcing services (Jazztel, Comunitel, Antena 3, QDQ 11875). The fall in revenues (€ 1.0 million) was only partially absorbed by EBITDA thanks to a reduction in advertising expenditure (€ 0.1 million) and lower telephone operator employee costs (€ 0.5 million).

GOP for the Telegate group was € 9.0 million, down by around € 3.9 million compared to the first half of 2010 *restated*. This result was mainly due to the structural decline in the market for telephone assistance services, which is reflected in the decrease in revenues, which in turn was only partly offset by lower advertising costs and savings on inbound call center costs.

EBITDA totaled € 6.8 million, a decrease of € 4.3 million compared with the same period in the previous year *restated*, performing in line with GOP.

EBIT, at € 0.8 million, decreased by € 5.3 million compared with the same period in the previous year *restated* and includes the write-down in goodwill following impairment tests (equal to € 1.3 million).

Net invested capital of the Telegate group totaled € 67.4 million as at June 30, 2011 (including € 63.9 million relating to goodwill and customer databases), down by € 2.0 million compared to December 31, 2010.

Capital expenditure for the first half of 2011 totaled € 2.3 million, an increase of € 0.9 million compared with the first half of 2010 (€ 1.4 million) and refers to the replacement and modernization of technological equipment at call centers.

The **average workforce** in the first half of 2011 fell to 1,642 employees (compared with 1,667 employees in the first half of 2010).

Pagine Gialle Phone Service S.r.l.

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

The table below contains the key figures for the first half of 2011 compared with those for the same period in the previous financial year

(euro/million)	1st half year 2011	1st half year 2010	Change Absolute	%	Year 2010
Revenues from sales and services	0.3	6.7	(6.4)	(95.5)	7.0
GOP	(0.2)	(0.1)	(0.1)	(100.0)	(0.3)
EBITDA	(0.2)	0.7	(0.9)	n.s.	0.3
EBIT	(0.4)	(1.9)	1.5	78.9	(2.4)
Net invested capital	0.5	0.8	(0.3)	(37.5)	0.9
Average workforce	4	455	(451)	(99.1)	345

The decrease of € 6.4 million in **revenues from sales and services** compared to the same period of 2010 is attributable to the sale of call centers in Livorno and Turin in May 2010 to People Care S.r.l. and Voice Care S.r.l., which belong to the Contacta group, together with the transfer of the call centers' workforce.

The **GOP** and **EBITDA** recorded reflect this sale.

Prontoseat S.r.l.

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

Nella tabella sono riportati i principali risultati del primo semestre 2011 posti a confronto con quelli del periodo dell'esercizio precedente.

(euro/million)	1st half year 2011	1st half year 2010	Change Absolute	%	Year 2010
Revenues from sales and services	4.8	5.5	(0.7)	(12.7)	10.7
GOP	0.4	0.7	(0.3)	(42.9)	1.3
EBITDA	0.3	0.6	(0.3)	(50.0)	1.1
EBIT	0.2	0.3	(0.1)	(33.3)	0.3
Net invested capital	(0.4)	0.6	(1.0)	n.s.	(0.3)
Capital expenditure	0.2	0.1	0.1	100.0	0.2
Average workforce	276	322	(46)	(14.3)	310

Revenues from sales and services of Prontoseat S.r.l. in the first half of 2011 totaled € 4.8 million, down by € 0.7 million compared to the first half of 2010. The reduction in sales is basically due to the structural decline in call volumes and in inbound revenues as a result. The fall in inbound revenues was attributable partly to the lower number of calls managed by the 89.24.24 Pronto PAGINEGIALLE® service following the sale of some call center activities to the Contacta group, and partly to the structural decline in the telephone assistance market.
The reduction in inbound sales was partly offset by the increase in telephone sales revenues (outbound revenues). The considerable growth in outbound revenues (+€ 0.8 million compared with the first half of 2010) was a result of the strong performance of telephone sales relating to renewals of advertising contracts for print products and the 12.40 Pronto PAGINEBIANCHE® service.

As a result of a fall in revenues, **GOP** was € 0.7 million lower than in the first half of 2010 (€ 0.3 million) due to a reduction in salaries, wages and employee benefits, as the Company employed fewer telephone operators and implemented a savings policy on general costs.
EBITDA and **EBIT** performed in line with GOP.

The **average workforce** was 276 employees in the first half of 2011, 46 fewer than in the first six months of 2010.

Regulation

There is no significant change compared to the consolidated financial statements made at December 31, 2010.

Other Activities

Structure of the Business Area

This is a residual Business Area, covering all activities that do not fall within the scope of the aforementioned areas. It is organized as follows

MAIN COMPANIES

Europages

Consodata S.p.A.

Cipi S.p.A.

Main company events

No significant events took place during the first half of 2011.

Economic and financial performance

The table below contains the key figures for the first half of 2011 compared with those for the same period in the previous financial year; the figures have been restated following the modification of the accounting policies for determining revenues and related costs from the provision of online and voice services.

(euro/million)	1st half year 2011	1st half year 2010 restated	Change Absolute	Change %	Year 2010 restated
Revenues from sales and services	20.7	24.9	(4.2)	(16.9)	55.1
GOP	0.4	0.4	-	-	4.4
EBITDA	0.1	0.1	-	-	4.0
EBIT	(2.3)	(3.0)	0.7	(23.3)	(2.4)
Net invested capital	15.2	14.6	0.6	4.1	14.9
Capital expenditure	1.8	1.5	0.3	20.0	4.4
Average workforce	333	373	(40)	(10.7)	361

Below is an analysis of the economic and financial figures broken down into the various companies that make up the Business Area.

Europages

SEAT Pagine Gialle S.p.A. holds 93.562%

Europages publishes "Europages," the pan-European BtoB directory produced for companies that use import and export channels.
This multilingual search tool was created in 1982 as a print directory and later supplemented by CD-Rom and online versions, launched in 1993 and 1995 respectively. Since 2008 it has been available exclusively online at www.europages.com.

The table below contains the key figures for the first half of 2011 compared with those for the same period in the previous financial year; the figures have been restated following the modification of the accounting policies for determining revenues and related costs from the provision of online and voice services.

(euro/million)	1st half year 2011	1st half year 2010 restated	Change Absolute	Change %	Year 2010 restated
Revenues from sales and services	8.3	9.5	(1.2)	(12.6)	17.0
GOP	1.1	1.1	-	-	1.4
EBITDA	0.9	0.8	0.1	12.5	1.0
EBIT	0.5	(0.3)	0.8	n.s.	(1,4)
Net invested capital	(1.5)	(0.8)	(0.7)	(87.5)	(1.7)
Capital expenditure	0.3	0.2	0.1	50.0	0.5
Average workforce	79	105	(26)	(24.8)	95

In the first half of 2011, **revenues from sales and services** totaled € 8.3 million, a fall compared with the first half of 2010 *restated* following the change to the criteria for recording online revenues of € 1.2 million, mainly as a result of the different accounting used for revenues created in Italy. Revenues in other countries remained stable in the main.

Portal traffic indicators in the first half of 2011 have shown a sharp increase in visits (39%) compared with the same period in the previous year. Visits are currently stable, at an average of around 4.8 million per month, supported by better indexing on search engines.

The fall in revenues has been absorbed in terms of GOP, which is in line (€ 1.1 million) with that recorded in the first half of 2010 *restated*, assisted by the pursuit of a thorough cost-cutting policy, which has led, specifically, to a reduction in labor costs, together with lower costs for services, linked to lower royalties paid following the fall in revenues.

EBITDA, at € 0.9 million, is in line with GOP.

EBIT, at € 0.5 million, is up € 0.8 million compared with the first half of 2010 *restated*; last year there were reorganization costs of € 0.3 million connected to the corporate restructuring.

Net invested capital was negative for € 1.5 million as at June 30, 2011, an increase of € 0.2 million compared to 31 December 2010.

Capital expenditure in the first half of 2011 came to € 0.3 million, basically in line with the same period in the previous year.

The **average workforce** was 79 employees in the first half of 2011, compared to 105 in the first half of 2010, due to the restructuring program carried out in 2010.

Consodata S.p.A.

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

For over 20 years, Consodata S.p.A., the market leader in Italy for one-to-one marketing and geo-marketing, has been offering wide-ranging and innovative direct marketing services to thousands of businesses operating in various sectors. Thanks to its extensive database, Consodata S.p.A. is able to provide its customers with information on the behavior of millions of consumers using advanced marketing intelligence tools.
The table below contains the key figures for the first half of 2011 compared with those for the same period in the previous financial year; the figures have been restated following the modification of the accounting policies for determining revenues and related costs from the provision of online and voice services.

(euro/million)	1st half year 2011	1st half year 2010 restated	Change Absolute	Change %	Year 2010 restated
Revenues from sales and services	7.4	10.0	(2.6)	(26.0)	24.5
GOP	0.2	0.7	(0.5)	(71.4)	4.2
EBITDA	0.1	0.6	(0.5)	(83.3)	4.3
EBIT	(1.5)	(1.0)	(0.5)	(50.0)	0.9
Net invested capital	8.2	6.5	1.7	26.2	6.6
Capital expenditure	1.5	1.3	0.2	15.4	3.8
Average workforce	106	111	(5)	(4.5)	108

Revenues from sales and services totaled € 7.4 million in the first half of 2011, a fall of € 2.6 million compared with the first half of 2010 *restated*. The decrease is mainly due to the line of products sold via the SEAT Pagine Gialle S.p.A. network, a fall of 40% compared with the same period in the previous year, adversely affected by the difficult economic situation and regulations, because of the limitations still imposed by the Garante della Privacy.
As far as other product lines are concerned, revenues from the Large Clients network grew 4% in the first half of 2011 compared with the same period in 2010, driven by the strong performance of products and services connected to geo-marketing. Products marketed by the Kompass-LineAffari line fell 25% compared with the first half of 2010 due to different publication schedule for the Alberghi d'Italia Printed Directory.

The fall in revenues was partly absorbed in terms of **GOP**, which was positive for € 0.2 million in the first half of 2011, although it fell by € 0.5 million compared with the first half of 2010 *restated*.

This trend was also reflected in **EBITDA**, which was € 0.1 million, against € 0.6 million in the first half of 2010 restated.

EBIT in the first half of 2011 was a negative € 1.5 million (compared with a negative € 1.0 million in the first half of 2010 *restated*), and included € 1.5 million relating to operating amortization and depreciation.

Net invested capital was € 8.2 million as at June 30, 2011, against € 6.6 million as at December 31, 2010 *restated.*

Capital expenditure in the first half of 2011 totaled € 1.5 million, an increase of € 0.2 million compared with the same period in the previous year, and focused, in particular, on

The **average workforce** in the first half of 2011 comprised 106 employees, five fewer than in the first half of 2010.

Regulation

Personal data protection (Legislative Decree no. 196 of 30 June 2003)

In June 2008, the Garante della Privacy concluded an investigation into a number of companies that create and sell telephone subscriber databases by issuing an order against Consodata S.p.A., served in September 2008, 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 the data had been obtained without providing required information to the individuals concerned or obtaining their express consent where required to do so by law.

The authority declared that the use of subscriber information contained in telephone directories and s created prior to August 1, 2005 for promotional, advertising or commercial purposes, and the sale of these data to third parties (including those not operating in the telecommunications sector) constituted a breach of the legislation in force. This legislation demands that certain guarantees be made to subscribers, which are set out in order no. 1032397 of May 23, 2002, pursuant to which i) specific consent must be requested – in addition to consent to simply be included in the telephone directory – for the use of the data for commercial purposes and to send advertising material, or to carry out market research and interactive marketing communication, and ii) a uniform procedure should be put in place, which all operators are obligated to use, in order to clearly show the consent of the subscriber to the use of their data for commercial or advertising purposes, consisting of putting certain icons next to the relevant names.

Consodata S.p.A. maintained that it had lawfully acquired the data in its database and appealed to the Court of Rome to have the order annulled. A hearing was scheduled for June 2009. The appeal was rejected in light of new legislation introduced by the "Milleproroghe" 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 (served in February 2010) ending the proceedings that had started with an inspection of the company in February 2009. Consodata S.p.A. submitted an interpretative statement and clarified its position through a series of meetings at the authority's offices. Contesting the order, Consodata lodged an appeal on March 19, 2010 with the Court of Rome, which on May 25, 2010 ruled that the order be suspended. The judge ruled that the prohibition on the use of data obtained from certain Consodata databases, due to a lack of specific consent under the terms set out by the authority, was not applicable to past instances of use of these data. The hearing of the case initially deferred to February 2011 was later deferred to July 2011 and then to September 2011.
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 setup 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 April 7, 2010, Consodata submitted a request to the authority for exemption from or simplification of compliance with the privacy policy on an individual basis for the use of data obtained from the single database (containing telephone directory numbers, mobile phone numbers and data on owners of prepaid cards not contained in telephone directories) for non-commercial purposes.
On September 16, 2010, the authority rejected the request, declaring that the processing of data from the single database for purposes other than use in telephone directories was unlawful. The authority also made a distinction between single databases and telephone directories, to be understood as two autonomous and separate items, since they are created for different purposes and each contains different kinds of data.

Cipi S.p.A.

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

Cipi S.p.A. works in the promotional products and corporate gifts sector. It covers the entire value chain, including importing items, customizing them with the customer's logo and selling to the end customer either directly or through the Parent Company.

The table below contains the key figures for the first half of 2011 compared with those for the same period in the previous financial year.

(euro/million)	1st half year 2011	1st half year 2010	Change Absolute	Change %	Year 2010
Revenues from sales and services	5.0	5.5	(0.5)	(9.1)	13.7
GOP	(0.9)	(1.3)	0.4	30.8	(1.2)
EBITDA	(1.0)	(1.4)	0.4	28.6	(1.3)
EBIT	(1.3)	(1.7)	0.4	23.5	(1.9)
Net invested capital	8.2	9.0	(0.8)	(8.9)	9.9
Capital expenditure	0.1	-	0.1	n.s.	-
Average workforce	148	156	(8)	(5.1)	157

Revenues from sales and services in the first half of 2011 reached € 5.0 million, a decrease of € 0.5 million compared with the same period in the previous year as a result of the significant fall in revenues from direct sales through the SEAT Pagine Gialle S.p.A. network of agents (€ 0.4 million). Turnover from the sale of promotional items in catalogues through a network of agents increased slightly (€ 0.1 million),

GOP, negative for € 0.9 million in the first half of 2011, increased by € 0.4 million compared with the first half of 2010 due to lower salaries, wages and employee benefits and the significant reduction in the cost of raw materials, which was closely related to the lower sales volumes and helped by the favorable euro-dollar exchange rate.

EBITDA and **EBIT**, a loss of € 1.0 million and € 1.3 million respectively, perform in line with GOP

Net invested capital totaled € 8.2 million as at June 30, 2011, down by € 1.7 million compared to December 31, 2010.

The **average workforce** in the first half of 2011 fell to 148 employees (156 employees in the first half of 2010).

Other information

Human resources

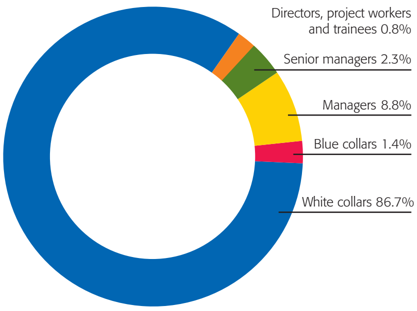
SEAT Pagine Gialle group

	At 06.30.2011	At 12.31.2010	Change
Employees	4,645	4,777	(132)
Directors, project workers and trainees	39	33	6
Total workforce at the end of the period	**4,684**	**4,810**	**(126)**
	1st half year 2011	**1st half year 2010**	**Change**
Average workforce for the period	**3,912**	**4,723**	**(811)**

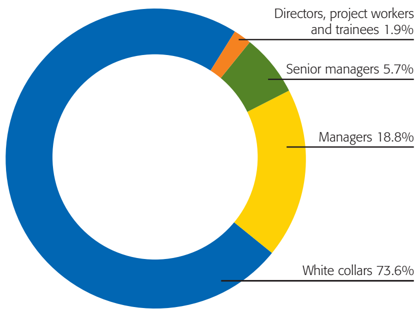
The SEAT Pagine Gialle group had a total workforce of 4,684 employees as at June 30, 2011, down by 126 employees compared to December 31, 2010, with an average workforce in the first half of 2011 of 3,912 employees (compared with 4,723 employees in the first six months of 2010).
The decrease in the average workforce of 811 employees is attributable to the extension of the review of the organizational structure set up by the Parent Company through the company reorganization plan (-192 employees), the sale of call centers by subsidiary Pagine Gialle Phone Service S.r.l. (-451 employees), which took place in the first part of 2010, and the reduction in the number of staff employed at call centers.

As regards the distribution of human resources across the various business areas, the Parent Company employed only 26.3% of the average total workforce for the period, despite having generated 77.4% of the Group's revenues. This is attributable to the following factors:
- in Italy the sales force consists mainly of agents (1,343 as at June 30, 2011), whereas overseas it is made up of employees;
- the call centers used to provide directory assistance services employ a large number of telephone operators. The Directory Assistance Business Area employed 49% of the average total workforce in the first half of 2011, despite accounting for only 14% of total Group revenues for the period.

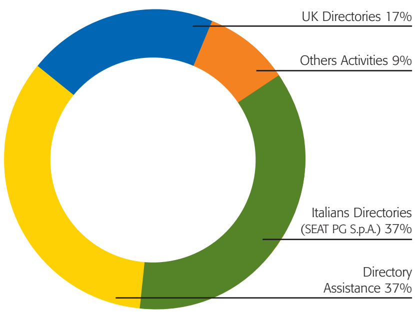
SEAT Pagine Gialle group



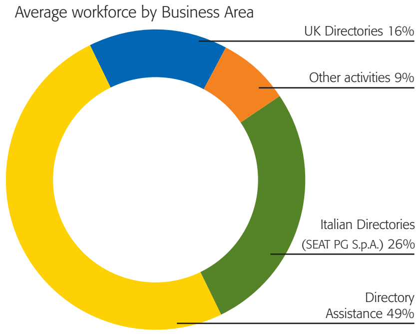
SEAT Pagine Gialle S.p.A.



Labour cost by Business Area



Average workforce by Business Area



SEAT Pagine Gialle S.p.A.

	At 06.30.2011	At 12.31.2010	Change
Employees	1,211	1,218	(7)
Directors, project workers and trainees	24	15	9
Total workforce at the end of the period	1,235	1,233	2
	1st half year 2011	1st half year 2010	Change
Average workforce for the period	1,027	1,219	(192)

The workforce of SEAT Pagine Gialle S.p.A. totaled 1,235 employees as at June 30, 2011, basically stable compared to the end of the previous year.
The average workforce (1,027 employees in the first half of 2011) fell by 192 employees compared with the first half of 2010; this decrease reflects the effects of the reorganization plan currently in progress, which has led to both voluntary redundancies and early retirements involving the use of the wage guarantee fund (CIGS): as at June 30, 2011, 176 employees were in this situation.

Sales network

As at June 30, 2011, SEAT Pagine Gialle S.p.A.'s sales network comprised 1,343 agents and dealers (1,510 agents and dealers as at December 2010) and 85 employees (67 employees as at December 31, 2010), broken down into Customer Business Units, categorized by type of customer and market potential: "Large Clients & Top Customers" and "SMEs & Local."

To be more specific:

- for the "Large Clients and Top Customers" Business Unit the sales divisions are organized and specialized according to communication needs, distinguishing the National part, which comprises large brands and complex clients with networks throughout the country that require high levels of customization, from Local and Central Public Administration, with institutional and public service needs, and from the Top Customer sales line, with local and specialized service needs. These markets are served by a sales force of 22 employees from the "Key Account" and "Sales Management" departments and 11 agents and dealers, including 6 agents specialized in the Government Authorities segment, as well as, for "Top Customers," 46 agents, 7 area managers and a head of department;

- the "SMEs & Local" Customer Business Unit is responsible for the SME segment and small economic operators. The country is split into two areas (Field Sales North and Field Sales Centre/South), which, in turn, are divided into 10 teams according to location, sales potential and operational excellence. Alongside the Field Areas, in order to respond to customer requirements, there is also a sales area that comprises the metropolitan markets of Rome and Milan.

  The Telesales Service continued to support the activities of the "SME Sales Division," with the aim of improving customer service and developing more contacts with customers.

  The "SME & Local" CBU operates through a network of 1,286 agents, coordinated by 30 market managers and 3 city managers.

Organizational development and personal services

On May 10, 2011 the Board of Directors appointed the Chief Executive Officer, Alberto Cappellini, as General Manager of the Company in order to ensure the highest levels of management, in terms of coordination and operational direction.

Consolidation of the operational model continued throughout the period, especially within the scope of the Transformation Management Department, with three of the main divisions being remodeled:

- in order to promote the development of the new Application Maintenance System model, the Information Technology department was reorganized into two application centre areas, supported by a Program Office & Integration structure to guarantee the integration and planning of IT activities;
- the credit structure, in line with the redesigning of the credit collection process defined by the Tpower project and with the new regional organization of sales, has simplified oversight of the regional areas for the PML channel (North and Central/South), and new departments dedicated to the governance of credit collection agencies have been set up according to collection strategy/customer segment;

- lastly, the Customer Relationship Management department was established to guarantee the integrated management and development of all after-sales areas related to customer care and retention.

In the first half of 2011, the SEAT4PEOPLE project, which is dedicated to the community and includes all the Company's employees and agents, continued its activities by promoting and signing agreements and launching initiatives that benefit SEAT Pagine Gialle S.p.A. staff, as well as managing projects in collaboration with the CRAL DLF (workers' recreational organization).
For employees' children aged between 6 and 12, SEAT4PEOPLE promoted company holiday camps for the third consecutive year.
The vehicle fleet was streamlined in order to reduce costs.

Training

In the first half of 2011, SEAT Pagine Gialle continued to support its sales force through training, particularly by educating new agents focusing on sales behavior and commercial products. Special attention was paid to reviewing the approach to customers.
In order to support activities aimed at customers, a skills manual has been drafted for area managers, which was created using interviews from the company's top management. A development centre was subsequently created for all area managers, in order to align actual behavior with the model and to allow strong points to be identified, as well as those areas which need improvement, with the development of individual action plans that focus special attention on the most important areas for development, such as leadership and risk taking.
In line with the Company's business model, there were staff training initiatives to increase professional skills and knowledge and to instill an internet-orientated culture.
SEAT Pagine Gialle launched the Educational channel, incorporating it in the innovative "Quick Learning Point" platform, which is dedicated to understanding the internet and consists of short segments of online product information intended to keep all agents and employees constantly updated.
In order to achieve this, training activities have been launched where possible, funded by inter-professional organizations (Fondimpresa). In addition, during this half year period, training programs were launched aimed at Professional Retraining, in accordance with union agreements signed by the Company, involving 70 employees. These programs include sessions in the classroom, on-the-job training, sending training material, online courses, with initial information and orientation sessions with employees who have been made redundant but are not eligible for retirement, designed to implement Law 102/2009, which involves Professional Retraining through traditional training methods.
Activities were carried out in parallel to boost the Company's position in the job market by recruiting and selecting employees for strategic and innovative areas of the Company, in particular the online & mobile BU and the sales force, where 130 new agents were hired, as well as benchmarking initiatives with other company training departments.

Industrial relations

On February 18, 2011 the Company signed a Reorganization Agreement with Trade Unions, which was ratified at the Ministry of Employment and Social Policies on February 25, 2011. This agreement involves the continuation of the previous Restructuring Plan (February 9, 2009 – February 8, 2011); the new Plan defines a reorganization schedule for the period between March 7, 2011 and March 6, 2013, with the identification of 198 surplus employees and the use of the same management tools as in the previous Plan: recourse to the wage guarantee fund and early retirement pursuant to Law 416/81, as subsequently amended, retraining – pursuant to Law 102/2009, as subsequently amended – for redundant employees who are ineligible for early retirement and the use of additional management tools.

In particular, as far as professional retraining is concerned, a special statement of agreement was signed at the Ministry of Employment and Social Policies, as set out in the regulations on the subject; this agreement involves the implementation of training programs in order to make the employee reorganization process more effective without the requirements pursuant to Law 416/81, and subsequent amendments, in the period covered by the Plan. The retraining process will also be implemented with a contribution from the "Steering Committee," a joint body set up through the union agreement of October 24, 2007, with a specific role concerning training and with recourse, where possible, to training financed under the "Fondimpresa" system.

The management of the reorganization process was followed up during the course of the half year and on July 7, 2011 the Ministry of Employment issued the Decree which officially confirmed the status of the company's reorganization and authorized the wage guarantee fund for the period from March 7 to September 6, 2011.

Litigation

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

With reference to disputes for which SEAT Pagine Gialle S.p.A. – as a beneficiary 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 latter, pursuant to article 2506-quater, paragraph 3, of the Italian Civil Code, for liabilities arising from these disputes which have not been satisfied by the Spun-off Company, there are still three procedures ongoing against the Cecchi Gori Group, regarding the bankruptcy of the Cecchi Gori Group Fin.Ma.Vi ("Finmavi") and the Cecchi Gori Group Media Holding, in liquidation ("Media").

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.
The case was deferred until the hearing of October 18, 2011 for the clarification of pleadings.

Challenge of the resolution of the shareholders' meeting of August 11, 2000

This refers to the legal proceedings brought by Finmavi and Media against HMC concerning the resolutions 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 instances, Finmavi and Media filed an appeal with the Court of Cassation and the Spun-off Company submitted a counter-appeal and cross-appeal on October 16, 2007. As at the reporting date, no date has been set for the hearing for discussion.

* * * *

Within the context of the spin-off, the Spun-off Company and SEAT Pagine Gialle S.p.A. signed an agreement confirming that any liabilities attributable to the business unit that remained within the Spun-off Company (such as those relating to the aforementioned disputes) or to the unit that was transferred to SEAT Pagine Gialle S.p.A. will be fully payable by the party that owns the relevant business unit.

b) Litigation involving SEAT Pagine Gialle group companies

Disputes between Datagate GmbH, Telegate Media AG, Telegate AG and Deutsche Telekom AG over costs relating to the supply of telephone subscriber data

On April 13, 2011, the Düsseldorf Regional Court found against Deutsche Telekom AG in the litigation brought by subsidiaries Telegate AG, Datagate GmbH and Telegate Media AG. The Court sentenced Deutsche Telekom AG to repay the excess sums paid for the provision of telephone subscription data totaling € 33.6 million, as well as interest of € 11.5 million.

On June 8, the Düsseldorf Regional Court also pronounced a ruling in the proceedings between Telegate and Deutsche Telekom AG concerning repayment of the excess sums paid by Telegate for the provision of data between 1997 and 2000, again ordering Deutsche Telekom to repay the excess sums paid by Telegate, but reduced the amount from € 52.0 to € 41.3 million, as well as having awarded the interest at the start of the proceedings (in the amount of around € 8 million).

These judgments do not include the right of further appeal, but the parties may request access to a further stage of appeal.

➔ Corporate governance

Introduction

Pursuant to article 123-bis of Legislative Decree no. 58/98, the Company has written and published a report on its corporate governance and shareholder structure for 2010. The Report can be consulted on the Company's website at the following address: www.seat.it. Below is an update concerning only events that took place in the first half of this year.

Board of Directors

In the first half of the year, the Board of Directors met on five occasions.

General Manager

On May 10, 2011 the Board of Directors appointed the Chief Executive Officer, Alberto Cappellini, as General Manager of the Company in order to ensure the highest levels of management, in terms of coordination and operational direction.

Remuneration Committee

During the first half of the year, the Committee held two meetings, during which, amongst other things, it expressed a favorable opinion about the bonus pool mechanism applied to the corporate MBO system for 2011 and approved (i) the objectives for the CEO for 2010 and the quantification of the targets reached; (ii) the appointment of Mr. Cappellini as General Manager of the Company and the revision of the mandate agreement for his role as Chief Executive Officer of the Company; and (iii) the proposals for SEAT shareholders to nominate new members of the Supervisory Board of Telegate AG.

Internal Audit Committee

The Internal Audit Committee met on four occasions in the first half of 2011 and twice in subsequent months. The work carried out during the committee meetings included the following:

- examination and assessment of the progress of the activities set out in the internal audit action plan for 2011 and their results;
- meeting with senior figures from the Administration, Finance and Control Department, the Board of Statutory Auditors and the Partner of the Independent Auditors to examine the main points of the first half report as at June 30, 2011 and the correct use of the accounting principles adopted;
- meeting with the Partner of the Independent Auditors to examine the results of the audit carried out;
- meeting with Company management to examine accounting aspects with special reference to the methods adopted in performing the impairment test and the change in the accounting criteria used in recording the revenues and related costs from the provision of online and voice services;
- examination and assessment of the results of the Enterprise Risk Management (ERM) process aimed at identifying, assessing, managing and monitoring the main corporate risks.

Supervisory Board

During the first half of 2011, the Supervisory Board met twice.
During the reference period, the Board – as well as pursuing regular supervisory activities – submitted the modifications and the updating of the "Principles and Guidelines of the Organizational Model" and the "Organizational Model" to the Board of Directors. In light of the new regulations relating to the scope of the new offences in Legislative Decree no. 231/2001, the Supervisory Board, within its scope, expressed a favorable opinion regarding the modifications introduced to these documents concerning the following sections: 1) health and safety in the workplace (forecast of the risk from work-related stress and interference risks; the relevant section has been updated with the forecast and adaptation of the specific control procedures); 2) introduction of the section relating to crimes against industry and commerce (with the consequent assessment of sensitive activities, identification of processes and functions involved, definition of specific procedures, definition of information flows to the SB); 3) introduction of the section relating to crimes on the subject of the violation of copyright (with the consequent assessment of sensitive activities, identification of processes and functions involved, definition of specific procedures, definition of information flows to the SB).
The documents were later approved by the Board of Directors.

Board of Statutory Auditors

The Board of Statutory Auditors met on four occasions in the first half of 2011.
During these meetings it verified, inter alia, the correct application of the criteria and control procedures adopted by the Board to assess the independence of its components.

Shareholders' meetings

The Ordinary and Extraordinary Shareholders' Meetings were held, on second convocation, in Turin on April 20, 2011. The Ordinary Shareholders' Meeting approved the 2010 financial statements of the Parent Company, SEAT Pagine Gialle S.p.A., the draft of which had been approved by the Board of Directors on March 16, 2011.

The Extraordinary Shareholders' Meeting approved several statutory amendments mainly aimed at completing the adjustments to Legislative Decree no. 27 of January 27, 2010, which incorporated EU Directive 2007/36/EC on the exercising of certain rights of shareholders of listed companies and on transactions with related parties. In particular, the amendments approved giving the Board of Directors the right to: (i) designate a person for each Shareholders' Meeting who the Shareholders can freely delegate, giving him/her notification in the notice of convocation of the relevant Shareholders' Meeting; (ii) call the Meeting to approve the financial statements within 180 days of the financial year end; and (iii) call the Ordinary and Extraordinary Shareholders' Meetings in a single convocation.

In addition, pursuant to article 104, paragraph 1-ter of Legislative Decree no. 58/1998, the Board of Directors was given the right to take defensive measures against takeovers and exchange offers.

Lastly, the right to introduce several mechanisms for approving transactions into the Procedure on Transactions with Related Parties, as an exception to the actual procedure, was approved.

Independent directors' meeting

During the first half of the year, as recommended by the Corporate Governance Code for listed companies, application criterion 3C6, the Independent Directors met once, without the other directors being present.

Environmental sustainability

Environmental sustainability in the EU is governed by several directives on waste and hazardous waste, packaging and packaging waste in general, but nothing specific on paper or directories. Not even the recent "Ecolabel" directive (2009/125/EC, published in edition no. 285 of the Official Journal of the European Union on October 31, 2009), which created a certification system for production processes in the paper industry, provided specific rules on directories.

Directive 2008/98/EC on waste was transposed into national law by Legislative Decree no. 205/2010 of December 10, 2010, which appeared in the Gazzetta Ufficiale (G.U.). The key change for SEAT Pagine Gialle S.p.A. was that telephone directories could now be collected directly by the bailor, as such waste was not classified as hazardous. This decree enabled the Company to overcome a problem relating to the collection of copies destined for pulp which emerged in 2008 following a restrictive interpretation of the "Ronchi Decree." This interpretation made it impossible for distributors without special hazardous-waste collection equipment to recover used directories, entrusting collection instead to the recycling systems of individual municipalities.

SEAT Pagine Gialle S.p.A. has a tradition of caring for the environment and using paper sensibly. For years, the paper used to print the Company's directories has been 30-40% recycled, a figure that puts SEAT Pagine Gialle S.p.A. third among Europe's directory services providers. The paper mills from which the Company buys its paper have implemented reforestation procedures in the areas used for cellulose production.
SEAT Pagine Gialle S.p.A.'s commitment to the environment also saw it sign up to the "European Declaration on Paper Recycling 2006-2010," a corporate governance code, as a member of the European Association of Directory Publishers (http://www.erpa.info/images/EDPR_Annual_Report_WEB.pdf).
This code sets a series of goals in terms of recycling materials used in the production of directories and committing to the use of environmentally sustainable materials (http://www.erpa.info/european0.html).
Since the end of 2009, SEAT Pagine Gialle S.p.A. has been one of the promoters of a pan-European project and part of a pool of operators and associations representing the entire 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:
- "Print Power" is an advertising campaign that highlights the effectiveness of specific qualities of printed materials (to reinforce and complement campaigns online or in other media). It is aimed at advertising investment decision-makers in companies, media centers and advertising agencies. The multi-subject campaign was launched in September 2010. Thanks to the provision of free pages by all project participants, it has already appeared 120 times in national newspapers, magazines and specialist publications.
- "Two Sides – the green side of paper" is an information campaign on the environmental sustainability of the paper industry. It uses facts and figures to overcome certain stereotypes about the presumed negative impact that this material has on the environment. Two Sides has a broad target audience of individuals. The campaign was launched at the end of 2010 with a page in the Rome, Naples and Palermo editions of PAGINEBIANCHE®. Direct marketing and social network communications are scheduled to begin in 2011.

The second stage of the Two Sides project was launched in May 2011, through the "Natural Renewable Recyclable" press release sent to about forty publications (dailies, weeklies and monthlies) and with articles on both web portals and daily printed publications.
Aimed at the general public (with young people being the particular target market), the campaign is designed to correct several common misconceptions surrounding the negative impact of the use of printed matter:
- paper is not synonymous with deforestation and pollution, quite the opposite: it contributes to the sustainable management of forests thanks to the commitment of the entire paper chain;
- paper is the most recycled material in Europe and in Italy and can be recycled up to seven times, to the extent that more than half of paper produced comes from recycling.

In parallel, an Italian version of the website (www.it.TwoSides.info) has been created, with links to social networks.

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Condensed consolidated
first half year financial statements

Introduction

It should be noted that, starting with the Interim condensed financial statements as at June 30, 2011, the Seat Group modified its policies for determining the revenues and costs from the provision of *on-line* and *on-voice* services. See point 4 of these Explanatory Notes for a more detailed description.

Consolidated statements of financial position as at June 30, 2011

Assets

(euro/thousand)		As at 06.30.2011	As at 12.31.2010 restated	Change	Notes	As at 06.30.2010 restated
Non-current assets						
Intangible assets with indefinite useful life		2,617,734	2,637,197	(19,463)	(5)	3,313,587
Intangible assets with finite useful life		82,505	91,240	(8,735)	(7)	105,848
Property, plant and equipment		31,396	32,217	(821)	(8)	34,742
Leased assets		54,618	56,445	(1,827)	(9)	58,285
Investments in associates and joint ventures		378	378	-	(10)	343
Other non-current financial assets		2,251	2,284	(33)	(11)	2,080
Deferred tax assets, net		47,810	74,934	(27,124)	(31)	67,034
Other non-current assets		838	746	92	(14)	1,122
Total non-current assets	**(A)**	**2,837,530**	**2,895,441**	**(57,911)**		**3,583,041**
Current assets						
Inventories		12,630	10,399	2,231	(12)	13,296
Trade receivables		570,678	613,088	(42,410)	(13)	597,390
Cuttent financial assets		44,579	4,300	40,279	(31)	8,485
Other current assets		70,263	75,270	(5,007)	(14)	77,292
Current financial assets		29,437	1,498	27,939	(19)	5,022
Cash and cash equivalents		129,633	241,728	(112,095)	(19)	336,992
Total current assets	**(B)**	**857,220**	**946,283**	**(89,063)**		**1,038,477**
Non-current assets held for sale and discontinued operations	**(C)**	-	-	-	(32)	326
Total assets	**(A+B+C)**	**3,694,750**	**3,841,724**	**(146,974)**		**4,621,844**

Liabilities

(euro/thousand)		As at 06.30.2011	As at 12.31.2010 restated	Change	Notes	As at 06.30.2010 restated
Equity of the Group						
Share capital		450,266	450,266	-	(15)	450,266
Additional paid-in capital		466,843	466,843	-	(15)	466,843
Reserve for foreign exchange adjustments		(37,981)	(38,937)	956	(15)	(39,473)
Reserve for "cash flow hedge" instruments		(5,213)	(12,608)	7,395	(15)	(23,338)
Reserve for actuarial gains (losses)		(16,156)	(18,578)	2,422	(15)	(18,863)
Other reserves		(632,923)	84,751	(717,674)	(15)	84,815
Profit (loss) for the period		(32,584)	(718,147)	685,563		(8,384)
Total equity of the Group	(A)	**192,252**	**213,590**	**(21,338)**	**(15)**	**911,866**
Non-controlling interests						
Share capital and reserves		12,901	13,517	(616)	-	16,902
Profit (loss) for the period		462	1,547	(1,085)	-	1,920
Total non-controlling interests	(B)	**13,363**	**15,064**	**(1,701)**	**(15)**	**18,822**
Total equity	(A+B)	**205,615**	**228,654**	**(23,039)**	**-**	**930,688**
Non-current liabilities						
Non-current financial debts to third parties		1,182,908	1,327,196	(144,228)	(19)	1,562,069
Non-current financial debts to associates		1,279,030	1,276,023	3,007	(19)	1,272,803
Non-current reserves to employees		25,383	38,641	(13,258)	(22)	42,750
Deferred tax liabilities, net		6,508	7,498	(990)	(31)	10,493
Other non-current liabilities		26,147	36,579	(10,432)	(24)	25,173
Total non-current liabilities	(C)	**2,519,976**	**2,685,937**	**(165,961)**		**2,913,288**
Current liabilities						
Current financial debts to third parties		316,745	308,789	7,956	(19)	166,944
Current financial debts to associates		17,375	17,375	-	(19)	30,920
Trade payables		171,615	207,593	(35,978)	(26)	183,752
Payables for services to be rendered and other current liabilities		363,629	296,836	66,793	(26)	311,911
Reserve for current risk and charges		47,099	45,637	1,462	(25)	41,259
Current tax payables		52,446	50,653	1,793	(31)	42,832
Total current liabilities	(D)	**968,909**	**926,883**	**(42,026)**		**777,618**
Liabilities directly associated with non-current assets held for sale and discontinued operations	(E)	**250**	**250**	**-**	**(32)**	**250**
Total liabilities	(C+D+E)	**3,489,135**	**3,613,070**	**(123,935)**		**3,691,156**
Total liabilities and equity	(A+B+C+D+E)	**3,694,750**	**3,841,724**	**(146,974)**		**4,621,844**

Consolidated statements of operations for the first half of 2011

(euro/thousand)	1st half year 2011	1st half year 2010 restated	Change Absolute	Change %	Notes	Year 2010 restated
Sales of goods	7,552	8,156	(604)	(7.4)	(28)	19,934
Rendering of services	425,693	454,239	(28,546)	(6.3)	(28)	1,014,420
Revenues from sales and services	**433,245**	**462,395**	**(29,150)**	**(6.3)**	**(28)**	**1,034,354**
Other income	1,324	2,767	(1,443)	(52.2)	(29)	4,860
Total revenues	**434,569**	**465,162**	**(30,593)**	**(6.6)**		**1,039,214**
Costs of materials	(10,077)	(15,129)	5,052	33.4	(29)	(37,423)
Costs of external services	(158,334)	(160,944)	2,610	1.6	(29)	(343,660)
Salaries, wages and employee benefits	(90,928)	(106,379)	15,451	14.5	(29)	(199,490)
Valuation adjustments	(15,177)	(17,244)	2,067	12.0	(13)	(35,722)
Provisions to reserves for risks and charges,net	(7,615)	88	(7,703)	n.s.	(24-25)	(2,666)
Other operating expense	(2,234)	(1,946)	(288)	(14.8)		(3,757)
Operating income before amortisation, depreciation, non-recurring and restructuring costs, net	**150,204**	**163,608**	**(13,404)**	**(8.2)**		**416,496**
Amortization, depreciation and write-down	(48,947)	(34,129)	(14,818)	(43.4)	(5-7-8-9)	(750,637)
Non-recurring costs, net	(7,023)	(6,080)	(943)	(15.5)	(29)	(9,187)
Restructuring costs, net	(1,341)	(3,009)	1.,668	55.4	(29)	(31,517)
Operating result	**92,893**	**120,390**	**(27,497)**	**(22.8)**		**(374,845)**
Interest expense	(139,120)	(127,332)	(11,788)	(9.3)	(30)	(270,527)
Interest income	9,605	8,489	1,116	13.1	(30)	16,568
Gain (loss) on investments accounted for at equity	-	-	-	n.s.	-	35
Profit (loss) before income taxes	**(36,622)**	**1,547**	**(38,169)**	**n.s.**		**(628,769)**
Income taxes for the period	4,500	(8,196)	12,696	n.s.	(31)	(87,938)
Profit (loss) on continuing operations	**(32,122)**	**(6,649)**	**(25,473)**	**n.s.**		**(716,707)**
Profit (loss) from non-current assets held for sale and discontinued operations	-	(162)	162	100.0	(32)	(240)
Profit (loss) for the period	**(32,122)**	**(6,811)**	**(25,311)**	**n.s.**		**(716,947)**
- of which pertaining to the Group	(32,584)	(8,384)	(24,200)	n.s.		(718,147)
- of which non-controlling interests	462	1.573	(1,111)	(70.6)		1,200

		As at 06.30.2011	As at 06.30.2010 restated	As at 12.31.2010 restated
Number of SEAT Pagine Gialle S.p.A. shares		1,927,707,706	1,927,707,706	1,927,707,706
- ordinary shares	*No.*	*1,927,027,333*	*1,927,027,333*	*1,927,027,333*
- savings shares	*No.*	*680,373*	*680,373*	*680,373*
Profit (loss) for the period	€/thousand	(32,584)	(8,384)	(718,147)
Profit (loss) par share	€	(0.017)	(0.004)	(0.373)

Profit (loss) par share were calculated by dividing operating result by the average number of shares outstanding over the period.

Consolidated statement of comprehensive income for the first half of 2011

(euro/thousand)		1st half year 2011	1st half year 2010 restated	Change	Year 2010 restated
Profit (loss) for the period	(A)	(32,122)	(6,811)	(25,311)	(716,947)
Profit (loss) for "cash flow hedge" instruments		7,395	(1,124)	8,519	9,606
Profit (loss) for foreign exchange adjustments		956	(970)	1,926	(434)
Actuarial gain (loss) recognised to equity		2,422	(1,532)	3,954	(1,247)
Total other comprehensive profit (loss) for the year, net of tax effect	(B)	10,773	(3,626)	14,399	7,925
Total comprehensive profit (loss) for the period	(A+B)	(21,349)	(10,437)	(10,912)	(709,022)
- of which pertaining th the Group		(21,811)	(12,010)	(9,801)	(710,222)
- of which non-controlling interests		462	1,573	(1,111)	1,200

Consolidated statements of cash flows for the first half of 2011

(euro/thousand)		1st half year 2011	1st half year 2010 restated	Change	Year 2010 restated
Cash inflow (outflow) from operating activities					
Operating result		92,893	120,390	(27,497)	(374,845)
Amortization, depreciation and write-down		48,947	34,129	14,818	750,637
Cost stock options		-	61	(61)	60
(Gain) loss on disposal of non-current assets		38	(846)	884	(845)
Change in working capital		64,131	37,789	26,342	42,112
Income taxes paid		(5,247)	(4,281)	(966)	(85,362)
Change in non-current liabilities		(12,084)	(3,983)	(8,101)	2,752
Foreign exchange adjustments and other movements		1,268	(1,474)	2,742	(542)
Cash inflow (outflow) from operating activities	**(A)**	**189,946**	**181,785**	**8,161**	**333,967**
Cash inflow (outflow) for investments					
Purchase of intangible assets with finite useful life		(16,688)	(12,803)	(3,885)	(34,131)
Purchase of property, plant and equipment		(3,851)	(3,154)	(697)	(6,213)
Other investments		(139)	(154)	15	(193)
Proceeds from disposal of non-current assets		130	1,312	(1,182)	1,425
Cash inflow (outflow) for investments	**(B)**	**(20,548)**	**(14,799)**	**(5,749)**	**(39,112)**
Cash inflow (outflow) for financing					
Proceeds from non-current loans		-	536,799	(536,799)	716,799
Working capital facilities with The Royal Bank		90,000	-	90,000	-
Repayment of non-current costs		(226,903)	(543,980)	317,077	(819,245)
Payment of transaction financial costs		-	(22,189)	22,189	(26,557)
Paid interes expense, net		(112,835)	(85,815)	(27,020)	(196,436)
Change in financial assets and liabilities		(29,592)	(3,271)	(26,321)	(12,710)
Distribution of dividends		(2,163)	(3,365)	1,202	(3,365)
Share buy-back by Telegate AG		-	-	-	(3,364)
Cash inflow (outflow) for financing	**(C)**	**(281,493)**	**(121,821)**	**(159,672)**	**(344,878)**
Cash inflow (outflow) from non-current assets held for sale and discontinued operations	**(D)**	**-**	**(164)**	**164**	**(240)**
Increase (decrease) in cash and cash equivalent in the period	(A+B+C+D)	(112,095)	45,001	(157,096)	(50,263)
Cash and cash equivalent at beginning of the period		**241,728**	**291,991**	**(50,263)**	**291,991**
Cash and cash equivalents at end of the period		**129,633**	**336,992**	**(207,359)**	**241,728**

Statement of changes in consolidated equity between December 31, 2010 and June 30, 2011

(euro/thousand)	Share capital	Additional paid-in capital	Reserve for foreign exchange adjustments	Reserve for "cash flow hedge" instruments	Reserve for acturial gains and (losses)	Other reserves	Profit (loss) for the period	Total	Non-controlling interests	Total
As at 12.31.2010	450,266	466,843	(38,583)	(12,608)	(18,578)	177,866	(667,366)	357,840	16,867	374,707
Restatement due to changes in accounting			(354)			(93,115)	(50,781)	(144,250)	(1,803)	(146,053)
As at 12.31.2010 restated	450,266	466,843	(38,937)	(12,608)	(18,578)	84,751	(718,147)	213,590	15,064	228,654
Allocation of previous deyear profit (loss)						(718,147)	718,147			
Distribution of dividends									(2,163)	(2,163)
Total other comprehensive profit (loss) for the period			956	7.395	2,422		(32,584)	(21,811)	462	(21,349)
Other movements						473		473		473
As at 06.30.2011	450,266	466,843	(37,981)	(5,213)	(16,156)	(632,923)	(32,584)	192,252	13,363	205,615

Statement of changes in consolidated equity between January 1, 2010 and June 30, 2010

(euro/thousand)	Share capital	Additional paid-in capital	Reserve for foreign exchange adjustments	Reserve for "cash flow hedge" instruments	Reserve for acturial gains and (losses)	Other reserves	Profit (loss) for the period	Total	Non-controlling interests	Total
As at 01.01.2010 (*)	450,266	466,843	(38,445)	(22,214)	(17,331)	178,233		1,017,352	21,911	1,839,263
Restatement due to changes in accounting principles			(58)			(93.115)		(93,173)	(1,659)	(94,832)
As at 01.01.2010 restated	450,266	466,843	(38,503)	(22,214)	(17,331)	85,118		924,179	20,252	944,431
Distribution of dividends									(3,365)	(3,365)
Share-based payments								47	14	61
Total other comprehensive profit (loss) for the period			(970)	(1,124)	(1,532)		(8,384)	(12,010)	1,573	(10,437)
Other movements						(350)		(350)	348	(2)
As at 06.30.2010 restated	450,266	466,843	(39,473)	(23,338)	(18,863)	84,815	(8,384)	911,866	18,822	930,688

(*) The items included the restatement (€ 5,185 thousand) due to the transaction costs on the loan with Lighthouse International Company S.A. as described on "introduction" of 2010 Annual Report.

Explanatory Notes

1. Company information

The SEAT Pagine Gialle group is a major multimedia platform that provides detailed information and sophisticated search tools to tens of millions of users and offers its advertisers a wide range of multiplatform advertising methods (print-online&mobile-voice). The Group specializes in highly innovative online products, print directories and directory assistance services, as well as providing a large selection of complementary advertising services.
The Parent Company, SEAT Pagine Gialle S.p.A., has its registered office in Milan at Via Grosio 10/4, and has a share capital of € 450,266 thousand.
The Group's main activities are described in the report on operations, under the heading "Economic and financial performance by Business Area."

2. Basis of presentation

The Interim condensed consolidated financial statements as at June 30, 2011 were drawn up pursuant to article 154-*ter* of Legislative Decree no. 58/98 and were prepared in accordance with applicable IAS/IFRS principles recognized by the European Community in compliance with (EC) Regulation no. 1606/2002 of the European Parliament and of the Council of July 19, 2002, and specifically IAS 34 – interim financial statements – as well as the provisions set out pursuant to the implementation of article 9 of Legislative Decree no. 38/2005. They do not include all the information required in annual consolidated financial statements and therefore should be read together with the consolidated financial statements of the SEAT Pagine Gialle group prepared for 2010.
The SEAT Pagine Gialle group adopted IAS/IFRS on January 1, 2005 after (EC) Regulation no. 1606 entered into force on July 19, 2002.
The Interim condensed consolidated financial statements were drawn up based on the historical cost principle, except for pension fund assets, derivatives and 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. Specifically:
- the *consolidated statements 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 statements of operations* were 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. Furthermore, the economic results of continuing operations were recorded separately from "Net profit (loss) from non-current assets held for sale and discontinued operations," as required by IFRS 5. In accordance with Consob Resolution 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 the operating result.
  Non-recurring income and expense included 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 consultancy of a highly strategic nature;
  - costs linked to director and department manager severance pay;
- the *consolidated statement of comprehensive income* show the cost and/or revenue items not yet recognized to the statements of operations with a positive impact on Group equity as at the end of the period;
- the *consolidated statements 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 quickly convertible into cash.

Cash flows from operating activities were recorded by adjusting the operating result for the period 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:
  - allocation of the profit of the Parent Company and the subsidiaries to minority interests;
  - breakdown of the total profit (loss);
  - 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.

2.1 Going concern evaluation

1. The SEAT Pagine Gialle group ended the first half of 2011 with a consolidated loss of € 32.6 million and consolidated equity of € 192.3 million. Statutory net worth fell to € 201.5 million and this result meant that the Company was in the situation set out in article 2446 of the Italian Civil Code where accumulated net losses were more than one third of the share capital.

In preparing the Half Annual Report, there was material uncertainty regarding the Company's ability to continue its operations for the foreseeable future. This was essentially due to the circumstances concerning the financial structure of the Company, which have been in evidence for some time and were recently referred to in the 2010 Annual Report relating to the consolidated financial statements and separate financial statements at December 31, 2010 (the section entitled Going Concern Evaluation).

On the one hand, the assessments of the Company's management of the Group's economic performance and the effectiveness of the many initiatives introduced by management over recent years, with the aim of refocusing the business on online & mobile services, have been confirmed and corroborated in light of the 2011-2013 Strategic Guidelines and 2015 Projections (**Strategic Guidelines and Projections**) approved by the Company's Board of Directors today at the same time of this Report. The Group's capacity to develop a significant profit margin in absolute terms and to generate significant cash flows from its core activities is therefore confirmed, including with regard to the future.

On the other hand, the Company must deal, from the second quarter of 2012 onwards, with challenging financial deadlines, which the Group will be unable to meet unless its financial structure is reorganized.

All of this is set against the ongoing tough macro-economic conditions and increasing difficulties in the financial sector and debt markets.

2. The Company therefore believed that, when the Half Annual Report was prepared, it was not possible to express an opinion with certainty based on objective and incontrovertible data with regard to business continuity for the foreseeable future.

However, the existence of uncertainty surrounding business continuity does not automatically and per se signify that the Company will be unable to continue its business into the foreseeable future; therefore, in accordance with paragraphs 23 and 24 of IAS 1, paragraphs 3 to 6 below more fully discuss considerations aimed at the following:

- providing a detailed description of these uncertainties; and,
- considering and weighing up "a vast range of factors relating to the Company's current and expected profitability, loan repayment plans and potential sources of alternative financing, before assuming business continuity."

3. The main critical areas – and therefore the chief elements of uncertainty for the purposes of business continuity – consist of the unbalanced financial and capital structure of the Parent Company and the need for recourse to new forms of financing or measures aimed at reorganizing its financial structure.

As far as the operational management is concerned, the Strategic Guidelines and Projections are based on the assumption that, in 2011, the Company will continue to focus on the development of products and services offered to small and medium sized businesses in the domestic market, in order to enhance their presence on the internet and leveraging the potential of new technologies in order to increase efficiency and competitiveness on local, domestic and international markets. In addition, with the aim of establishing itself as "the Local Internet Company", the Company, pursuant to the Strategic Guidelines, will focus its development of new products and services around the local, mobile and social aspects of a business.

The customer base in Italy is expected to stabilize and/or grow in 2012 and following the Company's transformation into the Local Internet Company, revenues are forecast to increase until reaching, in 2013, substantially the same levels of 2011.

With the transformation of the Company into the Local Internet Company having been completed, growth is expected to continue in 2014 and 2015 when the above-mentioned Strategic Guidelines will be completed and their full effects experienced.
The goal of restoring a balanced financial structure, which reasonably can be expected to continue in the medium- to long-term allowing the full development of the operating activities set out in the Strategic Guidelines and Projections, is therefore of primary importance to Company management.

4. With full knowledge of the uncertainties described herein, the Company's Board of Directors, when approving the draft budget for the financial year ended December 31, 2010, entrusted the Chairman and Chief Executive Officer of the Company with the task of identifying the available financial options, with a view to ensuring the long-term stability of the Group's financial structure, using the assistance of suitably qualified *advisors*.
In furtherance of carrying out the Board of Director's mandate described above, the Company has recruited and appointed certain consultants with the aim, initially, of supporting a technical and market analysis of the potential options available to it for the purposes of the long-term stabilization of the Group's financial structure and, subsequently, of supporting the negotiation phase and, finally, of implementing the options chosen by the Board of Directors.
As announced in a press release, Rothschild S.p.A. and Alvarez & Marsal Italia S.r.l. have been engaged as financial consultants, while legal firms Giliberti Pappalettera Triscornia e Associati and Linklaters LLP have been retained as legal consultants.
At the same time, with the support of the above mentioned consultants, Company management has launched initiatives during the second quarter of 2011 to prepare the Strategic Guidelines and Projections in order, on the one hand, to carry out an in-depth audit, within the limits of what is reasonably possible, concerning the outlook of the Company's future business performance and, on the other hand, carry out negotiations, using results of the in-depth audit, aimed at implementing the financial options therein identified. Management has actively continued to pursue its objectives of developing and improving corporate management in addition to the various initiatives directed at reorganization already undertaken in recent years.

5. Between the date of approval of the 2010 Annual Report and the date of approval of the First Half Report, numerous events have occurred that affect the assessment of business continuity.
The Strategic Guidelines and Projections confirm the assessments regarding the economic performance of the Group and the effectiveness of the initiatives implemented by management in recent years designed to reorganize the structure of its revenues and refocus its business on online & mobile services. It therefore appears reasonable that, assuming the Company's financial structure is successfully reorganized, the Group will be able to continue its activities with a significant profit margin and considerable cash generation from its core activities.
The Company, with the help of its consultants, has also studied and analyzed a series of potential options for the long-term stabilization of the Group's financial structure from both a technical and market point of view. These analyses have led to a closer examination of one particular option that involves the reduction of the Group's financial debt through a consensual process with certain of its creditors and with a particular focus on the equitization of a significant portion of the Company's subordinated debt arising from the Proceeds Loan in place between the Company and Lighthouse S.A. (and, at the same time, the high-yield bonds issued by the latter to raise the funds needed to grant the Proceeds Loan on the market). Such transaction will involve a high degree of technical complexity (especially in respect of certain aspects which are still the subject of further investigation) and, amongst other things, will involve the need to enter into multifaceted negotiations with and between a number of stakeholders, bearing in mind the need for a reorganization of the Company's capital structure, which has been pointed out on several occasions.

6. At the time of the First Half Report, Company management had begun negotiations with several of its key stakeholders, certain of which surround the financial option discussed above that the Board of Directors wishes, at this time, to explore in greater detail.
The contacts that have taken place to date – although in anticipation of the approval of the Strategic Guidelines and Projections upon which they could more strictly focus their business negotiations – have mainly been of a technical nature, aimed at sharing (and, where necessary, investigating) the most suitable solutions for implementing the agreements that are anticipated to be reached.
The senior creditor, The Royal Bank of Scotland Plc (RBS) – with whom transparent negotiations have commenced and with whom Company has begun sharing the main initiatives that will be proposed by the Company to carry out the financial option selected by the Board of Directors – has confirmed its willingness for the Company to assess potential solutions aimed at stabilizing the Company's financial structure and permitted a technical modification to the Senior Credit Agreement that will permit the Company to commence related negotiations with its financial creditors.
Understanding the uncertainties faced by the Company, a group of holders of high-yield bonds issued by Lighthouse S.A. took the initiative to form themselves into a committee (the Bondholders' Committee) which has recently been of great significance to the Company. The Bondholders' Committee aims to facilitate discussions concerning the future identification of solutions aimed at stabilizing, over the long-term, the Company's financial structure, and has expressed a desire to support the Company in its search for consensual solutions.

Following this initial contact and the completion of the necessary formal and technical activities, technical discussions have commenced between the advisors of the Bondholders' Committee and those of the Company which, at present, have resulted in the important sharing of potential contractual and corporate structures through which the Company may proceed to implement the previously mentioned equitization option.
These structures are of a preliminary nature given that, on the one hand, they have been developed by the advisors of the Bondholders' Committee without information from the Company about future corporate performance (and, therefore, they are based solely on information that was available to the public prior to the date of the First Half Report) and, on the other hand, they must also be judged bearing in mind the scope of the negotiations which will hopefully be conducted shortly between the various parties involved.
Lastly, as far as the group of main financial creditors is concerned, the Company has also become aware of the willingness, through a written communication received from legal advisors, of a group of holders of Senior Secured Notes, issued by the Company in 2010, to start a dialogue as soon as possible, with the aim of assisting the Company in reaching a consensual solution for restructuring the Company's financial situation.
The Company therefore, in full compliance with the regulations on the subject of privileged information and market abuse, initiated contact with its shareholders, who, despite having distinct interests, seem to be in agreement in terms of their willingness to support the Company in its pursuit of reaching a consensual solution for restructuring the Company's financial situation.

7. The Board of Directors, also in compliance with the contents of Banca d'Italia – Consob – Isvap joint document no. 2 of February 6, 2009, should make its own assessment concerning the business continuity over a period of time corresponding to the "foreseeable future" on the basis of the elements summarized in the previous paragraphs.
The Board of Directors has therefore been called upon to be judicious in evaluating future and uncertain events, and in this context, believes it may express the following:

(a) the Strategic Guidelines and Projections confirm, as far as can reasonably be foreseen, the likely strong future performance of the Group's economic activity, the effectiveness of the many initiatives established in recent years aimed at refocusing the Company's business on online & mobile services and, with a view to the future, the capacity of the Group to develop significant profit margins, in absolute terms, and to generate substantial cash flows from its core activities. The SEAT Group is a sound and vital business organization which has demonstrated a capacity to react when faced with radical changes in the market and/or in the context of a general economic crisis. The Company's stable and competent management is actively committed to managing the Group efficiently; the Group also has an adequate portfolio of products and services, and efforts are constantly being channeled towards innovating the range of products available. There are no specifically critical areas of relations with respect to the Group's main customers and suppliers;
(b) it is known that at the next expiration date, from June 2012 onwards, large amounts due on financial loans will exceed the cash flows that can reasonably be expected in the foreseeable future, and beyond this reference period, and the Group's financial structure must therefore be reorganized;
(c) the Company has, for some time now, set up numerous activities aimed at creating the negotiating context necessary for beginning a dialogue with its key stakeholders aimed at pursuing a consensual solution for the long-term stabilization of its financial structure. To date, the Company has had positive feedback based on dialogue, with stakeholders ready to support and work together with the Company. The willingness of RBS and the group of Senior Secured Notes holders to consider solutions aimed at the long-term stabilization of the Company's financial structure, and the creation of the Bondholders' Committee, are very important elements for the effective management of the negotiation process and enable a constant comparison to be made between the Company and some of its main creditors involved in the transaction;
(d) with the help of its advisors, possible structures have been identified which could reasonably allow, in spite of the complexity and uncertainty of the negotiating and contractual context and the continuing need to forge ahead with carrying out the appropriate investigations, the capital structure of the Company to be reorganized. Subjects of a technical nature relevant to such operation have already been, and continue to be, shared with the Bondholders' Committee, particularly with regard to issues that have a direct impact on this category of creditor. The advisors of the Bondholders' Committee have shared these topics with the Company's advisors and they are constantly working together; the Bondholders' Committee has put forward its own proposal to the Company, although it is not binding, aimed at identifying the main economic terms of the operation;
(e) the availability of the Strategic Guidelines and Projections will give an immediate impetus to commercial negotiations between the various individuals involved in the operation. It is therefore reasonable to expect that, in the coming months, a negotiating platform will be identified and shared, allowing the various parties involved to reach a consensus;
(f) based on what can currently be estimated, it seems reasonable to believe that the Company has sufficient resources at its disposal to guarantee operations for the length of time that is compatible with the time that can legitimately be expected to be necessary to define method of reorganizing the Company's financial structure and to monitor the development of the related negotiations.

8. Having evaluated these elements, both individually and in their entirety, the Board of Directors believes that, as a result of the circumstances examined above, there is uncertainty which could give rise to serious doubts concerning the Group's capacity to continue operating on the basis of the assumption of business continuity. After having made the necessary checks, and having assessed these uncertainties, the Board of Directors has reasonable expectations that, in light of the above-mentioned willingness of the various creditors and stakeholders to work with the Company in reaching a consensual solution, it will be possible to define a consensual transaction for reorganizing the Group's financial structure in line with expected cash flows, that will be suitable to support the operating activities set out in the Strategic Guidelines. For these reasons, the Board of Directors maintained the assumption of business continuity in the preparation of the First Half Report. This decision was naturally the result of a subjective judgment of the Board of Directors having compared the degree of probability that the desired situation would come to fruition with the probability that it would not, all the while considering the events described above. Although obvious, it should be stressed once again that the prospective judgment that the Board has been asked to make could be upset by the course of future and/or unforeseeable events. Because the Board of Directors is aware of the intrinsic limits of its decision, it will constantly monitor the development of the events taken into consideration (as well as any other circumstances that come to be important or deserving of further consideration) in order to be in a position to promptly take any necessary action, including in terms of recourse to legal procedures for corporate crisis situations, where necessary.

2.2 Consolidation principles

The Interim condensed consolidated financial statements include the first half year 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 assessment criteria adopted by the Parent Company.
The subsidiaries were consolidated using the global integration method as of the date of acquisition, or the date on which the Group acquired control, and ceased to be consolidated on the date on which control was transferred outside of the Group. Furthermore, special-purpose entities (SPEs) were fully consolidated if the Group held most of the risks and rewards of ownership, regardless of the share of equity held. Consequently, Seat Servizi per le Aziende S.r.l. (the ad-hoc SPE created for the securitization of trade receivables) was fully consolidated, despite the fact that the Group does not hold any of the Company's equity.

The following consolidation principles were also used:

- recognition of assets, liabilities, costs and revenues in their total amount, not considering the amount of equity held, and recognizing to non-controlling interests, in separate items, the share of equity and profit for the period pertaining to them;
- elimination of receivables and payables, as well as costs and revenues, with respect to intra-group transactions;

Unrealized intra-group profits have not been eliminated, since they are of an insignificant amount.

Associate companies were consolidated at equity.

The acquisition of new subsidiaries was recorded using the purchase method, with consequent allocation of the business combination cost at the fair value of the assets, liabilities and contingent liabilities acquired on the date of acquisition. For companies acquired during the first half, the Interim condensed consolidated financial statements include the result of these companies for the period from the date of acquisition until the end of June.
Non-controlling interests represent the portion of the economic result 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.
First half year financial statements of subsidiaries that are not euro-denominated are translated into euro by applying period-end exchange rates (current exchange rate method) to statement of financial position items and average exchange rates for the period to statements of operations items. Translation differences on the conversion of opening equity and of closing profit/loss are recognized in equity until disposal of the investment concerned. The consolidated statements of cash flows were prepared by using average exchange rates for the period to convert the cash flows of foreign subsidiaries.

The exchange rates used are as follows:

Currency/euro	Average exchange rate for the 1st half year 2011	Exchange rate at June 30, 2011	Average exchange rate for the 1st half year 2010	Exchange rate at June 30, 2010	Average exchange rate for the year 2010	Exchange rate at December 31, 2010
Pound sterling	1.1518	1.1080	1.1494	1.2233	1.1657	1.1618

2.3 Accounting estimates and assumptions

Pursuant to IAS/IFRS, when preparing Interim condensed consolidated financial statements, the management must make estimates and assumptions that affect the figures for revenues, 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 error practices, amortization and depreciation, asset write-down, 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 statements of operations.

3. Accounting principles

The accounting principles adopted for the preparation of the Interim condensed consolidated financial statements conform with those adopted for the preparation of the consolidated financial statements at December 31, 2010, with the exception of point 4, “Change in accounting policies.”

3.1 Accounting principles, amendments and interpretations issued by the IASB/IFRIC applicable from January 1, 2011

On November 4, 2009 the IASB issued a revised version of IAS 24, “Related Party Disclosures,” that simplifies the type of information requested in the case of transactions with related parties controlled by the State and clarifies the definition of related parties; this provision was approved through (EC) Regulation no. 632/2010 of the European Commission on July 19, 2010. The principle, as required, should be applied from January 1, 2011. The adoption of this modification has not had any effect from the point of view of the evaluation of balance sheet items and has limited effects on the disclosure of relations with related parties supplied in the consolidated first half year financial statements in point 32.

In November 2009 the IASB issued IFRIC 19, “Extinguishing financial liabilities with equity instruments,” which defines the accounting method to be used in the case of regulating a financial liability through the issue of equity instruments (debt-for-equity swap). Equity instruments issued to extinguish a financial liability in full or in part are measured at their fair value or, where this cannot be reliably determined, at the fair value of the liability extinguished. The difference between the book value of the financial liability extinguished and the fair value of the equity instruments issued is recorded in the statements of operations. The provisions of IFRIC 19 apply to financial years beginning on or after July 1, 2010.

On May 6, 2010 the IASB issued a collection of modifications to the IFRS (improvements) which included a modification to IAS 34, “Interim financial statements.” As a result of the adoption of this improvement, several amendments were made to the disclosure supplied in these Interim condensed financial statements.

To date, these provisions have had no significant impacts on the Interim condensed consolidated financial statements as at June 30, 2011.

3.2 Accounting principles, amendments and interpretations issued by the IASB/IFRIC with effect from January 1, 2011 and not relevant to the Group

The following amendments, improvements and interpretations, with effect from January 1, 2011, govern cases not present within the Group at the time of these Interim condensed financial statements, but which could have an effect on future transactions or agreements:

- Amendment to IAS 32- Financial instruments: presentation: Classification of rights issued;
- Amendment to IFRIC 14 – Advance payments in connection with minimum contribution clauses;
- Improvements to IAS/IFRS (2010).

3.3 Accounting principles, amendments and interpretations not yet applicable and not adopted in advance by the Group

On November 12, 2009 the IASB published principle IFRS 9, “Financial instruments.” This principle was then amended on October 28, 2010. The principle, applicable from January 1, 2013 retrospectively, represents the first part of a process in stages which is designed to completely replace IAS 39 and introduce the new accounting policies for the classification and valuation of financial assets and liabilities and for the derecognition of financial assets from the financial statements. Specifically, the new principle uses a single approach for financial assets based on the methods for managing financial instruments and the features of the contractual cash flows of the financial assets in order to determine the valuation criteria, replacing the various rules provided for under IAS 39. On the other hand, as far as financial liabilities are concerned, the main modification that has taken place involves the accounting methods for changes in fair value of a financial liability designated as a financial liability valued at fair value through the statements of operations, if they were due to the change in the creditworthiness of the liability. According to the new principle these variations should be recorded under “Other profits and losses” and will no longer pass through the statements of operations.

On October 7, 2010 the IASB published several amendments to IFRS 7, "Financial instruments: Disclosures," applicable for accounting periods starting on or after July 1, 2011. The amendments were issued with the intention of improving the understanding of financial assets transfer transactions, including understanding the possible effects of any remaining risk pertaining to the company which has transferred these assets. The amendments also require more information if a disproportionate number of these transactions occur near the end of an accounting period.

On December 20, 2010 the IASB issued a minor amendment to IFRS 1, "First-time adoption of International Financial Reporting Standards (IFRS)," to eliminate the reference to the date of January 1, 2004 contained in it and described as the transition date to the IFRS, and to provide a guide for the presentation of financial statements in accordance with the IFRS after a period of hyperinflation. These amendments are applicable from July 1, 2011, prospectively.

On December 20, 2010 the IASB issued a minor amendment to IAS 12, "Income Taxes," which requires the company to value deferred taxes arising from an asset depending on the way in which the book value of this asset will be recovered (either through continuous use or through sale). As a result of this amendment, SIC-21, "Income Taxes: Recoverability of a revalued non-depreciable asset," will no longer be applicable. The amendment is applicable retrospectively from January 1, 2012.

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," which will be known as separate financial statements and will govern the accounting methods of investments in separate financial statements. The new principle moves away from existing principles, identifying the concept of control as the determining factor for the purposes of the consolidation of a company in the consolidated financial statements of the parent company. It also provides a guide for determining the existence of control where it is difficult to ascertain. The principle is applicable retrospectively from January 1, 2013.

On May 12, 2011 the IASB issued IFRS 11, "Participation agreements," which will replace IAS 31, "Participation in Joint Ventures," and SIC-13, "Jointly controlled entities – Non-monetary contributions by venturers." The new principle provides the criteria for identifying the participation agreements based on rights and obligations stemming from agreements, rather than the legal form, and establishes the only accounting method for investments in jointly controlled companies in the consolidated financial statements as the net equity method. The principle is applicable retrospectively from January 1, 2013. Following the issue of IFRS 11, IAS 28, "Investments in associated companies," has been amended to include investments in jointly controlled companies under the scope of its application.

On May 12, 2011 the IASB issued IFRS 12, "Additional information on investments in other companies," which specifically provides for additional information to be supplied on each type of investment, including those in subsidiaries, participation agreements, associated companies, special purpose entities and other non-consolidated special purpose entities. The principle is applicable retrospectively from January 1, 2013.

On May 12, 2011 the IASB issued IFRS 13, "Measurement of fair value," which clarifies how fair value should be determined for the purpose of the financial statements and which is applicable to all IFRS which require or permit the measurement of fair value or the presentation of information based on fair value. The principle is applicable prospectively from January 1, 2013.

On June 16, 2011 the IASB issued an amendment to IAS 1, "Presentation of financial statements," requiring companies to group together all the components presented under "Other profits (losses)" depending on whether or not they can be reclassified later on in the statements of operations. The amendment is applicable from financial years on or after July 1, 2012.

On June 16, 2011 the IASB issued an amendment to IAS 19, "Employee benefits," which dispenses with the option of deferring the recognition of actuarial gains and losses through the corridor method, requiring a presentation of the deficit or surplus of the item in the statements of financial position, the recognition of the cost components linked to work performance and net interest expense in the income statement, and the recording of actuarial gains and losses which are derived from the remeasurement of liabilities and assets under "Other profits (losses)." In addition, the return on assets included under "Net interest expense" should be calculated on the basis of the discount rate of liabilities, and no longer on the basis of the expected return on assets. Lastly, the amendment introduces new additional information to be supplied in the notes to the financial statements. The amendment is applicable retrospectively to financial years starting on or after January 1, 2013.
At the time of these Interim condensed financial statements, the competent bodies of the European Union have not yet concluded the approval process necessary for the adoption of the amendments and principles described above.

4. Change in accounting policies

It should be noted that starting from the Interim condensed financial statements as at June 30, 2011 SEAT Group modified the accounting policies it uses for determining the revenues and costs from the provision of on-line and on-voice services.
Until December 31, 2010, the above revenues, in line with the procedures for revenues from the publication of print directories, were recorded in full at the time of the activation of the service, i.e., at the time of publication (on-line or on-voice) of the advertisement. This accounting method was consistent with: (i) a method for managing relations with customers still connected to the "print" perspective, whereby the customer was contacted once a year, usually close to the publication of the print directories; and (ii) a setting in which the sale (and the subsequent production and activation) of online advertising space was of lesser importance. In particular, the substantial economic value of the service provided by the SEAT Group was simply the publication on-line (or on-voice) of the advertisement, and this was also confirmed by the situation whereby the commitment connected to on-line and on-voice contracts was essentially diminished by the time of activation. The maintenance of the online presence was merely a residual commitment of a technological nature in the absence of any significant commercial or service measures.
In recent years, however, the commercial strategy of the SEAT Group has gradually been changing in order to keep up with the changing competitive scenario in the industry. Following enormous changes that have taken place, in terms of both technology and customer behavior, due to the internet becoming more and more widely available, the SEAT Group has gradually shifted the focus of its activities from "traditional" areas represented by print directories to new multimedia communication systems, expanding its range of products to include highly innovative products for online and telephone assistance services. This has involved an increasingly marked differentiation between the substantial economic value of the "print" advertisement, which represents an instant and independent service and is essentially confined to the publication and simultaneous delivery of directories to distributors and the on-line and on-voice advertisement, which is more complex, since it involves the provision of additional services during the on-line and on-voice contract.
Specifically, in addition to the service which involves creating a website (which can be more or less high tech) and launching it online (which is an instant service not unlike the publication of the print directories), online advertisers have the opportunity to purchase a series of additional services aimed at increasing the visibility of the website by enriching the online advertisement by including multimedia functions (e.g., photos and videos), indexing on major search engines (including constant monitoring of the results of searches performed using these search engines and, if appropriate, making modifications to the website to improve performance) as well as allocating the website a high ranking in searches through the PAGINEGIALLE.it® website. Similar considerations apply to the on-voice offering. In effect, once the service is activated ("going on voice"), the on-voice advertisers can promote their presence, making their adverts more visible, for example, by purchasing visual advertising items which are sent via MMS by telephone operators to customers with a high ranking in searches conducted by telephone assistance services managed by SEAT. The purchase of additional services presupposes the purchase of the main product represented by the on-line and on-voice advert (and is therefore inseparable from it). In addition, the life of these complementary products cannot exceed the life of the main underlying product.
Specifically, in addition to the service which involves creating a website (which can be more or less high tech) and launching it online (which is an instant service not unlike the publication of the print directories), online advertisers have the opportunity to purchase a series of additional services aimed at increasing the visibility of the website by enriching the online advertisement by including multimedia functions (e.g., photos and videos), indexing on major search engines (including constant monitoring of the results of searches performed using these search engines and, if appropriate, making modifications to the website to improve performance) as well as allocating the website a high ranking in searches through the PAGINEGIALLE.it® website. Similar considerations apply to the on-voice offering. In effect, once the service is activated ("going on voice"), the on-voice advertisers can promote their presence, making their adverts more visible, for example, by purchasing visual advertising items which are sent via MMS by telephone operators to customers with a high ranking in searches conducted by telephone assistance services managed by SEAT. The purchase of additional services presupposes the purchase of the main product represented by the on-line and on-voice advert (and is therefore inseparable from it). In addition, the life of these complementary products cannot exceed the life of the main underlying product.
The Company is aware that, unlike traditional activities relating to the publication of adverts in print directories, for the new on-line and on-voice products, the service provided to customers no longer ends with the sale of the advertising space, but, on the contrary, extends to the subsequent offering of additional services to be provided throughout the period of the (on-line or on-voice) contract. Starting from the Interim condensed financial statements as at June 30, 2011, the Company has decided to record revenues on a straight-line basis throughout this period (contractually equivalent to 12 months). For contracts where payment depends on performance, the revenues will be recorded depending on performance rather than on a straight-line basis.
More specifically, taking into account the changes that have taken place in its commercial offering, as summarized above, and the altered economic content of the service provided, the Company believes that, because they involve service components provided throughout the duration of the contract, all on-line and on-voice revenues (including those related to traditional products) should be recognized according to the length of the contract, in line with the provisions of IAS 18 which, in paragraph 13, provides that when several operations are closely connected the commercial result should be evaluated with reference to all of the various operations.
This change also applies to the costs incurred for the provision of these services (including the commissions accrued by the sales force, the main component of these costs), which will be recorded in the income statement in proportion to and at the same time as the corresponding revenues.

As this involves a change in the accounting policies for revenues, without any impact on the invoicing and collection terms for these revenues with regard to customers, the modification in question has no impact on operating cash flows.
It should be noted that the modification to the accounting policies allows the Company to align the methods for recording revenues and costs relating to on-line and on-voice services with those adopted by its European peers and, therefore, this modification represents an alignment with accepted industry practice.
In conclusion, the new accounting policies will represent an improvement in accounting terms, compared with the application of the previously accounting policies, because they are more representative of the changed substantial economic value of the services provided and the continuity of the operational and service measures implemented during the course of the on-line and on-voice contracts as a result of the innovative services included in the more traditional on-line and on-voice directory component. This change is therefore classified as a change in accounting policies permitted under IAS 8.14 (b).
In line with the requirements of IAS 8.19 (b), the Company has completed the retrospective restatement, as it is in possession of the information that has become available following the recent changes made to the IT systems, which make it possible to estimate the economic and financial effects that the new accounting policies would have had, if they had been adopted during the financial years prior to 2011, with a reasonable degree of accuracy. The figures for the statements of operations, the statements of financial position and the statements of cash flows for the periods ending in March 2010, June 2010, December 2010 and March 2011 have therefore been restated, with the detailed economic and financial impacts and comments set out in the tables and notes in the Appendix.

5. Intangible assets with an indefinite useful life

Intangible assets with an indefinite useful life totaled € 2,617,734 thousand as at June 30, 2011 (€ 2,637,197 thousand as at December 31, 2010) and can be analyzed as follows:

(euro/thousand)	1st half year 2011	1st half year 2010
Balance at beginning of the period	**2,637,197**	**3,309,436**
Foreign exchange adjustments	(971)	4,151
Impairment	(17,693)	-
Transfers to non-current assets held for sale	(799)	-
Balance at end of the period	**2,617,734**	**3,313,587**

In particular:

- € 2,532,337 thousand as at June 30, 2011 (€ 2,532,337 thousand as at December 31, 2010) related mainly to merger deficits arising from transactions carried out in previous periods by the Parent Company, SEAT Pagine Gialle S.p.A.;
- € 85,397 thousand as at June 30, 2011 (€ 104,860 thousand as at December 31, 2010) represented the difference between the acquisition value of fully consolidated equity investments and the value of their corresponding share of equity at the time of acquisition. The item decreased in the period, mainly due to the write-down of € 16,364 thousand for the TDL Infomedia group and of € 1,329 thousand for the Telegate group recorded following impairment tests (more details can be found in point 6 of these Notes).

6. Impairment testing of intangible assets with and indefinite useful life

The goodwill acquired through the aggregation of companies has already been allocated – on the date of acquisition – to the respective companies acquired, which constitute separate cash generating units (CGUs) for the purposes of ascertaining any impairment.
The following table shows the goodwill recorded, broken down between the various CGUs.

(euro/thousand)	As at 06.30.2011	As at 12.31.2010
SEAT Pagine Gialle S.p.A.	2,529,727	2,529,727
Gruppo Telegate	68,295	70,423
TDL Infomedia Ltd.	17,102	34,437
Consodata S.p.A.	2,610	2,610
Total	**2,617,734**	**2,637,197**

In the SEAT Pagine Gialle group, impairment tests are usually carried out at the end of the period, or beforehand if any impairment indicators are identified.
Specifically, on June 30, 2011 the impairment tests carried out on December 31, 2010 were updated in light of forecasts for the annual cash flows available from the 2011-2013 Strategic Guidelines and 2015 Projections approved by the Board of Directors at the same time as the approval of this first half report.
It should be remembered that in the 2010 financial statements, as there is no multi-year plan, the Company proceeded with the test carefully limiting the timescale of the forecast data (2011 budget and 2012 sensitivity) and using the data extracted from the consensus of the analysts as the financial evaluation parameters (discount rate and long-term growth factor).

Impairment tests and the results obtained

The impairment tests were carried out by comparing the carrying amount of each CGU with the respective *recoverable value*, which is equal to its *value in use* (actual value of expected future cash flows which it is presumed will be derived from the permanent use and from the disinvestment of an asset at the end of its useful life) determined from an unlevered or asset side perspective, i.e. regardless of the financial structure of the CGU.
The value in use of each CGU was estimated using the unlevered financial criteria. This criteria is based on the discounting of the annual available cash flows for each CGU (free cash flows) 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 (June 30, 2011).
In particular, the available flows are estimated by adjusting the operating result (EBITDA) expected from each CGU in the forecast periods on account of (*i*) estimated investments/disinvestments for the period, both in fixed working capital (capex) and in net working capital relating to each CGU, and (*ii*) pertinent tax effects (quantified by taking into account the deductibility of depreciation and amortization in the period).
The main elements needed to estimate the flows for each CGU (EBITDA, capex, investments/disinvestments in net working capital and "operating" taxes) have been obtained from the 2011-2013 Strategic Guidelines and 2015 Projections; these perspective figures are consistent with the provisions of IAS 36 insofar as they express an average representative scenario, as is also inferred from the comparison with estimates from analysts who follow SEAT stock and do not include the effects of future restructuring, improvements or optimization of the Group and are prepared with reference to the years 2011-2015, the maximum timeframe permitted. The terminal value is calculated by capitalizing the expected available cash flow from the CGU in the financial year following the last year of the plan using the perpetuity formula, at a growth rate of zero, in line with the indications taken from the most recent reports of analysts, in order to give greater weight to the outside source information in compliance with IAS 36.33 letter a).
The discounting rate (WACC) is calculated using an average representative financial structure for the industry, as provided for by IAS 36. The WACC obtained reflects the risk factors for which the flows are not adjusted; it is a rate net of tax (in line with flows that are subject to discounting), is calculated in the same currency in which the discounted flows are expressed, and is a nominal rate, in line with flows in the plan which include the effect of inflation.
The discount rates and terminal value growth rates (g) used for each CGU are as follows:

	Discount rate	Growth rate
SEAT Pagine Gialle S.p.a.	8.11%	0.00%
TDL Infomedia Ltd.	7.21%	0.00%
Gruppo Telegate	6.86%	0.00%
Consodata S.p.A.	8.11%	0.00%

With reference to the SEAT Pagine Gialle S.p.A. CGU, it should be pointed out that:
- the WACC gross of tax corresponding to the WACC net of tax used for the discounting of the flows (8.11%) was equal to 11.81%;
- the WACC used (8.11%) is located between the minimum and maximum discounting rates recently estimated by analysts who follow SEAT stock and it is consistent with the one used by comparable companies.

The results of the impairment tests on the various CGUs are summarized in the table below:

(euro/thousand)	1st half year 2011	Year 2010
SEAT Pagine Gialle S.p.A.	-	(650,447)
TDL Infomedia Ltd.	(16,364)	(15,173)
Gruppo Telegate	(1,329)	(8,095)
Prontoseat S.r.l.	-	(101)
Total	**(17,693)**	**(673,816)**

The causes of impairment loss are mainly attributable to the cash flow trend forecast in the 2011-2013 Strategic Guidelines and 2015 Projections, which was revised downwards from the forecast data used for the purposes of the impairment tests at December 31, 2010. The main variables affecting impairment test results are as follows:

- in terms of flows, all the main components of unlevered cash flow (EBITDA, capital expenditure, changes in working capital);
- in terms of rates, the cost of capital and the terminal value growth rate.

The basic assumptions taken into account when predicting the main components of cash flow of the main CGU (SEAT Pagine Gialle S.p.A.) are as follows:

- Revenues: initially expected to fall compared with 2010 *restated* with a growth trend maintained until 2015, essentially returning to 2011 levels by the end of 2013;
- EBITDA: consistent with revenue trends, predicted for 2013 to be more than 45% thanks to the cutting of operating costs.

Sensitivity analysis

Taking into consideration the inevitable margins of subjectivity in company evaluations, it was considered a good idea to test the variability of the value in use of the SEAT Pagine Gialle S.p.A. CGU to the change in the main evaluation inputs over reasonable intervals.

The WACC and the "g" long-term growth rate of flows were subjected to a sensitivity analysis; specifically there is expected to be a maximum variation equal respectively to 50 b.p. and 100 b.p. (increase and decrease) in relation to the "base" rates used in the value in use estimate for the SEAT Pagine Gialle S.p.A. CGU; the sensitivity analysis conducted shows that a joint negative change in the two parameters, WACC and "g," would lead to value in use figures for the CGU close to or lower than the book value as at June 30, 2011.

In addition, as well as the sensitivity analysis, levels were identified for the most important inputs for the evaluation model adopted in the impairment test so that the value in use of the CGU should be aligned with the corresponding carrying value.
On the basis of the simulations carried out, the equivalence between the value in use and the carrying value of the CGU is implemented in line with other conditions as one of the parameters indicated below varies:

i) 7.46% reduction in each of the flows subject to discounting related to the 2011-2013 Strategic Guidelines and 2015 Projections and the reference flow for the terminal value estimate;
ii) increase in the WACC used in the estimate of the value in use of the CGU (8.11%) equal to 66 b.p.;
iii) decrease in the "g" rate used in the estimate of the value in use of the CGU (0%) of 97 b.p..

7. Intangible assets with a finite useful life

Intangible assets with a finite useful life totaled € 82,505 thousand as at June 30, 2011 (€ 91,240 thousand as at December 31, 2010) and can be analyzed as follows:

	1st half year 2011					1st half year 2010
(euro/thousand)	Customer database	Software	Patents, concessions, brand and licences	Other intangible assets	Total	Total
Cost	*1,003,698*	*282,404*	*29,206*	*30,507*	*1,345,815*	*1,311,415*
Accrued amortization	*(989,640)*	*(219,684)*	*(23,852)*	*(21,399)*	*(1,254,575)*	*(1,192,246)*
Balance at beginnning of the period	**14,058**	**62,720**	**5,354**	**9,108**	**91,240**	**119,169**
- Investments	-	10,189	570	5,929	16,688	12,803
- Amortization	(1,287)	(21,329)	(1,872)	(865)	(25,353)	(26,208)
- Writhe-downs	-	-	-	-	-	(136)
- Exchange adjustments and other movements	-	2,603	112	(2,785)	(70)	220
Cost	*1,003,698*	*245,393*	*29,595*	*25,594*	*1,304,280*	*1,325,234*
Accrued amortization	*(990,927)*	*(191,210)*	*(25,431)*	*(14,207)*	*(1,221,775)*	*(1,219,386)*
Balance at end of the period	**12,771**	**54,183**	**4,164**	**11,387**	**82,505**	**105,848**

Intangible assets with a finite useful life can be broken down as follows:
- *customer databases* totaled € 12,771 thousand as at June 30, 2011 (€ 14,058 thousand as at December 31, 2010). The item fell by € 1,287 thousand over the period, through amortization for the period (€ 1,565 thousand in the first half of 2010);
- *software totaled* € 54,183 thousand as at June 30, 2011 (€ 62,720 thousand as at December 31, 2010), including costs relating to acquisitions from third parties and the internal creation of proprietary programs and programs under license, particularly in the commercial, publishing and administrative areas. These costs increased by € 10,189 thousand over the period, particularly due to investments in software aimed at improving product innovation and strengthening the CRM (customer relationship management) system, a front-end SAP commercial system, made by SEAT Pagine Gialle S.p.A.;
- *patents, concessions, trademarks and licenses* totaled € 4,164 thousand as at June 30, 2011, (€ 5,354 thousand as at December 31, 2010), referring mainly to video rights for PAGINEGIALLE.it® and licenses relating to voice portals for the Telegate group;
- *other intangible assets* totaled € 11,387 thousand as at June 30, 2011, (€ 9,108 thousand as at December 31, 2010), referring mainly to software designs in progress.

Investments in the first half of 2011 totaled € 16,688 thousand (€ 12,803 thousand in the first half of 2010). To be specific, investments were made in the following business areas:
- the Parent Company (€ 13,101 thousand in the first half of 2011, compared to € 10,572 thousand in the first half of 2010):
  - increase in product innovation in order to offer a service that is more responsive to customer requirements;
  - consolidation of the CRM system to promote relations with back-end systems (SAP, SEM, etc.) and develop a customer centric product range aimed at the application of the “Single Contract”;
  - revision of the computer systems supporting administrative processes and management reporting using a single corporate performance management application;
- Consodata S.p.A., in which € 1,449 thousand was invested in the first half of 2011 (compared with € 1,166 thousand in the first half of 2010) for the purchase and development of application-oriented software;

8. Property, plant and equipment

Property, plant and equipment totaled € 31,396 thousand as at June 30, 2011 (€ 32,217 thousand as at December 31, 2010). This item was recorded net of reserves for depreciation totaling € 106,046 thousand as at the end of the period, which as a proportion of the gross value was 77.16% (76.33% as at December 31, 2010). It can be analyzed as follows:

	1st half year 2011				1st half year 2010
(euro/thousand)	Property	Plant and equipment	Other fixed assets	Total	Total
Cost	*21,191*	*48,726*	*66,182*	*136,099*	*143,863*
Depreciation	*(7,868)*	*(43,438)*	*(52,576)*	*(103,882)*	*(106,656)*
Balance at beginning of the period	**13,323**	**5,288**	**13,606**	**32,217**	**37,207**
- Investments	47	788	3,016	3,851	3,154
- Amortization and write-downs	(339)	(1,114)	(2,621)	(4,074)	(5,878)
- Disposals and other moverments	(368)	(38)	(192)	(598)	259
Cost	*20,595*	*49,226*	*67,621*	*137,442*	*137,158*
Depreciation	*(7,932)*	*(44,302)*	*(53,812)*	*(106,046)*	*(102,416)*
Balance at end of the period	**12,663**	**4,924**	**13,809**	**31,396**	**34,742**

This item includes:
- *property* worth € 12,663 thousand as at June 30, 2011 (€ 13,323 thousand as at December 31, 2010), referring mainly to the Milan and Catania sites where Cipi S.p.A. carries out its operations;
- *plant and equipment* worth € 4,924 thousand as at June 30, 2011 (€ 5,288 thousand as at December 31, 2010). Investments in the first half of 2011 totaled € 788 thousand (€ 627 thousand in the first half of 2010), including € 587 thousand of investments in technological infrastructure for the Telegate group;
- *other tangible assets* totaled € 13,809 thousand as at June 30, 2011 (€ 13,606 thousand as at December 31, 2010), of which € 7,015 thousand related to computer systems and equipment; investments for the period in EDP systems was equal to € 1,902 thousand, of which € 1,315 thousand was attributable to SEAT Pagine Gialle S.p.A..

The current reserves for depreciation (€ 106,046 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:

	1st half year 2011	1st half year 2010
Property	3%	3%
Plants and equipment	10-25%	10-25%
Other fixed assets	10-40%	10-40%

9. Leased assets

Leased assets totaled € 54,618 thousand as at June 30, 2011 and mainly relate to the building complex where SEAT Pagine Gialle S.p.A. has its offices in Turin.
The assets that make up the property complex, pursuant to IAS 17, were initially recorded in the financial statements at fair value, since this was lower than the discounted value of the minimum payments due under the lease.

	1st half year 2011					1st half year 2010
(euro/thousand)	Leased land	Leased property	Leased plant	Other leased assets	Total	Total
Cost	*10,500*	*33,076*	*16,524*	*3,859*	*63,959*	*64,454*
Depreciation	-	*(1,970)*	*(4,394)*	*(1,150)*	*(7,514)*	*(4,281)*
Balance at beginning of the period	**10,500**	**31,106**	**12,130**	**2,709**	**56,445**	**60,173**
- Amortization and write-downs	-	(496)	(1,105)	(226)	(1,827)	(1,888)
Cost	*10,500*	*33,076*	*16,524*	*3,795*	*63,895*	*64,234*
Depreciation	-	*(2,466)*	*(5,499)*	*(1,312)*	*(9,277)*	*(5,949)*
Balance at end of the period	**10,500**	**30,610**	**11,025**	**2,483**	**54,618**	**58,285**

10. Investments vaslued at equity

There have been no changes in the period.

(euro/thousand)	As at 06.30.2011	As at 06.30.2010
Associates		
Lighthouse International Company S.A.	378	378
Total investments accounted for at equity	**378**	**378**

11. Other non-current financial assets

Other non-current financial assets totaled € 2,251 thousand as at June 30, 2011 (€ 2,284 thousand as at December 31, 2010), and include:
- loans to employees worth € 1,554 thousand, issued at market rates for transactions of this kind;
- third-party loan agreements of € 582 thousand;
- assets held for sale, including € 110 thousand relating to the 2.2% stake held in Emittenti Titoli S.p.A.

12. Inventories

These can be broken down as follows:

	1st half year 2011					1st half year 2010
(euro/thousand)	Raw material, suppliers and consumables	Merchandising products	Work progress and semi-finished goods	Finished goods	Total	Total
Balance at beginning of the period	**6,088**	**2,139**	**1,991**	**181**	**10,399**	**10,482**
Increase (Decrease)	159	190	1,941	(21)	2,269	2,997
Foreign exchange adjustments, change in the scope of consolidation and other movements	(38)	-	-	-	(38)	(183)
Balance at end of the period	**6,209**	**2,329**	**3,932**	**160**	**12,630**	**13,296**

13. Trade receivables

This item can be broken down as follows:

	1st half year 2011			1st half year 2010
(euro/thousand)	Trade receivables	Allowance for doubtful trade receivables	Net value	Net value
Balance at beginning of the period	**722,349**	**(109,261)**	**613,088**	**621,601**
Provision in the statement of operations	-	(15,184)	(15,184)	(16,668)
Utilization	-	20,128	20,128	22,000
Foreign exchange adjustments, change in the scope of consolidation and other movements	(47,981)	627	(47,354)	(29,543)
Balance at end of the period	**674,368**	**(103,690)**	**570,678**	**597,390**

Trade receivables as at June 30, 2011 totaled € 570,678 thousand, including € 2,741 with a maturity of over 12 months, net of the allowance for doubtful receivables of € 103,690 thousand as at June 30, 2011, including € 95,785 thousand referring to the Parent Company, which is believed to be adequate to cover expected losses.
In the first half of 2011, € 20,128 thousand of the allowance was used (€ 22,000 thousand in the first half of 2010). The use of the allowance is attributable mainly to the Parent Company (€ 15,599 thousand, against € 17,962 thousand in the first half of 2010).
A provision of € 15,184 thousand was added to the allowance for doubtful receivables (€ 16,668 thousand in the first half of 2010), meaning that the coverage of overdue receivables remained more or less stable.
For more information on the Group’s credit risk, see the “2010 Annual Report”.

14. Other (current and non-current) assets

Other current and non-current assets totaled € 71,101 thousand as at June 30, 2011, against € 76,016 thousand as at December 31, 2010 *restated*, and can be broken down as follows:

(migliaia di euro)	At as 06.30.2011	As at 12.31.2010 restated	Change
Advances on sales commissions and other receivables from agents	34,463	41,393	(6,930)
Prepaid expenses	18,147	17,889	258
Advances to suppliers	10,786	9,034	1,752
Other receivables	6,867	6,954	(87)
Total other current assets	**70,263**	**75,270**	**(5,007)**
Other non-current assets	**838**	**746**	**92**
Total other current and non-current assets	**71,101**	**76,016**	**(4,915)**

To be more specific:

- *advances on sales commission and other receivables from agents* totaled € 34,463 thousand as at June 30, 2011 (€ 41,393 thousand as at December 31, 2010) and were recorded net of reserves for write-down, which totaled € 2,933 thousand as at June 30, 2011 (€ 2,922 thousand as at December 31, 2010). The item includes € 165 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 June 30, 2011 totaled € 18,147 thousand (€ 17,889 thousand as at December 31, 2010 *restated*); following changes to the accounting policies, the item was used to include the deferment of direct production costs with the same frequency with which the corresponding revenues are recorded in the statements of operations;
- *advances to suppliers*, which totaled € 10,786 thousand as at June 30, 2011 (€ 9,034 thousand as at December 31, 2010), include € 8,990 thousand relating to advances paid to ILTE S.p.A., the printing company (€ 8,504 thousand as at December 31, 2010).

15. Equity

Equity can be broken down as follows:

(euro/thousand)	As at 06.30.2011	As at 12.31.2010 restated	Change
Share capital	450,266	450,266	-
- ordinary shares	*446,184*	*446,184*	-
- savings shares	*4,082*	*4,082*	-
Additional paid-in capital	466,843	466,843	-
Reserve for foreign exchange adjustments	(37,981)	(38,937)	956
Reserve for "cash flow hedge"instruments	(5,213)	(12,608)	7,395
Reserve for actuarial gains (losses)	(16,156)	(18,578)	2,422
Other reserves	(632,923)	84,751	(717,674)
- Reserve for transition to IAS/IFRS	*181,570*	*181,570*	-
- Reserve for stock option	*1,011*	*1,011*	-
- Reteined earnings (losses)	*(815,504)*	*(97,830)*	*(717,674)*
Profit (loss) for the period	(32,584)	(718,147)	685,563
Totale equity of the Group	**192,252**	**213,590**	**(21,338)**
Share capital and reserves	12,901	13,517	(616)
Profit (loss) for the period	462	1,547	(1,085)
Total non-controlling interests	**13,363**	**15,064**	**(1,701)**
Total equity	**205,615**	**228,654**	**(23,039)**

Share capital

Share capital totaled € 450,266 thousand as at June 30, 2011, remaining unchanged from December 31, 2010.

As at June 30, 2011, the share capital comprised 1,927,027,333 ordinary shares and 680,373 savings shares. None of the shares has a face value.

Of the share capital, € 13,741 thousand was subject to tax on distribution. Deferred tax liabilities were not calculated on this amount, since the Parent Company is not planning to pay it out.

Additional paid-in capital

Additional paid-in capital totaled € 466,843 thousand as at June 30, 2011, unchanged from December 31, 2010.

Of the additional paid-in capital, € 142,619 thousand was considered to be subjected 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 data base, pursuant to Law No. 342/200. Deferred tax liabilities were not calculated on this amount, since the Parent Company is not planning to pay it out.

Reserve for foreign-exchange adjustments

The *reserve for foreign exchange adjustments* was negative € 37,981 thousand as at June 30, 2011 (€ 38,937 thousand as at December 31, 2010 *restated*) and related to the consolidation of the TDL Infomedia group, whose financial statements are expressed in sterling.

Reserve for cash flow hedge instruments

The *reserve for cash flow hedge instruments* was negative € 5,213 thousand as at June 30, 2011, (negative € 12,608 thousand as at December 31, 2010). This reserve represents the market value of the cash flow hedge instruments against interest rate risk in place on the date of the financial statements or, if already closed out, cash flow hedge instruments that will become effective in future periods. For a more detailed description of the hedging transactions carried out by the Group, see point 21 of these Explanatory Notes.

Reserve for actuarial gains (losses)

The *reserve for actuarial gains (losses)* was negative € 16,156 thousand (negative € 18,578 thousand as at December 31, 2010) and included the cumulative effect of recording actuarial gains (losses) on defined-benefit pension plans (TDL Infomedia group pension funds and, 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 point 22 of these Explanatory Notes.

Other reserves

Other reserves had a negative balance of € 632,923 thousand as at June 30, 2011 (positive € 84,751 thousand as at December 31, 2010 *restated*) and referred to:

- *Reserve for adoption of IAS/IFRS,* which totaled € 181,570 thousand as at June 30, 2011;
- *Reserve for stock options* equal to € 1,011 thousand as at June 30, 2011, unchanged compared with December 31, 2010;
- *Other reserves and retained earnings (losses)* were negative for € 815,504 thousand (negative € 97,830 thousand as at December 31, 2010 *restated*) and referred to the legal reserve of SEAT Pagine Gialle S.p.A. (€ 50,071 thousand) and the retained earnings (losses) (€ 865,575 thousand), which, in the main, changed in the period due to the allocation of the loss for the financial year 2010 *restated* (€ 718,147 thousand). It should be noted that, following the adoption of the new accounting policies, the reserve values as at December 31, 2010 were restated, as provided for by IAS 8, increasing by € 93,115 thousand.

16. Other comprehensive profit (loss)

(euro/thousand)	1st half year 2011	1st half year 2010 restated	Change	Year 2010 restated
Profit (loss) for "cash flow hedge" instruments for the period	406	(11,254)	11,660	(11,373)
Loss (profit) for "cash flow hedge" instruments reclassified to statement of operations	6,989	10,130	(3,141)	20,979
Profit (loss) for "cash flow hedge" instruments	**7,395**	**(1,124)**	**8,519**	**9,606**
Profit (loss) for foreign exchange adjustments	956	(970)	1,926	(434)
Profit (loss) for foreign exchange adjustments	**956**	**(970)**	**1,926**	**(434)**
Actuarial gain (loss) recognised to equity	3,483	(2,120)	5,603	(1,441)
Tax effect of actuarial gain (loss) recognised to equity	(1,061)	588	(1,649)	194
Actuarial gain (loss) recognised to equity, net of tax effect	**2,422**	**(1,532)**	**3,954**	**(1,247)**
Total other comprehensive profit (loss), net of tax effect	**10,773**	**(3,626)**	**14,399**	**7,925**

17. Dividends distributed to Shareholders

During the first half of 2011 a total of € 2,163 thousand (€ 3,365 thousand in the first half of 2010) of dividends were distributed to non-controlling interests by subsidiary Telegate AG.

18. Profit (loss) per share

		As at 06.30.2011	As at 06.30.2010 restated	As at 12.31.2010 restated
Number of SEAT Pagine Gialle S.p.A. shares		1,927,707,706	1,927,707,706	1,927,707,706
- ordinary shares	*No.*	*1,927,027,333*	*1,927,027,333*	*1,927,027,333*
- savings shares	*No.*	*680,373*	*680,373*	*680,373*
Profit (loss) for the period	€/thousand	(32,584)	(8,384)	(718,147)
Profit (loss) par share	€	(0.017)	(0.004)	(0.373)

Profit (loss) par share were calculated by dividing result by the average number of shares outstanding over the period.

19. Net financial debt

As at June 30, 2011 this was structured as follows:

(euro/thousand)	As at 06.30.2011	As at 12.31.2010	Change	Note
Net financial debt	**2,682,466**	**2,731,032**	**(48,566)**	
Transaction costs on loans and securitization costs not yet amortized	(52,827)	(60,823)	7,996	
Net market value of "cash flow hedge" instruments	5,213	13,780	(8,567)	
Net financial debit - "book value"	**2,634,852**	**2,683,989**	**(49,137)**	
- Non-current financial assets to third parties (*)	*(2,136)*	*(2,168)*	*32*	
INet financial debt in accordance with CONSOB N. DEM/6064293/2006	**2,636,988**	**2,686,157**	**(49,169)**	
- Non-current financial debts to third parties	*1,182,908*	*1,327,196*	*(144,288)*	*(a)*
- Non-current financial debts top associates	*1,279,030*	*1,276,023*	*3,007*	*(a)*
- Current financial debts to third parties	*316,745*	*308,789*	*7,956*	*(b)*
- Current financial debts to associates	*17,375*	*17,375*	*-*	*(b)*
- Current financial assets to third parties	*(29,437)*	*(1,498)*	*(27,939)*	*(c)*
- Cash and cash equivalents	*(129,633)*	*(241,728)*	*112,095*	*(d)*

(*) This item described in the point 11 of this notes and does not include financial assets available for sale.

Net financial debt totaled € 2,682,466 thousand as at June 30, 2011, down by € 48,566 thousand compared to December 31, 2010.
It differs from the net financial debt (book value), described below, in that it is recorded gross of costs incurred on *i*) transaction costs relating to the medium- and long-term Senior debt with The Royal Bank of Scotland; *ii*) the subordinated loan with Lighthouse International Company S.A. and *iii*) the Senior Secured Bond issue. These costs, net of accumulated amortization, totaled € 52,827 thousand as at June 30, 2011.
Net financial debt does not include the net value arising from the valuation at market values of the cash flow hedge instruments in place on the reference date of this report or, if closed early, cash flow hedge instruments that will become effective in subsequent periods. As at June 30, 2011 this value amounted in total to net liabilities of € 5,213 thousand (€ 13,780 thousand as at December 31, 2010).
The various items that make up the net financial debt (book value) are described below.

a) Non-current financial liabilities

These can be broken down as follows:

(euro/thousand)	As at 06.30.2011	As at 12.31.2010	Change
Debts due to The Royal Bank of Scotland Plc. (gross value)	*446,794*	*596,116*	*(149,322)*
less transaction costs	*(12,496)*	*(16,533)*	*4,037*
Debts due to The Royal Bank of Scotland (net value)	434,298	579,583	(145,285)
Debts due to Bondholders (Senior Secured Bond)	*720,26*	*718,587*	*1,539*
less transaction costs	*(19,361)*	*(20,313)*	*952*
Debts due to Bondholders (Senior Secured Bond net value)	700,765	698,274	2,491
Debt due to Leasint S.p.A.	47,845	49,336	(1,491)
Debts due to other lenders	-	3	(3)
Total non-current financial debts to third parties	**1,182,908**	**1,327,196**	**(144,288)**
Debts due to Lighthouse International Company S.A. (gross value)	*1,300,000*	*1,300,000*	*-*
less transaction costs	*(20,970)*	*(23,977)*	*3,007*
Debts due to Lighthouse International Company S.A. (net value)	1,272,030	1,276,023	3,007
Total non-current financial debts to associates	**2,279,030**	**1,276,023**	**3, 007**

Non-current financial debts to third parties

- *Non-current debts due to The Royal Bank of Scotland* totaled € 446,794 thousand as at June 30, 2011 (€ 596,116 thousand as at December 31, 2010). Including the current portion of € 184,517 thousand and the revolving credit line of € 90,000 thousand, the Senior facilities with The Royal Bank of Scotland total € 721,311 thousand and can be broken down as follows:
  - tranche A (€ 184,517 thousand), repayable in two installments of € 35,196 thousand and € 149,321 thousand due on December 28, 2011 and June 8, 2012 respectively, and bearing a floating interest rate equal to Euribor plus a spread of 3.41% p.a.;
  - tranche B (€ 446,794 thousand), repayable in a single installment in June 2013 and bearing a floating interest rate equal to Euribor plus a spread of 3.91% p.a.;
  - a revolving credit line of € 90,000 thousand, designed to cover any working capital requirements of SEAT Pagine Gialle S.p.A. or its subsidiaries, available until June 8, 2012, with the application, if used, of a floating interest rate equal to that applicable to tranche A. This credit line has been used in full as of April 21, 2011 to meet the working capital requirements resulting from the closure of the revolving trade receivables securitization program completed on June 15, 2011.

  At the end of April 2011, the Company repaid € 35,196 thousand by way of early repayment of the remaining installment of tranche A, which was contractually due in June 2011.

- *Debts due to Senior Secured Bondholders* totaled € 700,765 thousand, net of € 19,361 thousand for transaction costs not yet amortized at the end of the period. The two Senior Secured Bond issues, equal to a total nominal value of € 750,000 thousand, both mature on January 31, 2017, with a nominal rate of 10.5% to be paid half-yearly at the end of January and the end of July each year. As a result of the issue discount, the yield at issue of these bonds was 11% p.a. for the first issue and 12.85% p.a. for the second issue; the issue discount accrued as at June 30, 2011 was € 3,327 thousand.

- *Debts due to Leasint S.p.A.*, totaling € 47,845 thousand as at June 30, 2011, relate to the seven financial leasing contracts (six contracts with effect from December 2008 and one with effect from the end of October 2009) in relation to the purchase of the Turin property complex of SEAT Pagine Gialle S.p.A. These contracts will be repaid through the payment of 50 remaining installments on the contracts with effect from December 2008 and 54 remaining installments on the contract with effect from October 2009. All installments are quarterly deferred installments subject to a variable 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 property complex.

Non-current financial debts to related parties

Non-current financial debts to related parties refer to the Subordinated loan due to Lighthouse International Company S.A. (in which the Group holds a 25% stake). This loan totaled € 1,279,030 thousand as at June 30, 2011 (€ 1,276,023 thousand as at December 31, 2010), net of € 20,970 thousand for transaction costs not yet amortized at the end of the period. The 10-year loan is due to mature in 2014 and is subject to a fixed interest rate of 8% p.a.

b) Current financial liabilities

Current financial liabilities can be broken down as follows:

(euro/thousand)	As at 06.30.2011	As at 12.31.2010	Change
Current portion of non-current financial debt	187,463	263,270	(75,807)
Credit line of The Royal Bank revolving loan	90,000		90,000
Debts for accrued interest expense not yet paid	33,880	29,946	3,934
Other financial debts	5,262	8,313	(3,051)
Liabilities adjustments instruments "cash flow hedges"	140	7,260	(7,120)
Total current financial debts to third parties	**316,745**	**308,789**	**7,956**
Current financial debts to associates	17,375	17,375	-
Current financial debt to related parties	**17,375**	**17,375**	**-**

Current financial debts to third parties

This item includes:
- € 187,463 thousand relating to the current portion of non current financial debt of which € 184,517 was for the Senior facilities with The Royal Bank of Scotland due to mature in December 2011 and June 2012 and including € 2,939 thousand for the short-term share of the facilities with Leasint S.p.A.; this amount, as at December 31, 2010, included € 190,000 thousand of asset-backed securities issued under the scope of the securitization of trade receivables launched in 2006 by SEAT Pagine Gialle S.p.A., which have been fully repaid in various tranches during the course of the half year following the Company's decision to end this program;
- € 90,000 thousand to the Royal Bank of Scotland for the revolving credit line, which has been used in full;
- € 33,880 thousand relating to debts for interest accrued but not yet paid, including € 32,812 thousand pertaining to the Senior Secured Bond;
- € 5,262 thousand relating to debts to banks and other financial debts, including € 5,152 thousand relating to debts for cash flow hedge instruments for which payment has been deferred until the end of December 2011;
- liabilities (€ 140 thousand) arising from the valuation at fair value of the derivative contracts in place as at June 30, 2011 (liabilities of € 7,260 thousand as at December 31, 2010).

Current financial debts to related parties

€ 17,375 thousand as at June 30, 2011 (unchanged from December 31, 2010) relating to debts for interest accrued but not yet paid on the facilities with Lighthouse International Company S.A..

c) Current financial assets due from third parties

Current financial assets totaled € 29,437 thousand as at June 30, 2011 (€ 1,498 thousand as at December 31, 2010) and refer mainly to a short-term investment equal to € 23,503 thousand made by German subsidiary Telegate AG in treasury funds linked to the money market.

d) Cash and cash equivalents

The breakdown of cash and cash equivalents is as follows:

(euro/thousand)	As at 06.30.2011	As at 12.31.2010	Change
Bank deposits	125,314	241,171	(115,857)
Postal deposits	4,286	508	3,778
Cash	33	49	(16)
Total cash and cash equivalents	**129,633**	**241,728**	**(112,095)**

Cash and cash equivalents totaled € 129,633 thousand as at June 30, 2011, including € 115 thousand of bank deposits at special purpose entity Seat Servizi per le Aziende S.r.l. (€ 84,941 thousand as at December 31, 2010).

20. Guarantees provided, main commitments and contractual rights

The obligations arising from the facilities with The Royal Bank of Scotland Plc are secured, among other things, by pledges over shares in SEAT Pagine Gialle S.p.A. and other companies of the SEAT Pagine Gialle group, a pledge over the main proprietary trademarks of the SEAT Pagine Gialle group, and a special lien on certain capital goods of SEAT Pagine Gialle S.p.A., as well as a fixed and floating charge under English law on assets of TDL Infomedia and Thomson. The same guarantees, with the exception of the special lien on capital goods of SEAT Pagine Gialle S.p.A., also apply to the Senior Secured Bonds issued by SEAT Pagine Gialle S.p.A. in January and October 2010. Obligations arising from the indenture on the bonds issued by Lighthouse International Company S.A. in 2004 and guaranteed by SEAT Pagine Gialle S.p.A. are guaranteed by, among other things, a second-degree pledge on SEAT Pagine Gialle S.p.A. shares. As far as obligations relating to leasing agreements signed by SEAT Pagine Gialle S.p.A. and Leasint S.p.A. are concerned, they are no longer guaranteed, except for the fact that the properties which are the subject of the leasing agreements are actually owned by Leasint S.p.A., which may, in the event of default by SEAT Pagine Gialle S.p.A., fulfil the debte by selling the properties themselves.

Pursuant to the indenture relating to the notes issued by Lighthouse International Company S.A. in 2004, SEAT Pagine Gialle S.p.A. issued a personal guarantee concerning the fulfillment by Lighthouse International Company S.A. of all obligations (for principal, interest and additional costs) arising from the notes issued by the latter. More specifically, said guarantee is limited to € 350,000 thousand in relation to additional costs.

The loan agreement between SEAT Pagine Gialle S.p.A. and Lighthouse International Company S.A. of April 22, 2004 provides for, among other things, a commitment by SEAT Pagine Gialle S.p.A. to pay the lender (in addition to principal and interest) an amount equal to any additional amount paid by the latter in relation to the 2004 bond and to hold the lender harmless from any charge that may reduce the amount of interest paid to said lender. With regard to this latter commitment, SEAT Pagine Gialle S.p.A., to the extent of its knowledge on the reporting date, may have to pay Lighthouse International Company S.A. up to € 3.4 million; no provisions have been made to the risks reserve insofar as such an eventuality is not deemed likely.

The facilities agreement with The Royal Bank of Scotland requires that SEAT Pagine Gialle S.p.A. comply with specific financial covenants, which are monitored quarterly and relate to the maintaining of certain ratios between: i) net debt and EBITDA; ii) EBITDA and interest on debt; and iii) cash flow and debt service (including interest and capital payable in each reference period).

As is customary for transactions of this kind, the aforementioned facilities agreement also governs other aspects by establishing limits and operating conditions, including investments and the possibility of recourse to additional debt, making acquisitions, distributing dividends and carrying out capital transactions. Similar provisions are also contained in the three indentures under US law which respectively govern the notes (bonds) issued by Lighthouse International Company S.A. in 2004 and secured by SEAT Pagine Gialle S.p.A., and the notes issued by SEAT Pagine Gialle S.p.A. in January 2010 and in October 2010.

SEAT Pagine Gialle S.p.A. constantly monitors current and future compliance with all the conditions of the aforementioned agreements.

The outcome of the checks on the financial covenants and compliance with all the obligations imposed by the aforementioned agreements as at June 30, 2011 (the date of this report) was positive.

In the event that adverse market and/or business conditions for the Company cause a breach of the contractual financial covenants with The Royal Bank of Scotland at a reference date, The Royal Bank of Scotland may rescind the facilities agreement, causing all or any financing already drawn down (including interest accrued but not yet paid and all other amounts due to the bank under the agreement) to become immediately payable. This could force SEAT Pagine Gialle S.p.A. to seek funds on the market to repay its debt and would allow The Royal Bank of Scotland to call on the security given for the facility if SEAT Pagine Gialle S.p.A. is unable to pay its debt. This situation could be remedied only by waiver on the part of The Royal Bank of Scotland of its rights with respect to such breach and, if necessary, by a restructuring of the financial covenants contained in the facilities agreement.

21. Information on financial risks

Market risk

In the normal course of business, the SEAT Pagine Gialle group is subject to interest rate risk and foreign-exchange risk. These market risks concern in particular the debt due to The Royal Bank of Scotland, as well as loans with leasing company Leasint S.p.A. and receivables and payables in foreign currency (sterling in particular).

The SEAT Pagine Gialle group constantly monitors the financial risks to which it is exposed, in order to assess the potential negative effects of these risks in advance and take appropriate action to mitigate them. These risks are managed through the use of derivatives, in line with the Group's risk management policies. Within the framework of these policies, the use of derivatives is reserved for managing exposure to fluctuations in exchange rates and interest rates related to cash flows and assets and liabilities. No speculative transactions are carried out.

Financial market risk policy of the SEAT Pagine Gialle group

This policy provides for:

- constant monitoring of the level of exposure to interest rate risk and foreign-exchange risk, and assessment of the maximum levels of risk exposure;
- the use of cash flow hedge instruments to manage these risks and not for speculative purposes;
- constant assessment of the level of reliability of financial counterparties in order to minimize non-performance risk. All cash flow hedge instruments are entered into with leading financial and banking institutions. In the event that the counterparty is a subsidiary, the transaction is carried out under market conditions.

Interest rate hedging derivatives

The Senior facilities with The Royal Bank of Scotland, and the debt to Leasint S.p.A., are subject to floating interest rates based on Euribor. Therefore, of the € 2,822 million of facilities in place as at June 30, 2011, € 772 million was subject to a variable interest rate. In order to limit its exposure to interest rate risk, SEAT Pagine Gialle S.p.A. has also stipulated derivative hedge instruments against interest rate risk with leading international financial operators.

To determine the market value of the derivatives, SEAT Pagine Gialle S.p.A. referred to valuations provided by independent organizations (banks and financial institutions). When calculating their estimates, these institutions used data observed on the market directly (interest rates) or indirectly (interpolation curves for directly observed interest rates). Consequently, for the purposes of IFRS 7, the fair value used by the Company to value the derivative hedge instruments in place at the end of the period comes under level 2 of the fair value hierarchy.

The market value of Interest Rate Swaps (IRSs) is the current value of the difference between fixed-rate interest payable and/or receivable and interest valued using the market rate curves applicable upon the maturities of the derivative contracts.

IRSs involve, or may involve, the exchange of interest rate payments calculated using the notional value of the derivative at a fixed or variable rate on the maturity dates agreed between the parties. The notional value is not the amount exchanged between the parties, and therefore is not a measure of exposure to credit risk, which is limited to the difference between the interest rates swapped on the settlement dates. The market value of Interest Rate Collars is the difference between the price payable to buy back floor options and the price receivable for reselling cap options. The price of these options is calculated using interest rates forecast on maturity, strike price at each maturity and interest rate volatility.

As at June 30, 2011, the following derivative hedge instruments were in place:

- *Interest Rate Swaps* (valore di mercato negativo per € 140 migliaia) sul periodo da settembre 2011 a dicembre 2011 a specifica copertura di una quota dei flussi di interesse del leasing finanziario, mediante il quale il tasso variabile euribor a tre mesi è stato sostituito con un tasso fisso del 3,60% su un nozionale di € 30 milioni a copertura del debito derivante dall'operazione di leasing.

With reference to the second half of 2011, 76% of the total debt is protected from interest rate risk: around 73% is protected through fixed-rate debt and around 3% through Interest Rate Swap transactions. This hedging is considered to be sufficient in view of the performance of short-term rates.

With reference to the 2011-2013 period, the hedging in place as at June 30, 2011 provides average protection of around 81% of the debt expected to be in place in the period, with 80% pertaining to fixed-rate debt and 1% to Interest Rate Swap transactions.

As regards the 2014-2015 period, around 96% of the total expected debt will be fixed-rate debt.

Risk from high levels of financial debt, insufficient liquidity and obtaining financial resources
As at June 30, 2011 the SEAT Pagine Gialle group presented a high level of debt, characterized by financial leverage equal to more than five times its EBITDA. The average life of loans in place as at June 30, 2011 was 3.3 years and the financial instruments in place had the following maturity dates:

	Due date - by						Total
(euro/thousand)	06.30.2012	06.30.2013	06.20.2014	06.30.2015	06.30.2016	beyond five years	
Senior Seucured Bond (*)	-	-	-	-	-	750,000	750,000
The Royal Bank of Scotland (**)	274,517	446,794	-	-	-	-	721,311
Lighthouse International Company S.A.	-	-	1,300,000	-	-	-	1,300,000
Debts due to Leasint S.p.A.	2,939	3,096	3,257	3,427	3,602	34,463	50,784
Debts due to other lenders	7	-	-	-	-	-	7
Total non-current financial debts (gross value)	**277,463**	**449,890**	**1,303,257**	**3,27**	**3,602**	**784,463**	**2,822,102**

(*) In the financial statement such amount is posted for an amount of € 720,126 thousands net discount on issue price.
(**) As at 06.30.2011 the amount included the residual par of Trance A of € 184,517 thousands and ther line of credit revolving of € 90,000 thousands.

The liquidity risk is the risk that the financial resources available may be insufficient to cover the short-term liabilities due by June 30, 2012 totaling € 277,463 thousand. The SEAT Pagine Gialle group has made provision in the short-term for a high level of cash generation.
After March 31, 2012, SEAT Pagine Gialle S.p.A. will have to repay considerable sums within the context of the facilities in place. The Group's financial resources may prove insufficient to meet these commitments.
The Board of Directors has looked in the Company's financial situation in great detail and the possible outcomes of the actions undertaken for the long-term stabilization of the financial structure, described in the previous paragraph on "Going concern evaluation," which should also be referred to for a better understanding of the risks being commented on.
These financial risks were the basis of the downgrading of the ratings assigned to SEAT Pagine Gialle S.p.A. by Standard & Poor's and Moody's. The ratings reflect the agencies' assessment of the probability of default by the Company and are the result of an analysis of i) the Group's prospects in terms of profitability, cash flow generation and debt sustainability, and ii) expected market situations. In the first half of 2011 the ratings assigned by the aforementioned agencies were downgraded respectively from B- to CCC+ by Standard & Poor's and from Caa1 to Caa3 by Moody's, both with confirmation of a negative outlook. These ratings were confirmed at the time this report was prepared.
If the subjective assessment of the analysts at these ratings agencies shows a deterioration of one or more parameters of analysis compared to the current assessment, including in relation to a negative trend on the reference markets, the rating given to SEAT Pagine Gialle S.p.A. by the agencies could be further downgraded.

Impact of "change of control" on the facilities agreements in place (article 123-bis, letter I of Legislative Decree no. 58/1998)
There is no change compared to the statements made in the consolidated financial statements as at December 31, 2010.

Credit risk
The SEAT Pagine Gialle group operates in the online directional advertising market, where there is a large number of clients. The large volume of transactions generates a high number of payments in arrears, hence the need for an effective credit management system.
For this reason, in addition to the credit management structure set up some time ago, which is constantly being reinforced, the Parent Company launched a project during the first half called "T-Power," which is designed to optimize its operating working capital. The aim is to considerably reduce trade receivables through payment conditions and credit recovery activities. The main effects, in terms of improving operating cash flows, are expected in the second half of 2011 and in the 2012 financial year; current evidence confirms the validity of the project and that the targets forecast are reasonable.
There is no change compared to the statements made in the consolidated financial statements as at December 31, 2010.

22. Non-current reserves for employees

This item can be broken down as follows:

	1st half year 2011					1st half year 2010
(euro/thousand)	Net liabilities for defined benefit pensions plans	Reserve for severance indemnities	Reserve for defined contribution	Net liabilities for termination indemnities pension plans	Total	Total
Balance at beginning of the period	**20,821**	**15,968**	**1,602**	**250**	**38,641**	**42,896**
Provisions	40	-	2,194	75	2,309	2,830
Contributions	(7,463)	-	183	-	(7,280)	(2,466)
Benefits paid/received	-	(2,154)	(2,933)	-	(5,087)	(5,062)
Discounting losses	1,497	372	-	-	1,869	1,245
Expected return on plan assets	(1,107)	-	-	-	(1,107)	(16)
Actuarial losses (gains) recognised to equity	(3,085)	(191)	-	-	(3,276)	2,120
Foreign exchange adjustments and other adjustments	(578)	(195)	87	-	(686)	1,203
Balance at end of the period	**10,125**	**13,800**	**1,133**	**325**	**25,383**	**42,750**

The figures for pension plans, payables to employees and related costs in the statements of operations were determined based on valuations carried out by an independent expert using the Projected Unit Method, in accordance with the provisions of IAS 19.

Net liabilities for defined-benefit pension plans

Net liabilities for defined-benefit pension plans totaled € 10,125 thousand as at June 30, 2011 (€ 20,821 thousand as at December 31, 2010). They are recorded net of assets (€ 43,081 thousand) designated to finance these pension plans (€ 53,206 thousand). Almost all this amount refers to the TDL Infomedia group pension plan.

During the period the defined-benefit pension fund plan (Thomson Pension Fund) was renegotiated in favor of employees of the TDL group. This renegotiation involved the following payments in 2011: £ 4,046 thousand at the end of May 2011, £ 2,400 thousand at the end of June 2011. There will also be a payment of £ 2,400 thousand for the 2011-2013 period and of £ 2,000 thousand for the 2014-2027 period. Actuarial gains of € 3,085 thousand were also recorded in the first half of 2011. Pursuant to IAS 19, paragraph 93A, the gains were recorded directly to equity, net of tax effect.

Reserve for severance indemnities

The *reserve for severance indemnities*, which totaled € 13,800 thousand as at June 30, 2011 (€ 15,968 thousand as at December 31, 2010), is considered a defined-benefit plan and was therefore valued 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 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 accounting policies) for employees relating to benefits given up to December 31, 2006.

23. Share-based payment

The stock option plans in place as at June 30, 2011 are recorded in the financial statements in accordance with the provisions of IFRS 2.

Beneficiaries (euro/thousand)	Grant date	Number of garanted options	Number of expired options	End of the vesting period	Strike price (euro)	Number of exercised options	Number of not exercised options	Number of outstanding options at 06.30.2011	Fair value	*of which accrued in the 1st half year 2011*
2005 Telegate's stock option plans										
Directors and employees	12/05/2005	293,000	(43,500)	12/05/2007	14.28	(240,500)	-	9,000	467	-
Directors and employees	01/06/2006	400,000	(158,350)	01/06/2008	16.09	-	-	241,650	551	-
Directors and employees	01/06/2008	319,000	(37,500)	01/06/2010	11.01	-	-	532,150	417	-
Total for the SEAT PG group		**1,012,000**	**(239,350)**			**(240,500)**	**-**	**532,150**	**1,435**	**-**

24. Other non-current liabilities

Other non-current liabilities totaled € 26,147 thousand as at June 30, 2011 (€ 36,579 thousand as at December 31, 2010) and can be broken down as follows:

	1st half year 2011					1st half year 2010
(euro/thousand)	Reserve for sale agent's termination indemnities	Reserve for operating risks and charges	Reserve for restructuring expenses	Other non-operating liabilities	Total	Total
Balance at beginning of the period	**22,975**	**730**	**12,121**	**753**	**36,579**	**29,827**
Provision	2,137	9	-	-	2,146	2,470
Utilization/repayment	(3,565)	(51)	-	-	(3,616)	(3,269)
Discounting losses (gains)	61	4	220	15	300	526
Other movements	296	-	(9,448)	(110)	(9,262)	(4,381)
Balance at end of the period	**21,904**	**692**	**2,893**	**658**	**26,147**	**25,173**

As at June 30, 2011, 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 (€ 300 thousand). The *reserve for sale agents' termination indemnities*, which totaled € 21,904 thousand as at June 30, 2011, represents the debt due at the end of the period 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 *reserve for restructuring expenses* (non-current portion), totaling € 2,893 thousand, was reduced in the first half of 2011 due to the short-term reclassification of the portion of the reserve relating to the Parent Company. This reserve should be considered in conjunction with the current portion of the reserve for restructuring expenses.

25. Reserve for (operating and non-operating) current risks and charges

This can be broken down as follows:

(euro/thousand)	1st half year 2011 Reserve for commercial risks	Reserves for contractual and other operating risks	Non-operating reserves	Total	1st half year 2010 Total
Balance at beginning of the period	**13,804**	**10,002**	**21,831**	**45,637**	**49,928**
Provisions	6,457	1,406	670	8,533	9,809
Utilizations	(8,030)	(621)	(7,289)	(15,940)	(17,172)
Reversal to the statement of operations	-	(257)	(62)	(319)	(5,687)
Other movements	-	(313)	9,501	9,188	4,381
Balance at end of the period	**12,231**	**10,217**	**24,651**	**47,099**	**41,259**

The reserve for current risks and charges totaled € 47,099 thousand as at June 30, 2011, up by € 1,462 thousand compared with December 31, 2010. It breaks down as follows:

- the *reserve for commercial risks*, which totaled € 12,231 thousand as at June 30, 2011, covers any costs incurred due to failure to properly perform contractual services in respect of PAGINEGIALLE® and PAGINEBIANCHE®;
- *reserves for contractual and other operating risks*, which totaled € 10,217 thousand as at June 30, 2011 (€ 10,002 thousand as at December 31, 2010), include € 3,951 thousand relating to pending litigations with agents and employees, and € 3,659 thousand relating to legal disputes;
- *non-operating reserves* (current portion) totaled € 24,651 thousand as at June 30, 2011 (€ 21,831 thousand as at December 31, 2010). This item includes € 20,573 thousand relating to reserves for restructuring expenses (current portion), of which € 7,289 thousand was used in the first half of 2011, mainly as a result of the restructuring plans in place as at December 31, 2010 within SEAT Pagine Gialle S.p.A. This reserve should be considered in conjunction with the non-current portion of the reserve for restructuring expenses.

26. Trade payables and other current liabilities

Trade payables and other current liabilities can be broken down as follows:

(euro/thousand)	As at 06.30.2011	As at 12.31.2010 restated	Change
Payables due to suppliers	130,964	150,920	(19,956)
Payables due to sales agents	14,138	26,514	(12,376)
Payables due to employees	16,936	19,985	(3,049)
Payables due to social security institutions	8,823	9,508	(685)
Payables due to other	754	666	88
Total trade payables	**171,615**	**207,593**	**(35,978)**
Payables for services to be rendered	324,491	262,967	61,524
Advances from customers	2,718	2,954	(236)
Seferred income and other current liabilities	36,420	30,915	5,505
Total payables for services to be rendered and other current liabilities	**363,629**	**296,836**	**66,793**

All trade payables have a maturity of less than 12 months. To be more specific:

- *payables to suppliers*, which totaled € 130,964 thousand as at June 30, 2011 (€ 150,920 thousand as at December 31, 2010), fell by € 19,956 thousand compared with December 31, 2010. The change in the period reflects the lower volume of purchases compared with the previous period;
- *payables to sales agents*, which totaled € 14,138 thousand as at June 30, 2011 (€ 26,514 thousand as at December 31, 2010 *restated*), should be considered in conjunction with the item "Advances on sales commission," recorded under "Other current assets," which amounted to € 34,463 thousand as at June 30, 2011 (€ 41,393 thousand as at December 31, 2010);
- *payables for services to be rendered*, which totaled € 324,491 thousand as at June 30, 2011 (€ 262,967 thousand as at December 31, 2010 *restated*) following the application of the new accounting policies, reflect the deferment of revenues from the provision of on-line and on-voice services on a straight-line basis throughout the on-line and on-voice contractual period, and include advanced billing for advertising services in printed directories.

27. 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 according to 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 economic and financial data relating to the Business Areas of the SEAT Pagine Gialle group.

(euro/thousand)		Italian Directories	UK Directories	Directory Assistance	Other Activities	Aggregate Total	Eliminations and other adjustments	Consolidated Total
Revenues from sales and services	1st half year 2011	335,449	26,027	61,013	20,683	443,172	(9,927)	433,245
	1st half year 2010 restated	344,272	39,176	73,484	24,947	481,879	(19,484)	462,395
	Year 2010 restated	797,536	73,555	140,736	55,130	1,066,957	(32,603)	1,034,354
Operating income before amortisation, depreciation, non-recurring and restructuring costs, net	1st half year 2011	143,622	(444)	6,915	53	150,146	58	150,204
	1st half year 2010 restated	143,496	7,614	12,490	96	163,696	(88)	163,608
	Year 2010 restated	378,387	10,573	23,676	4,005	416,641	(145)	415,496
Operating result	1st half year 2011	112,791	(18,291)	642	(2,307)	92,835	58	92,893
	1st half year 2010 restated	114,012	4,827	4,572	(2,959)	120,452	(62)	120,390
	Year 2010 restated	(356,493)	(8,461)	(7,343)	(2,409)	(374,706)	(139)	(374,845)
Total assets	June 30, 2011	3,463,815	67,165	208,154	45,244	3,784,378	(89,628)	3,694,750
	June 30, 2010 restated	4,280,800	127,839	249,931	309,242	4,967,812	(345,968)	4,621,844
	December 31, 2010 restated	3,580,009	110,448	217,350	248,846	4,147,653	(305,929)	3,841,724
Total liabilities	June 30, 2011	3,397,319	85,671	74,942	37,091	3,595,023	(105,888)	3,489,135
	June 30, 2010 restated	3,513,341	138,110	79,972	299,000	4,030,423	(339,267)	3,691,156
	December 31, 2010 restated	3,469,019	127,574	89,994	238,479	3,916,066	(302,996)	3,613,070
Net invested capital	June 30, 2011	2,734,481	8,859	88,567	15,244	2,847,151	(6,684)	2,840,467
	June 30, 2010 restated	3,459,264	41,388	110,880	14,615	3,626,147	(6,701)	3,619,446
	December 31, 2010 restated	2,794,807	24,177	85,480	14,922	2,919,386	(6,743)	2,912,643
Capital expenditure	1st half year 2011	14,613	1,541	2,539	1,846	20,539	-	20,539
	1st half year 2010	12,080	894	1,511	1,472	15,957	-	15,957
	Year 2010	31,256	2,072	2,659	4,357	40,344	-	40,344
Average workforce	1st half year 2011	1,027	630	1,922	333	3,912	-	3,912
	1st half year 2010	1,219	687	2,444	373	4,723	-	4,723
	Year 2010	1,129	676	2,327	361	4,493	-	4,493
Average number of sales agents	11st half year 2011	1,406	-	2	43	1,451	-	1,451
	11st half year 2010	1,593	-	2	43	1,638	-	1,638
	Year 2010	1,565	-	2	41	1,608	-	1,608

28. Revenues from sales and services

Revenues from sales and services totaled € 433,245 thousand in the first half of 2011, a decrease compared to the first half of 2010 *restated* (€ 462,395 thousand). The breakdown of these revenues by Business Area is as follows:

- revenues from the Italian Directories Business Area (SEAT Pagine Gialle S.p.A.) in the first half of 2011 reached € 335,449 thousand, a decrease of 2.6% compared with the first half of 2010 *restated*. Core products (print-online & mobile-voice) closed the first half with revenues down by 1.5% compared with the same period in the previous financial year, with a continued decrease in print revenues (-48.3%) more than offset by a significant organic growth of 32.7% in revenues from the traditional advertising offering and those coming from online marketing services. The growth in these two segments, together with the separate accounting of the online component of PAGINEBIANCHE® revenues, which was traditionally included among print revenues, has allowed the Company to accelerate the process of developing the revenue mix in favor of online products, which represented around 57% of total revenues in the first half. As in the previous quarters, the overall drop in revenue growth was caused by a fall in revenues from voice traffic generated by the 89.24.24 Pronto PAGINEGIALLE® and 12.40 Pronto PAGINEBIANCHE® services and that of some minor products (particularly direct marketing and promotional items), which were affected, amongst other things, by the sales network's greater focus on core products, particularly online activities;

- revenues from the UK Directories Business Area (TDL Infomedia group) totaled € 26,027 thousand for the first half of 2011, down € 13,149 thousand compared to the first half of 2010 *restated*. The revenue trend reflected the particularly difficult context of the directories market in the United Kingdom, which had serious repercussions on all media operators present; in addition, the performance of revenues for the first half was adversely affected by a different publication schedule, which saw the publication of 53 directories in the first months of the year, compared with 73 directories published in the first six months of the previous year. On a same-publication basis and exchange rates between the euro and sterling, revenues in the first half of 2011 fell by 21%;

- revenues from the Directory Assistance Business Area (Telegate group, Pagine Gialle Phone Service and Prontoseat) totaled € 61,013 thousand in the first half of 2011, down by around 17% compared to the first half of 2010 *restated* (€ 73,484 thousand). This fall is partly attributable to the decrease in revenues from Pagine Gialle Phone Service following the sale of the business units which carried out call centre activities for the offices of Livorno and Turin to People Care S.r.l. and Voice Care S.r.l., which belong to the Contacta group, with the consequent transfer of the call centers' workforce. The fall in revenues is also related to the Telegate group, which in the first half of 2011 generated revenues of € 55,889 thousand (-8.8% compared with the first half of 2010 *restated*) as a result of the structural difficulties of the directory assistance market, with call volumes constantly falling, which were only partly offset by the growth in online revenues (+ € 3.3 million). Prontoseat S.r.l. recorded revenues of € 4,778 thousand in the first half of 2011, down 12.7% compared to the first half of 2010 *restated* (€ 5,465 thousand), due to a fall in inbound revenues (-45.4%), which was only partially offset by the growth in revenues from outbound traffic (47.9%);

- revenues from other activities (Europages, Consodata and Cipi) totaled € 20,683 thousand in the first half of 2011, down by around 17% compared to the same period of the previous year *restated* (€ 24,947 thousand), mainly due to a fall in revenues from Europages and Consodata.

29. Other revenues and operating costs

29.1 Other revenues and income

Other revenues and income totaled € 1,324 thousand in the first half of 2011 (€ 2,767 thousand in the first half of 2010). The item includes € 857 thousand relating to the recovery of postal, legal and administrative costs from third parties (€ 941 thousand in the first half of 2010).

29.2 Materials

The cost of materials amounted to € 10,077 thousand in the first half of 2011, down by € 5,052 thousand compared to the first half of 2010 *restated*.
Of this figure, € 9,165 thousand relates to paper consumption, a fall of 29.5% compared to the first half of 2010 *restated* as a direct result of a reduction in publications printed.
The item also includes € 663 thousand relating to consumption of products for resale (€ 1,804 thousand in the first half of 2010).

29.3 External services

The cost of external services amounted to € 158,334 thousand in the first half of 2011, down by € 2,610 thousand compared to the first half of 2010 *restated*. This change is essentially attributable to lower production costs, which fell by € 4,374 thousand compared with the first half of 2010 *restated*, cost-cutting measures regarding consultancy and professional services, down by € 2,889 thousand, and a fall of € 2,207 thousand in advertising and promotional costs. However, costs for inbound and outbound call centre services increased (by € 4,746 thousand and € 1,248 thousand, respectively) due to the sale of call centers to Contacta.
More details can be found in the report on operations, in the paragraph on the "Economic and financial performance of the Group."

29.4 Salaries, wages and employee benefits

Salaries, wages and employee benefits amounted to € 90,928 thousand in the first half of 2011, down by € 15,451 thousand compared to the first half of 2010 *restated* (€ 106,379 thousand). This change is partly related to the sale of call centers to Contacta (€ 5,300 thousand) and partly attributable to the Parent Company, SEAT Pagine Gialle S.p.A., following the fall in the average workforce, which went from 1,219 employees in the first half of 2010 to 1,027 employees in the first half of 2011.
The Group's workforce, including directors, project workers and trainees, consisted of 4,684 employees as at June 30, 2011 (against 4,810 employees as at December 31, 2010). The average workforce in the first half of 2011 was 3,912 employees (4,723 employees in the first half of 2010).

29.5 Non-recurring costs, net

Non-recurring costs, net, totaled € 7,023 thousand in the first half of 2011 (€ 6,080 thousand in the first half of 2010). The Parent Company incurred costs of € 6,844 thousand mainly for consultancy relating to activities carried out to identify and implement financial options for the long-term stabilization of its financial structure by renegotiating the existing debt.

29.6 Restructuring costs, net

Restructuring costs, net, totaled € 1,341 thousand in the first half of 2011 (€ 3,009 thousand in the first half of 2010) and can be broken down as follows:

	1st half year	1st half year	Change	
(euro/thousand)	**2011**	**2010**	**Absolute**	**%**
Provision to reserves for restructuring expenses	670	1,650	(980)	(59.4)
Restructuring costs	733	1,390	(657)	(47.3)
Reversal to the statement of operations	(62)	(31)	(31)	(100.0)
Total restructuring costs, net	**1,341**	**3,009**	**(1,668)**	**(55.4)**

For more details, see points 24-25 of this Notes.

30. Interest income and expense

30.1 Interest expense

Interest expense totaled € 139,120 thousand in the first half of 2011 (€ 127,332 thousand in the first half of 2010), and can be broken down as follows:

(euro/thousand)	1st half year 2011	1st half year 2010	Change Absolute	%
Interest expense on the loan with Lighthouse International Company S.A.	55,132	54,876	256	0.5
Interest expense on the loan with The Royal Bank of Scotland	24,865	32,763	(7,898)	(24.1)
Interest expense on Senior Secured Bond	41,866	25,473	16,393	64.4
Interest expense on asset backed securities	1,214	2,681	(1,467)	(54.7)
Interest expense on leasing debt	1,161	1,142	19	1.7
Foreign exchange losses	9,941	4,805	5,136	n.s.
Other financial expenses	4,941	5,592	(651)	(11.6)
Total interest expense	**139,120**	**127,332**	**11,788**	**9.3**

More specifically, *interest expense* in the first half of 2011 included:

- € 55,132 thousand in interest expense on the fixed rate subordinated loan with Lighthouse International Company S.A., in line with the amount recorded in the first half of 2010. This amount includes € 3,007 thousand in relation to the amortization of transaction costs for the period;
- € 24,865 thousand of interest expense (against € 32,763 thousand in the first half of 2010) on the Senior Credit Agreement between SEAT Pagine Gialle S.p.A. and The Royal Bank of Scotland. This amount includes € 4,037 thousand relating to transaction costs for the period, and € 5,268 thousand relating to the negative impact of cash flow hedge instruments against interest rate risk;
- € 41,866 thousand of interest expense paid on the Senior Secured Bond (compared with € 25,473 thousand in the first half of 2010). This amount includes € 952 thousand relating to transaction costs for the period;
- € 1,214 thousand of interest expense (against € 2,681 thousand in the first half of 2010) on asset-backed securities issued in June 2006 by the special purpose entity, Seat Servizi per le Aziende S.r.l., as part of the securitization program;
- € 1,161 thousand of interest expense (against € 1,142 thousand in the first half of 2010) on debts due to Leasint S.p.A. in relation to seven financial leasing contracts raised for the purchase of the Turin property complex where SEAT Pagine Gialle S.p.A. has its offices;
- € 9,941 thousand of foreign exchange losses (against € 4,805 thousand in the first half of 2010) recorded as a result of hedging transactions against euro/sterling exchange rate risk, which were partly offset by the foreign exchange gains of € 7,853 thousand recorded under interest income;
- € 4,941 thousand of other interest expense (against € 5,592 thousand in the first half of 2010), including € 2,254 thousand of losses from discounting non-current assets and liabilities (against € 2,679 thousand in the first half of 2010).

30.2 Interest income

Interest income in the first half of 2011 mainly included:

- € 1,106 thousand of interest income (€ 825 thousand in the first half of 2010) from non-current assets, particularly assets used to finance the TDL Infomedia group's pension fund;
- € 530 thousand of interest income (€ 546 thousand in the first half of 2010) from the investment of short-term liquidity in the banking system essentially at Euribor rates, which fell in the first half of 2011, due to the reduction in the average investment rate and the fall in average deposits;
- € 7,853 thousand of foreign exchange gains (€ 7,044 thousand in the first half of 2010) mainly recorded as a result of the hedging policy adopted against euro/sterling exchange rate risk.

In the first half of 2011, the average total cost of the financial debt of SEAT Pagine Gialle S.p.A. was 8.34% (against 7.25% in the first half of 2010). This change was due to the altered structure of the debt following the issue of the new € 750,000 thousand Senior Secured Bond at a fixed rate of 10.5%, which has moved the weighting of the Group's debt considerably further towards fixed rate debt, at the expense of variable rate debt.

31. Incomer taxes for the period

Income taxes for the first half of 2011 were positive for € 4,500 thousand (negative for € 8,196 thousand in the first half of 2010 *restated*), and can be broken down as follows:

(euro/thousand)	1st half year 2011	1st half year 2010 restated	Change Absolute	%
Current income taxes	8,924	12,027	(3,103)	(25.8)
Reversal (provision) of deferred tax assets	(8,475)	(3,257)	(5,218)	n.s.
Provision (reversal) of deferred tax liabilities	(4,926)	(476)	(4,450)	n.s.
Income taxes referred to the previous years	(23)	(98)	75	76.5
Total income taxes for the period	**(4,500)**	**8,196**	**(12,696)**	**n.s.**

In accordance with the provisions of IAS 34, income taxes for the period were calculated by applying the average rates expected for the 2011 financial year to the gross pre-tax profit.

Deferred tax assets and liabilities, net

The changes in deferred tax assets and liabilities, net, during the period were as follows:

(euro/thousand)	As at 12.31.2010 restated	Income taxes accounted for in the statement of operations	Income taxes accounted for the equity	Foreign exchange adjustments and other movements	As at 06.30.2011
Deferred tax assets	108,782	8,475	(1,009)	(38,473)	77,775
Deferred tax liabilities	(41,346)	4,926	(53)	-	(36,473)
Total	**67,436**	**13,401**	**(1,062)**	**(38,473)**	**41,302**
shown in the statement of financial position as: (1)					
- net deferred tax assets	*74,934*				*47,810*
- net deferred tax liabilities	*(7,498)*				*(6,508)*

(1) Deferred tax assets and deferred tax liabilities are reported in the Financial Statement at their net value after offsetting tremselves if required conditions are met, with reference to Tax Authority to which they are due, tax debtors and due time of payment.

Deferred tax assets in the first half of 2011 changed mainly by € 38,473 thousand, of which € 38,256 thousand was due to the tax effect resulting from the change in accounting policies, following the restating of the economic values for the previous periods pursuant to IAS 8 paragraph 19 b). As at June 30, 2011, the date the new accounting policies were adopted, this amount assumed a tax credit nature and was therefore reclassified under the item "Direct tax credits."

Current tax assets

Current tax assets totaled € 44,579 thousand as at June 30, 2011 (€ 4,300 thousand as at December 31, 2010 *restated*) and can be broken down as follows:

(euro/thousand)	As at 06.30.2011	As at 12.31.2010	Change
Income tax receivables	43,743	3,759	39,984
Other tax receivables	836	541	295
Total current tax assets	**44,579**	**4,300**	**40,279**

Current tax payables

Current tax payables totaled € 52,446 thousand as at June 30, 2011 (€ 50,653 thousand as at December 31, 2010) and can be broken down as follows:

(euro/thousand)	As at 06.30.2011	As at 12.31.2010	Change
Income tax payables	37,659	32,277	5,382
Other tax payables	14,787	18,376	(3,589)
Total current tax payables	**52,446**	**50,653**	**1,793**

32. Non-current assets held for sale and discontinued operations

Statements of operations

The statements of operations item "Net profit (loss) from non-current assets held for sale and discontinued operations" in the first half of 2010 included costs connected to the sale of 118 000 SAS.

(euro/thousand)	1st half year 2011	1st half year 2010
Revenues	-	-
Operating costs	-	(162)
Operating income before amortisation, depreciation, non-recurring and restructurin costs, net (EBITDA)	**-**	**(162)**
Amortization, depreciation, write-down, non recurring and restructuring costs net	-	-
Operating result (EBIT)	**-**	**(162)**
Interest (expense) income, net	-	-
Gains (losses) from valuation of investments	-	-
Income taxes for the period	-	-
Net income of non-current assets held for sale and discontinued operations	**-**	**(162)**
Losses on disposal of subsidiaries and other sale expenses	-	-
Profit (loss) on non-current assets held for sale and discontinued operations	**-**	**(162)**

Statements of financial position

The statements 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 June 30, 2011 and December 31, 2010 included figures relating to the Group's interest in its Turkish joint venture, Katalog Yayin ve Tanitim Hizmetleri A.S..

(euro/thousand)	At as 06.30.2011	At as 12.31.2010
Reserves for operating risks and charges	250	250
Liabilities directly associated with non-current assets held for sale and discontinued operations	**250**	**250**

Statements of cash flows

The item "Cash flow from non-current assets held for sale and discontinued operations" included the figures for French subsidiary 118 000 SAS in the first half of 2010.

(euro/thousand)	1st half year 2011	1st half year 2010
Cash inflow (outflow) from operating activities	-	(164)
Cash inflow (outflow) for investments	-	-
Cash inflow (outflow) for financing	-	-
Net proceeds on disposal of consolidated subsidiaries	-	-
Cash flow on non-current assets held for sale/discontinued operations	**-**	**(164)**

33. Related-party transactions

With reference to the provisions of IAS 24 and pursuant to article 2, letter h) of Consob issuer regulation no. 11971/1999 (as subsequently amended), the economic and financial effects of transactions with related parties on the Interim condensed financial statements of the SEAT Pagine Gialle group as at June 30, 2011 are listed below.
The economic and financial effects of intra-group transactions between consolidated companies have been eliminated in the consolidated data.
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 or unusual transactions, nor were there any transactions giving rise to a possible conflict of interests.

Statements of operations

(euro/thousand)	1st half year 2011	Associates	Companies with significant influence	Other related parties (*)	Total related parties 1st half year 2011	*% impact on item*
Cost of material and external services	(168,411)	-	-	(214)	(214)	*0.1*
Salaries, wages and employee benefits	(90,928)	-	-	(4,552)	(4,552)	*5.0*
Non-recurring costs	(7,023)	-	-	(468)	(468)	*6.7*
Interest expense	(139,120)	(55,132)	-	-	(55,132)	*39.6*

(*) Directors, statutory auditors and executives with strategic responsibility.

(euro/thousand)	1st half year 2010 restated	Associates	Companies with significant influence	Other related parties (*)	Total related parties 1st half year 2010	*% impact son item*
Cost of material and external services	(176,073)	-	-	(89)	(89)	*n.s*
Salaries, wages and employee benefits	(106,379)	-	-	(2,577)	(2,577)	*2.4*
Non-recurring costs	(6,080)	-	-	(70)	(70)	*1.2*
Interest expense	(127,332)	(54,876)	(19)	-	(54,895)	*43.1*

(*) Directors, statutory auditors and executives with strategic responsibility.

Statements of financial position

(euro/thousand)	As at 06.30.2011	Associates	Companies with significant influence	Other related parties (*)	Total related parties as at 06.30.2011	*% impact son item*
Non-current financial liabilities	(2,461,938)	(1,279,030)	-	-	(1,279,030)	*52.0*
Non-current reserves to employees	(25,383)	-	-	(325)	(325)	*1.3*
Current financial liabilities	(334,120)	(17,375)	-	-	(17,375)	*5.2*
Trade payables	(171,615)	(29)	-	(782)	(811)	*0.5*
Payables for services to be rendered and other current liabilities	(363,629)	-	-	(468)	(468)	*0.1*

(*) Directors, statutory auditors and executives with strategic responsibility.

(euro/thousand)	At as 12.31.2010 restated	Associates	Companies with significant influence	Other related parties (*)	Total related parties as at 12.31.2010	*% impact son item*
Non-current financial liabilities	(2,603,219)	(1,276,023)	-	395	(1,275,628)	*49.0*
Non-current reserves to employees	(38,641)	-	-	(250)	(250)	*0.6*
Current financial liabilities	(326,164)	(17,375)	-	-	(17,375)	*5.3*
Trade payables	(207,593)	(29)	-	(647)	(676)	*0.3*

(*) Directors, statutory auditors and executives with strategic responsibility.

Statements of cash flows

(euro/thousand)	1st half year 2011	Associates	Companies with significant influence	Other related parties (*)	Total related parties 1st half year 2011	*% impact on item*
Cash inflow (outflow) from operating activities	151,690	-	-	(4,556)	(4,556)	*(3.0)*
Cash inflow (outflow) for investments	(20,548)	-	-	-	-	-
Cash inflow (outflow) for financing	(281,493)	(52,125)	-	-	(52,125)	*(18.5)*
Cash flow for the year	**(150,351)**	**(52,125)**	**-**	**(4,556)**	**(56,681)**	***(37.7)***

(*) Directors, statutory auditors and executives with strategic responsibility.

(euro/thousand)	1st half year 2010	Associates	Companies with significant influence	Other related parties (*)	Total related parties 1st half year 2010	*% impact on item*
Cash inflow (outflow) from operating activities	181,785	-	-	(4,357)	(4,357)	*(2.4)*
Cash inflow (outflow) for investments	(14,799)	-	-	-	-	-
Cash inflow (outflow) for financing	(121,821)	(52,125)	-	(146)	(52,271)	*(42.9)*
Cash flow on non-current assets held for sale and discontinued operations	(164)	-	-	-	-	-
Cash flow for the year	**45,001**	**(52,125)**	**-**	**(4,503)**	**(56,628)**	***n.s.***

(*) Directors, statutory auditors and executives with strategic responsibility.

Main economic and financial items relating to associates, jointly controlled companies and companies with significant influence over SEAT Pagine Gialle S.p.A.

Statement of operations

(euro/thousand)	1st half year 2011	1st half year 2010	Type of transaction
INTEREST EXPENSE **of which:**	**(55,132)**	**(54,895)**	
Lighthouse International Company S.A.	(55,132)	(54,876)	interest expense, changes and write-down of multi-year charges on long-term subordinated facilities
Leading shareholders		(19)	interest expense on dividends to leading shareholders

Statement of financial position

(euro/thousand)	As at 06.30.2011	As at 12.31.2010	Type of transaction
NON-CURRENT FINANCIAL DEBTS **of which:**	**(1,279,030)**	**(1,276,023)**	
Lighthouse International Company S.A.	(1,279,030)	(1,276,023)	subordinated financing
CURRENT FINANCIAL DEBTS **of which:**	**(17,375)**	**(17,375)**	
Lighthouse International Company S.A.	(17,375)	(17,375)	outstanding interest expense for the period
TRADE RECEVABLES **of which:**	**(29)**	**(29)**	
Lighthouse International Company S.A.	(29)	(29)	recovery of costs an services provided

Remuneration paid to executives with strategic responsibility
Remuneration paid to directors and statutory auditors

(euro/thousand)	1st half year 2011	1st half year 2010
General Manager	75	-
Managers with strategic responsibility	3,585	1,552
Remuneration to directors and statutory auditors (1)	1,606	1,194

(1) Included payments to Studio Legale Giliberti Triscomia ans Associati for consultancy to SEAT Pagine Gialle S.p.A..

34. Other information

Equity investments included in the consolidated financial statements using the full consolidation method
(Consob Communication DEM/6064293 of July 28, 2006)

Company (business)	Registered office	Share capital		Ordinary shares hold %	Ordinary shares hold by	% held by SEAT Pagine Gialle S.p.A.
CIPI S.p.A. (merchandising of promotional objects)	Milan (Italy)	Euro	1,200,000	100.00	SEAT Pagine Gialle S.p.A.	100.00
CONSODATA S.p.A. (direct marketing services; database creation, management and distribution)	Rome (Italy)	Euro	2,446,330	100.00	SEAT Pagine Gialle S.p.A.	100.00
EUROPAGES S.A. (production, promotion and marketing of the "Europages" directory)	Paris (France)	Euro	2,800,000	93.562	SEAT Pagine Gialle S.p.A.	93.562
EUROPAGES GmbH (in liquidation) (promotion and marketing of the "Europages" directory)	Munich (Germany)	Euro	26,000	100.00	EUROPAGES S.A.	93.562
EUROPAGES Benelux SPRL (promotion and marketing of the "Europages" directory)	Brusseis (Belgium)	Euro	20,000	99.00	EUROPAGES S.A.	92.626
PRONTOSEAT S.r.l. (call center services)	Turin (Italy)	Euro	10,500	100.00	SEAT Pagine Gialle S.p.A.	100.00
PAGINE GIALLE PHONE SERVICE S.r.l. (call center services)	Turin (Italy)	Euro	129,000	100.00	SEAT Pagine Gialle S.p.A.	100.00
TDL INFOMEDIA Ltd. (holding)	Hampshire (Unite Kingdom)	Sterline	139,525	100.00	SEAT Pagine Gialle S.p.A.	100.00
THOMSON DIRECTORIES Ltd. (publishing and distribution of directories)	Hampshire (Unite Kingdom)	Sterling	1,340,000	100.00	TDL INFOMEDIA Ltd.	100.00
THOMSON DIRECTORIES PENSION COMPANY Ltd. (administration of Thomson Directories Pension Fund)	Hampshire (Unite Kingdom)	Sterling	2	100.00	THOMSON DIRECTORIES	100.00
MOBILE COMMERCE Ltd. (call center services)	Cirencester (Unite Kingdom)	Sterling	497	10.00	TDL INFOMEDIA Ltd.	10.00
TELEGATE HOLDING GmbH (holding)	Munich (Germany)	Euro	26,100	100.00	SEAT Pagine Gialle S.p.A.	100.00
TELEGATE AG (call center services)	Munich (Germany)	Euro	19,111,091	16.24 61.13	SEAT Pagine Gialle S.p.A. TELEGATE HOLDING GmbH	77.37
DATAGATE GmbH (call center services)	Munich (Germany)	Euro	60,000	100.00	TELEGATE AG	77.37
WerWieWas GmbH (call center services)	Munich (Germania)	Euro	25,000	100.00	DATAGATE GmbH	77.37
TELEGATE AKADEMIE GmbH (training of call center personnel)	Rostock (Germany)	Euro	25,000	100.00	TELEGATE AG	77.37
11811 NUEVA INFORMACION TELEFONICA S.A.U. (call center services)	Madrid (Spain)	Euro	222,000	100.00	TELEGATE AG	77.37
11880 TELEGATE GmbH (call center services)	Vienna (Austria)	Euro	35,000	100.00	TELEGATE AG	77.37
UNO UNO OCHO CINCO CERO GUIAS S.L. (call center services)	Madrid (Spain)	Euro	3,100	100.00	TELEGATE AG	77.37
TELEGATE MEDIA AG (sale of on-line directories)	Essen (Germany)	Euro	4,050,000	100.00	TELEGATE AG	77.37
TELEGATE LLC (internet services)	Yerevan (Armenia)	Dram Armeno	50,000	100.00	TELEGATE AG	77.37
SEAT SERVIZI PER LE AZIENDE S.r.l. (*) (special pourpose entity)	Milan (Italy)	Euro	10,000	-		-

(*) SPE set up the securitization of trade account receivables within the meaning of Law 130/99, not owned by the SEAT Pagine Gialle group but fully consolidated in accordance.

Investments valued at equity
(Consob Communication DEM/6064293 of July 28, 2006)

Company (business)	Registered office	Share capital		Ordinary shares hold %	Ordinary shares hold by	% held by SEAT Pagine Gialle S.p.A.
Associates						
LIGHTHOUSE INTERNATIONAL COMPANY S.A. (holding)	Luxembourg	Euro	31,000	25.00	SEAT Pagine Gialle S.p.A.	25.00
TDL BELGIUM S.A. (in liquidation) (publishing and distribution of directories)	Brussels (Belgium)	Euro	18,594,176	49.60	TDL Infomedia Ltd.	49.60

Appendix

Comments on the main differences resulting from the change in accounting policies

The change in accounting policies involves the recording of the breakdown of revenues for the reference contractual period, starting from the time the services are activated. Where there is no change, these revenues will have been recorded in full at the time of activation.
Taking into account the fact that the change is applied retrospectively to the previous periods, as if the new criterion had always been adopted, the economic impact of the change in criterion with reference to a given accounting period is equal to the sum of the following individual effects:

(i) decrease in revenues for services activated in that period, equal to the amount which will be recognized in the statements of operations subsequently to the period;
(ii) increase in revenues equal to the shares to be recognized in the statements of operations for the period relating to services activated in previous periods.

The net effect of these operations in the individual period depends on various factors, including, in particular, the trend of activations of services and the related seasonal effect.
Similar considerations are valid with reference to costs directly related to revenues, which are also the subject of a change in the policies for recognition in the statements of operations. Since these costs only represent part of the operating costs (as, for example, the cost of salaries, wages and employee benefits is not included, unlike provisions, depreciation and amortization, and indirect costs), the impact on margins is, in general, very high in relation to that on revenues.
The effects of the change in accounting on direct costs and revenues has been calculated taking into account the related tax effect, quantified according to the tax regulations and rates in force in the various tax jurisdictions in which the Group companies which have implemented the change in accounting policies operate.
The economic effects connected to the change in policies occur as a counter-entry to working capital items. More specifically, revenues deferred to subsequent periods are recorded under the item "Payables for services to be provided and other current liabilities."
Equity includes the net effects of the change in policies. The retrospective application of the new accounting policies involved the restating of previous financial statements which are presented for comparative purposes, and the effects of this on the Group's equity (without considering the effect of currency translations) can be broken down with reference to the different periods.

1) opening balance as at January 1, 2010: reduced by approximately € 93.1 million in connection with the portion of revenues, net of related costs and the tax effect, relating to services activated by January 1, 2010, to be recognized after this date;

2) balance as at December 31, 2010: reduced by a further € 50.8 million, approximately, compared with the restated balance as at January 1 due to the combined effect of the recognition during 2010 of revenues, net of related costs and the tax effect, deferred from periods prior to January 1, 2010 and the deferral to later periods of portions of revenues, net of related costs and the tax effect, relating to services activated by December 31, 2010, to be recognized after this date and which are higher than the former;

3) balance as at March 31, 2011: increased by a further € 16.1 million, approximately, due to the combined effect of the recognition in the first quarter of 2011 of revenues, net of related costs and the tax effect, deferred from periods prior to January 1, 2011 and the deferral to later periods of portions of revenues, net of related costs and the tax effect, relating to services activated by March 31, 2011, to be recognized after this date and which are higher than the former.

Below are detailed notes referring to the tables below, which set out the effects of the change in the accounting policies.

(a) ***Deferred tax assets and liabilities, net***: the items have been adjusted to reflect the net tax effects of the change in the accounting policies for recognizing revenues and related costs. All the Group companies affected by the change in accounting policies have used the item "Deferred tax assets" for this purpose. The exception is the Telegate group, which for tax purposes already adopted the criterion of recognizing on-line revenues and related costs based on the length of the contract, and therefore set aside a deferred tax provision for the purposes of the Group's consolidated financial statements, which was released to the statements of operations following the realignment of financial statement and tax figures caused by the change in accounting policies;

(b) ***Other current assets***: this item has been adjusted to include the deferment of direct production costs with the same frequency with which the corresponding revenues are recorded in the statements of operations;

(c) ***Trade payables***: this item has been adjusted to reflect the changed sum of total commissions that have been accrued by sales force agents, according to the frequency with which the corresponding revenues are recorded in the statements of operations;

(d) ***Payables for services to be provided and other current liabilities***: this item has increased to reflect the deferment of revenues from the provision of on-line and on-voice services on a straight-line basis throughout the on-line and on-voice contracts; the change in accounting policies for revenues does not have any impact on the terms of billing and collecting from customers, and the change therefore does not have an effect on operating cash flows or on the item "Trade receivables";

(e) ***Revenues from sales and services***: this item has been adjusted to include the deferment of revenues from the provision of online and voice services on a straight-line basis, beginning from the start of the provision of the services and throughout the on-line and on-voice contract period;

(f) ***Operating costs***: this item has been adjusted to mainly include the deferment of direct production costs and the cost of the total commissions accrued by agents with the same frequency with which the corresponding revenues are recorded in the statements of operations;

(g) ***Income taxes***: the items have been adjusted to reflect the net tax effects of the change in the accounting policies for recognizing revenues and related costs;

(h) ***Profit (loss) for the period pertaining to third parties***: this item has been adjusted to reflect the effects of the change in the accounting policies applied by associated companies that are not wholly owned;

(i) ***Other reserves***: this item has been adjusted to include the net effects of the retrospective application of the change in accounting policies.

Effects of the change in accounting policies on the statements of financial position as at January 1, 2010

Assets

(euro/thousand)	As at 01.01.2010	Notes	Adjustments	As at 01.01.2010 restated
Non-current assets				
Intangible assets with indefinite useful life	3,309,436			3,309,436
Intangible assets with finite useful life	119,169			119,169
Property, plant and equipment	37,207			37,207
Leased assets	60,173			60,173
Investments in associates and joint ventures	343			343
Other non-current financial assets	2,203			2,203
Deferred tax assets, net	40,562	(a)	22,497	63,059
Other non-current assets	993			993
Total non-current assets	**3,570,086**		**22,497**	**3,592,583**
Current assets				
Inventories	10,482			10,482
Trade receivables	621,601			621,601
Current tax assets	8,376			8,376
Other current assets	64,973	(b)	9,796	74,769
Current financial assets	1,918			1,918
Cash and cash equivalents	291,991			291,991
Total current assets	**999,341**		**9,796**	**1,009,137**
Non-current assets held for sale and discontinued operations	329			329
Total assets	**4,569,756**		**32,293**	**4,602,049**

Liabilities

(euro/thousand)	As at 01.01.2010 (*)	Notes	Adjustments	As at 01.01.2010 restated
Equity of the Group				
Share capital	450,266			450,266
Additional paid-in capital	466,843			466,843
Reserve for foreign exchange adjustments	(38,445)		(58)	(38,503)
Reserve for "cash flow hedge" instruments	(22,214)			(22,214)
Reserve for actuarial gains (losses)	(17,331)			(17,331)
Other reserves	178,233	(i)	(93,115)	85,118
Profit (loss) for the year				
Total equity of the Group	**1,017,352**		**(93,173)**	**924,179**
Non-controlling interests				
Share capital and reserves	18,478		(1,659)	16,819
Profit (loss) for the year	3,433			3,433
Total non-controlling interests	**21,911**		**(1,659)**	**20,252**
Total equity	**1,039,263**		**(94,832)**	**944,431**
Non-current liabilities				
Non-current financial debts to third parties	1,125,960			1,125,960
Non-current financial debts to associates	1,270,052			1,270,052
Non-current reserves to employees	42,896			42,896
Deferred tax liabilities, net	14,028	(a)	(2,572)	11,456
Other non-current liabilities	29,827			29,827
Total non-current liabilities	**2,482,763**		**(2,572)**	**2,480,191**
Current liabilities				
Current financial debts to third parties	597,948			597,948
Current financial debts to associates	30,901			30,901
Trade payables	228,947	(c)	(10,457)	218,490
Reserve for current risks and charges	49,928			49,928
Current tax payables	39,258			39,258
Payables for services to be rendered and other current liabilities	100,493	(d)	140,154	240,647
Total current liabilities	**1,047,475**		**129,697**	**1,177,172**
Liabilities directly associated with non-current assets held for sale and discontinued operations	255			255
Total liabilities	**3,530,493**		**127,125**	**3,657,618**
Total liabilities and equity	**4,569,756**		**32,293**	**4,602,049**

(*) The figures have been restated for the adjustement (€ 5.185 thousand) relating to transaction costs on the loan with Lighthouse International Company as described on the "introduction" of the 2010 Annual Report.

Effects of the change in accounting policies on the statements of financial position as at March 31, 2010

Assets

(euro/thousand)	As at 03.31.2010	Notes	Adjustments	As at 03.31.2010 restated
Non-current assets				
Intangible assets with indefinite useful life	3,309,344			3,309,344
Intangible assets with finite useful life	111,577			111,577
Property, plant and equipment	36,197			36,197
Leased assets	59,224			59,224
Investments in associates and joint ventures	343			343
Other non-current financial assets	2,201			2,201
Deferred tax assets, net	60,645	(a)	19,621	80,266
Other non-current assets	1,074			1,074
Total non-current assets	**3,580,605**		**19,621**	**3,600,226**
Current assets				
Inventories	14,434			14,434
Trade receivables	561,272			561,272
Current tax assets	8,036			8,036
Other current assets	71,486	(b)	8,854	80,340
Current financial assets	1,607			1,607
Cash and cash equivalents	316,171			361,171
Total current assets	**973,006**		**8,854**	**981,860**
Non-current assets held for sale and discontinued operations	329			326
Total assets	**4,553,937**		**28,475**	**4,582,412**

Liabilities

(euro/thousand)	As at 03.31.2010 (*)	Notes	Adjustments	As at 03.31.2010 restated
Equity of the Group				
Share capital	450,266			450,266
Additional paid-in capital	466,843			466,843
Reserve for foreign exchange adjustments	(38,561)		(5)	(38,566)
Reserve for "cash flow hedge" instruments	(26,106)			(26,106)
Reserve for actuarial gains (losses)	(17,331)			(17,331)
Other reserves	178,540	(i)	(93,116)	85,424
Profit (loss) for the period	(44,252)		16,728	(27,524)
Total equity of the Group	**969,399**		**(76,393)**	**893,006**
Non-controlling interests				
Share capital and reserves	21,922		(1,658)	20,264
Profit (loss) for the period	239		157	396
Total non-controlling interests	**22,161**		**(1,501)**	**20,660**
Total equity	**991,560**		**(77,894)**	**913,666**
Non-current liabilities				
Non-current financial debts to third parties	1,648,560			1,648,560
Non-current financial debts to associates	1,271,257			1,271,257
Non-current reserves to employees	41,485			41,485
Deferred tax liabilities, net	14,013	(a)	(2,572)	11,441
Other non-current liabilities	25,278			25,278
Total non-current liabilities	**3,000,593**		**(2,572)**	**2,998,021**
Current liabilities				
Current financial debts to third parties	71,478			71,478
Current financial debts to associates	56,974			56,974
Trade payables	183,292	(c)	(10,579)	172,713
Reserve for current risks and charges	46,663			46,663
Current tax payables	32,796			32,796
Payables for services to be rendered and other current liabilities	170,331	(d)	119,520	289,851
Total current liabilities	**561,534**		**108,941**	**670,475**
Liabilities directly associated with non-current assets held for sale and discontinued operations	**250**			**250**
Total liabilities	**3,562,377**		**106,369**	**3,668,746**
Total liabilities and equity	**4,553,937**		**28,475**	**4,582,412**

(*) The figures have been restated for the adjustement (€ 5.185 thousand) relating to transaction costs on the loan with Lighthouse International Company as described on the "introduction" of the 2010 Annual Report.

Effects of the change in accounting policies on the statements of operations for the first quarter of 2010

(euro/thousand)	1st quarter 2010	Notes	Adjustments	1st quarter 2010 restated
Sales of goods	3,858		(83)	3,775
Rendering of services	145,680		20,654	166,334
Revenue from sales and services	**149,538**	(e)	**20,571**	**170,109**
Other income	1,023			1,023
Total revenues	**150,561**		**20,571**	**171,132**
Costs of materials	(2,615)	(f)	(414)	(3,029)
Costs of external services	(66,104)	(f)	(185)	(66,289)
Salaries, wages and employee benefits	(53,536)	(f)	19	(53,517)
Other valuation adjustments	(10,816)	(f)	(229)	(11,045)
Provisions to reserves for risks and charges, net	(2,085)			(2,085)
Other operating expense	(1,066)	(f)	(1)	(1,067)
Operating income before amortization, depreciation, non-recurring and restructuring costs, net	**14,339**		**19,761**	**34,100**
Amortization, depreciation and write-down	(16,489)			(16,489)
Non-recurring costs, net	(1,037)			(1,037)
Restructuring costs, net	(1,043)			(1,043)
Operating result	**(4,230)**		**19,761**	**15,531**
Interest expense	(62,484)			(62,484)
Interest income	4,783			4,783
Profit (loss) before income taxes	**(61,931)**		**19,761**	**(42,170)**
Income taxes	17,918	(g)	(2,876)	15,042
Profit (loss) on continuing operations	**(44,013)**		**16,885**	**(27,128)**
Profit (loss) from non-current assets held for sale and discontinued operations				
Profit (loss) for the period	**(44,013)**		**16,885**	**(27,128)**
- of which pertaining to the Group	(44,252)		16,728	(27,524)
- of which non-controlling interests	239	(h)	157	396

		At as 03.31.2010	At as 03.31.2010 restated
Number of SEAT Pagine Gialle S.p.A. shares		1,927,707,706	1,927,707,706
- ordinary shares	*No.*	*1,927,027,333*	*1,927,027,333*
- savings share	*No.*	*680,373*	*680,373*
Profit (loss) for the period	€/thousand	(44,252)	(27,524)
Profit (loss) par share	€	(0.023)	(0.014)

Effects of the change in accounting policies on the comprehensive statements of operations for the first quarter of 2010

(euro/thousand)		1st quarter 2010	Adjustments	1st quarter 2010 restated
Profit (loss) for the period	(A)	(44,013)	16,885	(27,128)
Profit (loss) for "cash flow hedge" instruments		(3,892)		(3,892)
Profit (loss) for foreign exchange adjustments		(116)	53	(63)
Actuarial gain (loss) recognised to equity				
Total other comprehensive profit (loss) for the period, net of tax effect	(B)	(4,008)	53	(3,955)
Total comprehensive profit (loss) for the period	(A+B)	(48,021)	16,938	(31,083)
- of which pertaining to the Group		(48,260)	16,781	(31,479)
- of which non-controlling interests		239	157	396

Effects of the change in accounting policies on the statements of cash flows for the first quarter of 2010

(euro/thousand)		1st quarter 2010	Adjustments	1st quarter 2010 restated
Cash inflow (outflow) from operating activities				
Operating result		(4,230)	19,761	15,531
Amortization, depreciations and write-down		16,489		16,489
Cost for stock options		49		49
(Gains) losses on disposal of non-current assets		1		1
Change in working capital		65,105	(19,814)	45,291
Income taxes paid		(2,838)		(2,638)
Change in non-current liabilities		(6,656)		(6,656)
Foreign exchange adjustments and other movements		153	53	206
Cash inflow (outflow) from operating activities	**(A)**	**68,273**	**-**	**68,273**
Cash inflow (outflow) for investments				
Purchase of intangible assets with finite useful life		(5,328)		(5,328)
Purchase of property, plant and equipment		(1,635)		(1,635)
Other investments		(81)		(81)
Proceeds from disposal of non-current assets		13		13
Cash inflow (outflow) for investments	**(B)**	**(7,031)**		**(7,031)**
Cash inflow (outflow) for financing				
Non-current loans proceeds		536,799		536,799
Repayment of non-current loans		(543,123)		(543,123)
Payment of transaction financial costs		(22,147)		(22,147)
Paid interest expense, net		(11,895)		(11,895)
Change in financial assets and debts		3,304		3,304
Cash inflow (outflow) for financing	**(C)**	**(37,062)**		**(37,062)**
Cash inflow (outflow) from non-current assets held for sale and discontinued operations	**(D)**	**-**		**-**
Increase (decrease) in cash and cash equivalents of the period	**(A+B+C+D)**	**24,180**		**24,180**
Cash and cash equivalents at beginning of the period		**291,991**		**291,991**
Cash and cash equivalents at end of the period		**316,171**		**316,171**

Effects of the change in accounting policies on the statements of changes in equity between January 1, 2010 and March 31, 2010

(euro/thousand)	Share capital	Additional paid-in capital	Reserve for foreign exchange adjustments	Reserve for "cash flow hedge" instruments	Reserve for actuarial gains and (losses)	Other reserves	Profit (loss) for the period	Total	Non-controlling interests	Total
As at 01.01.2010 (*)	450,266	466,843	(38,445)	(22,214)	(17,331)	178,233		1,017,352	21,911	1,039,263
Restatement due to changes in accounting principles			(58)			(93,115)		(93,173)	(1,659)	(94,832)
As at 01.01.2010 restated	450,266	466,843	(38,503)	(22,214)	(17,331)	85,118		924,179	20,252	944,431
Share-based payments						38		38	11	49
Total comprehensive profit (loss) for the period restated			(63)	(3,892)			(27,524)	(31,479)	396	(31,083)
Other movements						268		268	1	269
As at 03.31.2010 restated	450,266	466,843	(38,566)	(26,106)	(17,331)	85,424	(27,524)	893,006	20,660	913,666

(*) The figures have been restated for the adjustement (€ 5.185 thousand) relating to transaction costs on the loan with Lithouse International Company as described on the "introduction" of the 2010 Annual Report.

Effects of the change in accounting policies on the statements of financial position as at June 30, 2010

Assets

(euro/thousand)	As at 06.30.2010	Notes	Adjustments	As at 06.30.2010 restated
Non-current assets				
Intangible assets with indefinite useful life	3,313,587			3,313,587
Intangible assets with finite useful life	105,848			105,848
Property, plant and equipment	34,742			34,742
Leased assets	58,285			58,285
Investments in associates and joint ventures	343			343
Other non-current financial assets	2,080			2,080
Deferred tax assets, net	43,120	(a)	23,914	67,034
Other non-current assets	1,122			1,122
Total non-current assets	**3,559,127**		**23,914**	**3,583,041**
Current assets				
Inventories	13,296			13,296
Trade receivables	597,390			597,390
Current tax assets	8,485			8,485
Other current assets	67,248	(b)	10,044	77,292
Current financial assets	5,022			5,022
Cash and cash equivalents	336,992			336,992
Total current assets	**1,028,433**		**10,044**	**1,038,477**
Non-current assets held for sale and discontinued operations	**326**			**326**
Total assets	**4,587,886**		**33,958**	**4,621,844**

Liabilities

(euro/thousand)	As at 06.30.2010	Notes	Adjustments	As at 06.30.2010 restated
Equity of the Group				
Share capital	450,266			450,266
Additional paid-in capital	466,843			466,843
Reserve for foreign exchange adjustments	(38,994)		(479)	(39,473)
Reserve for transition to IAS/IFRS	181,570			181,570
Reserve for stock option	1,010			1,010
Reserve for "cash flow hedge" instruments	(23,338)			(23,338)
Reserve for actuarial gains (losses)	(18,863)			(18,863)
Other reserves	(4,649)	(i)	(93,116)	(97,765)
Profit (loss) for the year	(10,916)		2,532	(8,384)
Total equity of the Group	**1,002,929**		**(91,063)**	**911,866**
Non-controlling interests				
Share capital and reserves	18,560		(1,658)	16,902
Profit (loss) for the year	1,811		109	1,920
Total non-controlling interests	**20,371**		**(1,549)**	**18,822**
Total equity	**1,023,300**		**(92,612)**	**930,688**
Non-current liabilities				
Non-current financial debts to third parties	1,562,069			1,562,069
Non-current financial debts to associates	1,272,803			1,272,803
Non-current reserves to employees	42,750			42,750
Deferred tax liabilities, net	13,078	(a)	(2,585)	10,493
Other non-current liabilities	25,173			25,173
Total non-current liabilities	**2,915,873**		**(2,585)**	**2,913,288**
Current liabilities				
Current financial debts to third parties	166,944			166,944
Current financial debts to associates	30,920			30,920
Trade payables	196,011	(c)	(12,259)	183,752
Reserve for current risks and charges	41,259			41,259
Current tax payables	42,832			42,832
Payables for services to be rendered and other current liabilities	170,497	(d)	141,414	311,911
Total current liabilities	**648,463**		**129,155**	**777,618**
Liabilities directly associated with non-current assets held for sale and discontinued operations	**250**			**250**
Total liabilities	**3,564,586**		**126,570**	**3,691,156**
Total liabilities and equity	**4,587,886**		**33,958**	**4,621,844**

(*) The figures have been restated for the adjustement (€ 5.185 thousand) relating to transaction costs on the loan with Lighthouse International Company as described on the "introduction" of the 2010 Annual Report.

Effects of the change in accounting policies on the statements of operations for the first half of 2010

(euro/thousand)	1st half year 2010	Notes	Adjustments	1st half year 2010 restated
Sales of goods	8,259		(103)	8,156
Rendering of services	454,937		(698)	454,239
Revenue from sales and services	**463,196**	(e)	**(801)**	**462,395**
Other income	2,767			2,767
Total revenues	**465,963**		**(801)**	**465,162**
Costs of materials	(14,703)	(f)	(426)	(15,129)
Costs of external services	(163,303)	(f)	2,359	(160,944)
Salaries, wages and employee benefits	(106,707)	(f)	328	(106,379)
Other valuation adjustments	(16,997)	(f)	(247)	(17,244)
Provisions to reserves for risks and charges, net	88			88
Other operating expense	(1,944)	(f)	(2)	(1,946)
Operating income before amortization, depreciation, non-recurring and restructuring costs, net	**162,397**		**1,211**	**163,608**
Amortization, depreciation and write-down	(34,129)			(34,129)
Non-recurring costs, net	(6,080)			(6,080)
Restructuring costs, net	(3,009)			(3,009)
Operating result	**119,179**		**1,211**	**120,390**
Interest expense	(127,332)			(127,332)
Interest income	8,489			8,489
Profit (loss) before income taxes	**336**		**1,211**	**1,547**
Income taxes	(9,626)	(g)	1,430	(8,196)
Profit (loss) on continuing operations	**(9,290)**		**2,641**	**(6,649)**
Profit (loss) from non-current assets held for sale and discontinued operations	(162)			(162)
Profit (loss) for the period	**(9,452)**		**2,641**	**(6,811)**
- of which pertaining to the Group	(10,916)		2,532	(8,384)
- of which non-controlling interests	1,464	(h)	109	1,573

		As at 06.30.2010	As at 06.30.2010 restated
Number of SEAT Pagine Gialle S.p.A. shares		1,927,707,706	1,927,707,706
- ordinary shares	*No.*	*1,927,027.333*	*1,927,027,333*
- savings share	*No.*	*680,373*	*680,373*
Profit (loss) for the period	€/thousand	(10,916)	(8,384)
Profit (loss) par share	€	(0.006)	(0.004)

Effects of the change in accounting policies on the comprehensive statements of operations for the first half of 2010

(euro/thousand)		1st quarter 2010	Adjustments	1st quarter 2010 restated
Profit (loss) for the period	**(A)**	**(9,452)**	**2,641**	**(6,811)**
Profit (loss) for "cash flow hedge" instruments		(1,124)		(1,124)
Profit (loss) for foreign exchangen adjustments		(549)	(421)	(970)
Actuarial gain (loss) recognised to equity		(1,532)	-	(1,532)
Total other comprehensive profit (loss) for the period, net of tax effect	**(B)**	**(3,205)**	**(421)**	**(3,626)**
Total comprehensive profit (loss) for the period	**(A+B)**	**(12,657)**	**2,220**	**(10,437)**
- of which pertaining to the Group		(14,121)	2,111	(12,010)
- of which non-controlling interests		1,464	109	1,573

Effects of the change in accounting policies on the statements of cash flows for the first half of 2010

(euro/thousand)		1st quarter 2010	Adjustments	1st quarter 2010 restated
Cash inflow (outflow) from operating activities				
Operating result		119,179	1,211	120,390
Amortization, depreciations and write-down		34,129		34,129
Cost for stock options		61		61
(Gains) losses on disposal of non-current assets		(846)		(846)
Change in working capital		38,579	(790)	(37,789)
Income taxes paid		(4,281)		(4,281)
Change in non-current liabilities		(3,983)		(3,983)
Foreign exchange adjustments and other movements		(1,053)	(421)	(1,474)
Cash inflow (outflow) from operating activities	**(A)**	**181,785**		**181,785**
Cash inflow (outflow) for investments				
Purchase of intangible assets with finite useful life		(12,803)		(12,803)
Purchase of property, plant and equipment		(3,154)		(3,154)
Other investments		(154)		(154)
Proceeds from disposal of non-current assets		1,312		1,312
Cash inflow (outflow) for investments	**(B)**	**(14,799)**		**(14,799)**
Cash inflow (outflow) for financing				
Non-current loans proceeds		536,799		536,799
Repayment of non-current loans		(543,980)		(543,980)
Payment of transaction financial costs		(22,189)		(22,189)
Paid interest expense, net		(85,815)		(85,815)
Change in financial assets and debts		(3,271)		(3,271)
Distribution of dividends		(3,365)		(3,365)
Cash inflow (outflow) for financing	**(C)**	**(121,821)**		**(121,821)**
Cash inflow (outflow) from non-current assets held for sale and discontinued operations	**(D)**	**(164)**		**(164)**
Increase (decrease) in cash and cash equivalents of the period	**(A+B+C+D)**	**45,001**		**45,001**
Cash and cash equivalents at beginning of the period		**291,991**		**291,991**
Cash and cash equivalents at end of the period		**336,992**		**336,992**

Effects of the change in accounting policies on the statement of changes in equity between January 1, 2010 and June 30, 2010

(euro/thousand)	Share capital	Additional paid-in capital	Reserve for foreign exchange adjustments	Reserve for "cash flow hedge" instruments	Reserve for actuarial gains and (losses)	Other serves	Profit (loss) for the period	Total	Non-controlling interests	Total restated
As at 01.01.2010 (*)	450,266	466,843	(38,445)	(22,214)	(17,331)	178,233		1,017,352	21,911	1,039,263
Restatement due to changes in accounting principles			(58)			(93,115)		(93,173)	(1,659)	(94,832)
As at 01.01.2010 restated	450,266	466,843	(38,503)	(22,214)	(17,331)	85,118		924,179	20,252	944,431
Distribution of dividends									(3,365)	(3,365)
Share-based payments						47		47	14	81
Total comprehensive profit (loss) for the period restated		(971)	(1,124)	(1,532)		(8,384)	(12,011)	1,573	(10,438)	
Other movements						(349)		(349)	348	(1)
As at 06.30.2010 restated	450,266	466,843	(39,474)	(23,338)	(18,863)	84,816	(8,384)	911,866	18,822	930,688

(*) The figures have been restated for the adjustement (€ 5.185 thousand) relating to transaction costs on the loan with Lighthouse International Company as described on the "introduction" of the 2010 Annual Report.

Effects of the change in accounting policies on the statements of financial position as at December 31, 2010

Assets

(euro/thousand)	As at 12.31.2010	Notes	Adjustments	As at 12.31.2010 restated
Non-current assets				
Intangible assets with indefinite useful life	2,637,197			2,637,197
Intangible assets with finite useful life	91,240			91,240
Property, plant and equipment	32,217			32,217
Leased assets	56,445			56,445
Investments in associates and joint ventures	378			378
Other non-current financial assets	2,284			2,284
Deferred tax assets, net	36,666	(a)	38,268	74,934
Other non-current assets	746			746
Total non-current assets	**2,857,173**		**38,268**	**2,895,441**
Current assets				
Inventories	10,399			10,399
Trade receivables	613,088			613,088
Current tax assets	4,300			4,300
Other current assets	62,401	(b)	12,869	75,270
Current financial assets	1,498			1,498
Cash and cash equivalents	241,728			241,728
Total current assets	**933,414**		**12,869**	**946,283**
Non-current assets held for sale and discontinued operations				
Total assets	**3,790,587**		**51,137**	**3,841,724**

Liabilities

(euro/thousand)	As at 12.31.2010	Notes	Adjustments	As at 12.31.2010 restated
Equity of the Group				
Share capital	450,266			450,266
Additional paid-in capital	466,843			466,843
Reserve for foreign exchange adjustments	(38,583)		(354)	(38,937)
Reserve for "cash flow hedge" instruments	(12,608)			(12,608)
Reserve for actuarial gains (losses)	(18,578)			(18,578)
Other reserves	177,866	(i)	(93,115)	84,751
Profit (loss) for the year	(667,366)		(50,781)	(718,147)
Total equity of the Group	**357,840**		**(144,250)**	**213,590**
Non-controlling interests				
Share capital and reserves	15,176		(1,659)	13,517
Profit (loss) for the year	1,691		(144)	1,547
Total non-controlling interests	**16,867**		**(1,803)**	**15,064**
Total equity	**374,07**		**(146,053)**	**228,654**
Non-current liabilities				
Non-current financial debts to third parties	1,327,196			1,327,196
Non-current financial debts to associates	1,276,023			1,276,023
Non-current reserves to employees	38,641			38,641
Deferred tax liabilities, net	10,368	(a)	(2,870)	7,498
Other non-current liabilities	36,579			36,579
Total non-current liabilities	**2,688,807**		**(2,870)**	**2,685,937**
Current liabilities				
Current financial debts to third parties	308,789			308,789
Current financial debts to associates	17,375			17,375
Trade payables	224,326	(c)	(16,733)	207,593
Reserve for current risks and charges	45,637			45,637
Current tax payables	50,653			50,653
Payables for services to be rendered and other current liabilities	80,043	(d)	216,793	296,836
Total current liabilities	**726,823**		**200,060**	**926,883**
Liabilities directly associated with non-current assets held for sale and discontinued operations	**250**			**250**
Total liabilities	**3,415,880**		**197,190**	**3,613,070**
Total liabilities and equity	**3,790,587**		**51,137**	**3,841,724**

(*) The figures have been restated for the adjustement (€ 5.185 thousand) relating to transaction costs on the loan with Lighthouse International Company as described on the "introduction" of the 2010 Annual Report.

Effects of the change in accounting policies on the statements of operations for 2010

(euro/thousand)	Year 2010	Notes	Adjustments	Year 2010 restated
Sales of goods	19,961		(27)	19,934
Rendering of services	1,090,688		(76,268)	1,014,420
Revenue from sales and services	**1,110,649**	(e)	**(76,295)**	**1,034,354**
Other income	4,860			4,860
Total revenues	**1,115,509**		**(76,295)**	**1,039,214**
Costs of materials	(37,080)	(f)	(343)	(37,423)
Costs of external services	(352,835)	(f)	9,175	(343,660)
Salaries, wages and employee benefits	(200,079)	(f)	589	(199,490)
Other valuation adjustments	(35,605)	(f)	(117)	(35,722)
Provisions to reserves for risks and charges, net	(2,666)			(2,666)
Other operating expense	(3,754)	(f)	(3)	(3,757)
Operating income before amortization, depreciation, non-recurring and restructuring costs, net	**483,490**		**(66,994)**	**416,496**
Amortization, depreciation and write-down	(750,637)			(750,637)
Non-recurring costs, net	(9,187)			(9,187)
Restructuring costs, net	(31,517)			(31,517)
Operating result	**(307,851)**		**(66,994)**	**(374,845)**
Interest expense	(270,527)			(270,527)
Interes income	16,568			16,568
Gain (loss) on investments accounted for at equity	35			35
Profit (loss) before income taxes	**(561,775)**		**(66,994)**	**(628,769)**
Income taxes	(104,007)	(g)	16,069	(87,938)
Profit (loss) on continuing operations	**(665,782)**		**(50,925)**	**(716,707)**
Profit (loss) from non-current assets held for sale and discontinued operations	(240)			(240)
Profit (loss) for the period	**(666,022)**		**(50,925)**	**(716,947)**
- of which pertaining to the Group	(667,366)		(50,781)	(718,147)
- of which non-controlling interests	1,344	(h)	(144)	1,200

		As at 12.31.2010	As at 12.31.2010 restated
Number of SEAT Pagine Gialle S.p.A. shares		1,927,707,706	1,927,707,706
- ordinary shares	*No.*	*1,927,027,333*	*1,927,027,333*
- savings share	*No.*	*680,373*	*680,373*
Profit (loss) for the period	€/thousand	(667,366)	(718,147)
Profit (loss) par share	€	(0.346)	(0.373)

Effects of the change in accounting policies on the comprehensive statements of operations for 2010

(euro/thousand)		Year 2010	Adjustments	Year 2010 restated
Profit (loss) for the year	**(A)**	**(666,022)**	**(50,925)**	**(716,947)**
Profit (loss) for "cash flow hedge" instruments		9,606		9,606
Profit (loss) for foreign exgange adustments		(138)	(296)	(434)
Actuarial gain (loss) recognised to equity		(1,247)		(1,247)
Total other comprehensive profit (loss) for the year, net of tax effect	**(B)**	**8,221**	**(296)**	**7,925**
Total comprehensive profit (loss) for the year	**(A+B)**	**(657,801)**	**(51,221)**	**(709,022)**
- of which pertaining to the Group		(659,145)	(51,077)	(710,222)
- of which non-controlling interests		1,344	(144)	(1,200)

Effects of the change in accounting policies on the statements of cash flows for 2010

(euro/thousand)		Year 2010	Adjustments	Year 2010 restated
Cash inflow (outflow) from operating activities				
Operating result		(307,851)	(66,994)	(374,845)
Amortization, depreciations and write-down		750,637		750,637
Cost for stock options		60		60
(Gains) losses on disposal of non-current assets		(845)		(845)
Change in working capital		(25,178)	67,290	42,112
Income taxes paid		(85,362)		(85,362)
Change in non-current liabilities		2,752		2,752
Foreign exchange adjustments and other movements		(246)	(296)	(542)
Cash inflow (outflow) from operating activities	**(A)**	**333,967**	**-**	**333,967**
Cash inflow (outflow) for investments				
Purchase of intangible assets with finite useful life		(34,131)		(34,131)
Purchase of property, plant and equipment		(6,213)		(6,213)
Other investments		(193)		(193)
Proceeds from disposal of non-current assets		1,425		1,425
Cash inflow (outflow) for investments	**(B)**	**(39,112)**		**(39,112)**
Cash inflow (outflow) for financing				
Non-current loans proceeds		716,799		716,799
Repayment of non-current loans		(819,245)		(819,245)
Payment of transaction financial costs		(26,557)		(26,557)
Paid interest expense, net		(196,436)		(196,436)
Change in financial assets and debts		(12,710)		(12,710)
Distribution of dividends		(3,365)		(3,365)
Share buy-back Telegate AG		(3,364)		(3,364)
Cash inflow (outflow) for financing	**(C)**	**(344,878)**		**(344,878)**
Cash inflow (outflow) from non-current assets held for sale and discontinued operations	**(D)**	**(240)**		**(240)**
Increase (decrease) in cash and cash equivalents of the year	**(A+B+C+D)**	**(50,263)**		**(50,263)**
Cash and cash equivalents at beginning of the year		**291,991**		**291,991**
Cash and cash equivalents at end of the year		**241,728**		**241,728**

Effects of the change in accounting policies on the statement of changes in equity between January 1, 2010 and December 31, 2010

(euro/thousand)	Share capital	Additional paid-in capital	Reserve for foreign exchange adjustments	Reserve for “cash flow hedge“ struments	Reserve for actuarial gains and (losses)	Other serves	Profit (loss) for the period	Total	Non-controlling interests	Total restated
As at 01.01.2010 (*)	450,266	466,843	(38,445)	(22,214)	(17,31)	178,233		1,017,352	21,911	1,039,263
Restatement due to change in accounting principles			(58)			(93,115)		(93,173)	(1,659)	(94,832)
As at1.01.2010 restated	450,266	466,843	(38,503)	(22,214)	(17,331)	85,118		924,179	20,252	944,431
Distribution of dividends									(3,365)	(3,365)
Share-bassed payments						46		46	14	60
Total comprehensive profit (loss) for the year			(434)	9,606	(1,247)		(718,147)	(710,222)	1,200	(708,022)
Share buy-back Telegate AG									(3,364)	(3,364)
Other movements						(413)		(413)	327	(86)
As at 03.31.2010 restated	450,266	466,843	(38,937)	(12,608)	(18,578)	84,751	(718,147)	213,590	15,064	228,654

(*) The figures have been restated for the adjustement (€ 5.185 thousand) relating to transaction costs on the loan with Lighthouse International Company as described on the “introduction” of the 2010 Annual Report.

Effects of the change in accounting policies on the statements of financial position as at March 31, 2011

Assets

	As at 03,31.2011	Notes	Adjustments	As at 03.31.2011
Non-current assets				
Intangible assets with indefinite useful life	2,636,303			2,636,303
Intangible assets with finite useful life	87,087			87,087
Property, plant and equipment	31,542			31,542
Leased assets	55,530			55,530
Investments in associates and joint ventures	378			378
Other non-current financial assets	2,075			2,075
Deferred tax assets, net	57,518	(a)	34,475	91,993
Other non-current assets	857			857
Total non-current assets	**2,871,290**		**34,475**	**2,905,765**
Current assets				
Inventories	13,419			13,419
Trade receivables	568,556			568,556
Current tax assets	4,655			4,655
Other current assets	60,871	(b)	12,543	73,414
Current financial assets	5,168			5,168
Cash and cash equivalents	217,618			217,618
Total current assets	**870,287**		**12,543**	**882,830**
Non-current assets held for sale and discontinued operations	-		-	-
Total assets	**3,741,577**		**47,018**	**3,788,595**

Liabilities

(euro/thousand)	As at 03.31.2011	Notes	Adjustments	As at 03.31.2011 restated
Equity of the Group				
Share capital	450,266			450,266
Additional paid-in capital	466,843			466,843
Reserve for foreign exchange adjustments	(37,973)		(250)	(38,223)
Reserve for "cash flow hedge" instruments	(7,977)			(7,977)
Reserve for actuarial gains (losses)	(18,578)			(18,578)
Other reserves	(489,508)	(i)	(143,896)	(633,404)
Profit (loss) for the year	(26,639)		16,133	(10,506)
Total equity of the Group	**336,434**		**(128,013)**	**208,421**
Non-controlling interests				
Share capital and reserves	16,866		(1,803)	15,063
Profit (loss) for the year	256		66	322
Total non-controlling interests	**17,122**		**(1,737)**	**15,385**
Total equity	**353,556**		**(129,750)**	**223,806**
Non-current liabilities				
Non-current financial debts to third parties	1,329,924			1,329,924
Non-current financial debts to associates	1,277,353			1,277,353
Non-current reserves to employees	36,190			36,190
Deferred tax liabilities, net	9,933	(a)	(2,928)	7,005
Other non-current liabilities	33,660			33,660
Total non-current liabilities	**2,687,060**		**(2,928)**	**2,684,132**
Current liabilities				
Current financial debts to third parties	255,268			255,268
Current financial debts to associates	43,438			143,438
Trade payables	171,495	(c)	(15,854)	155,641
Reserve for current risks and charges	41,175			41,175
Current tax payables	51,308			51,308
Payables for services to be rendered and other current liabilities	138,027	(d)	195,550	333,577
Total current liabilities	**700,711**		**179,696**	**880,407**
Liabilities directly associated with non-current assets held for sale and discontinued operations	**250**			**250**
Total liabilities	**3,388,021**		**176,768**	**3,564,789**
Total liabilities and equity	**3,741,577**		**47,018**	**3,788,595**

Effects of the change in accounting policies on the statements of operations for the first quarter of 2011

(euro/thousand)	1st quarter 2011	Notes	Adjustments	1st quarter 2011 restated
Sales of goods	3,754		(99)	3,655
Rendering of services	156,924		21,229	178,153
Revenue from sales and services	**160,678**	(e)	**21,130**	**181,808**
Other income	716			716
Total revenues	**161,394**		**21,130**	**182,524**
Costs of materials	(826)	(f)	(90)	(916)
Costs of external services	(68,321)	(f)	(1,052)	(69,373)
Salaries, wages and employee benefits	(45,140)	(f)	29	(45,111)
Other valuation adjustments	(5,505)	(f)	(83)	(5,588)
Provisions to reserves for risks and charges, net	(3,753)			(3,753)
Other operating expense	(807)			(807)
Operating income before amortization, depreciation, non-recurring and restructuring costs, net	**37,042**		**19,934**	**56,976**
Amortization, depreciation and write-down	(15,590)			(15,590)
Non-recurring costs, net	(1,248)			(1,248)
Restructuring costs, net	(339)			(339)
Operating result	**19,865**		**19,934**	**39,799**
Interest expense	(68,355)			(68,355)
Interes income	3,779			3,779
Profit (loss) before income taxes	**(44,711)**		**19,934**	**(24,777)**
Income taxes	18,328	(g)	(3,735)	14,593
Profit (loss) on continuing operations	**(26,383)**		**16,199**	**(10,184)**
Profit (loss) from non-current assets held for sale and discontinued operations				
Profit (loss) for the period	**(26,383)**		**16,199**	**(10,184)**
- of which pertaining to the Group	(26,639)		16,133	(10,506)
- of which non-controlling interests	256	(h)	66	322

		As at 03.31.2011	As at 03,31.2011 restated
Number of SEAT Pagine Gialle S.p.A. shares		1,927,707,706	1,927,707,706
- ordinary shares	*No.*	*1,927,027,333*	*1,927,027,333*
- savings share	*No.*	*680,373*	*680,373*
Profit (loss) for the period	€/thousand	(26,639)	(10,506)
Profit (loss) par share	€	(0.014)	(0.005)

Effects of the change in accounting policies on the comprehensive statements of operations for the first quarter of 2011

(euro/thousand)		1st quarter 2011	Adjustments	1st quarter 2011 restated
Profit (loss) for the period	**(A)**	**(26,383)**	**16,199**	**(10,184)**
Profit (loss) for "cash flow hedge" instruments		4,631		4,631
Profit (loss) for foreign exchange adjustments		610	104	714
Actuarial gain (loss) recognised to equity				
Total other comprehensive profit (loss) for the period, net of tax effect	**(B)**	**5,241**	**104**	**5,345**
Total comprehensive profit (loss) for the period	**(A+B)**	**(21,142)**	**16,303**	**(4,839)**
- of which pertaining the Group		(21,398)	16,237	(5,161)
- of which non-controlling interests		256	66	322

Effects of the change in accounting policies on the statements of cash flows for the first quarter of 2011

(euro/thousand)		1st quarter 2011	Adjustments	1st quarter 2011 restated
Cash inflow (outflow) from operating activities				
Operating result		19,865	19,934	39,799
Amortization, depreciations and write-down		15,590		15,590
(Gains) losses on disposal of non-current assets		34		34
Change in working capital		43,141	(20,038)	23,103
Income taxes paid		(2,291)		(2,291)
Change in non-current liabilities		(5,939)		(5,939)
Foreign exchange adjustments and other movements		221	104	325
Cash inflow (outflow) from operating activities	**(A)**	**70,621**		**70,621**
Cash inflow (outflow) for investments				
Purchase of intangible assets with finite useful life		(8,518)		(8,518)
Purchase of property, plant and equipment		(1,680)		(1,680)
Other investments		(112)		(112)
Proceeds from disposal of non-current assets		21		21
Cash inflow (outflow) for investments	**(B)**	**(10,289)**		**(10,289)**
Cash inflow (outflow) for financing				
Repayment of non-current loans		(35,851)		(35,851)
Paid interest expense, net		(44,626)		(44.626)
Change in financial assets and debts		(3,965)		(3,965)
Cash inflow (outflow) for financing	**(C)**	**(84,442)**		**(84,442)**
Cash inflow (outflow) from non-current assets held for sale and discontinued operations	**(D)**	**-**		**-**
Increase (decrease) in cash and cash equivalents of the year	**(A+B+C+D)**	**(24,110)**		**(24,110)**
Cash and cash equivalents at beginning of the year		**241,728**		**241,728**
Cash and cash equivalents at end of the year		**217,618**		**217,618**

Effects of the change in accounting policies on the statements of changes in equity between January 1, 2010 and March 31, 2011

(euro/thousand)	Share capital	Additional paid-in capital	Reserve for foreign exchange adjustments	Reserve for "cash flow "hedge" instruments	Reserve for actuarial gains and (losses)	Other reserves	Profit (loss) for the period	Total	Non-controlling interests	Total restated
As at 01.01.2010	450,266	466,843	(38,583)	(12,608)	(18,578)	177,866	(667,366)	357,840	16,867	374,707
Restatements due to changes in accounting principles			(354)			(93,115)	(50,781)	(144,250)	(1,803)	(146,053)
As at 12.31.2010 restated	450,266	466,843	(38,937)	(12,608)	(18,578)	84,751	(718,147)	213,590	15,064	228,654
Allocation of previous year profit (loss)						(718,147)	718,147			
Total comprehensive profit (loss) for the period restated			714	4,631			(10,506)	(5,161)	322	(4,839)
Other movements						(8)		(8)	(1)	(9)
As at 03.31.2010 restated	450,266	466,843	(38,223)	(7,977)	(18,578)	(633,404)	(10,506)	208,421	15,385	223,806

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Other information

Certification of the Interim condensed consolidated financial statements in compliance with article 154-bis of Legislative Decree no. 58/98

1. The undersigned, Alberto Cappellini, in his capacity as Chief Executive Officer, and Massimo Cristofori, as Manager responsible for preparation of the financial statements 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 February 24, 1998, that the administrative and accounting procedures for the preparation of the Interim condensed consolidated financial statements, deemed to be adequate in relation to the characteristics of the business, have been effectively applied during the first half of 2011.

2. The administrative and accounting procedures for the preparation of the Interim condensed consolidated financial statements as at June 30, 2011 have been subjected, during the half year, to a critical review in order to evaluate the suitability and effectiveness of applying them. No anomalies have emerged as a result of this verification.

3. The following is also certified:

   3.1. the Interim condensed consolidated financial statements as at June 30, 2011:
   have been prepared in compliance with the applicable IAS/IFRS principles recognized by the European Community in compliance with (EC) Regulation no. 1606/2002 of the European Parliament and of the Council of July 19, 2002, and specifically IAS 34 – interim financial statements – as well as the provisions set out pursuant to the implementation of article 9 of Legislative Decree no. 38/2005;

   - correspond to the results contained in the books and the accounting entries;

   - are suitable to provide a true and correct representation of the financial situation of the issuer and the collection of businesses included in its consolidation scope;

   3.2. the interim report contains references to important events which have taken place in the first six months of the financial year and their effect on the first half financial statements, together with a description of the main risks and uncertainties for the remaining six months of the year, in addition to information concerning related-party transactions.

Milan, August 29, 2011

Chief Executive Officer
Alberto Cappellini

Manager responsible for
preparation of the
financial statements
Massimo Cristofori

Reconta Ernst & Young S.p.A.
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Auditors' review report on the interim condensed consolidated financial statements
(Translation from the original Italian text)

To the Shareholders of
SEAT Pagine Gialle S.p.A.

1. We have reviewed the interim condensed consolidated financial statements, comprising the consolidated statement of financial position, the consolidated statement of operations, the consolidated statement of comprehensive income, the consolidated statement of cash flows, the statement of changes in consolidated equity, and the related explanatory notes, of SEAT Pagine Gialle S.p.A. and its subsidiaries (the "SEAT Group") as of June 30, 2011. Management of SEAT Pagine Gialle S.p.A. is responsible for the preparation of the interim condensed consolidated financial statements in conformity with the International Financial Reporting Standards applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to issue this review report based on our review.

2. We conducted our review in accordance with review standards recommended by Consob (the Italian Stock Exchange Regulatory Agency) in its Resolution no. 10867 of July 31, 1997. Our review consisted mainly of obtaining information on the accounts included in the interim condensed consolidated financial statements and the consistency of the accounting principles applied, through discussions with management, and of applying analytical procedures to the financial data presented in these consolidated financial statements. Our review did not include the application of audit procedures such as tests of compliance and substantive procedures on assets and liabilities and was substantially less in scope than an audit conducted in accordance with generally accepted auditing standards. Accordingly, we do not express an audit opinion on the interim condensed consolidated financial statements as we expressed on the annual consolidated financial statements.

   For the data related to the consolidated financial statements and to the interim condensed consolidated financial statements of the prior year, presented for comparative purposes, which, as reported in note 4 of the explanatory notes and in the related Appendix, have been restated to take into account some modifications of the policies for recognizing the revenues and costs deriving from the provision of certain services, reference should be made to our reports issued on March 28, 2011 and August 27, 2010, respectively. We have examined the methods adopted to restate the comparative financial information, and the related disclosures, for the purpose of issuing this report.

3. Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements of SEAT Pagine Gialle S.p.A as of June 30, 2011 are not prepared, in all material respects, in conformity with the International Financial Reporting Standards applicable to interim financial reporting (IAS 34) as adopted by the European Union.

4. We would like to draw attention to the "Going Concern Evaluation" paragraph of the explanatory notes, where the Directors detailed the elements of uncertainty that might cast significant doubts over the going concern assumption, as well as the related actions already undertaken or anticipated. Such uncertainty, despite the positive operating results, is primarily related to the unbalanced financial structure of the Company; in fact, starting from the second quarter of 2012, considerable amounts of financial debt will become due and will exceed the forecasted cash flows, thus requiring a significant structural intervention in order to rebalance the capital and financial structure of the Group. The Directors, assisted by external advisors, have started negotiations with the main counterparties (banks, bondholders, main shareholders), obtaining at the moment their availability to consider consensual solutions aimed at achieving the Company's long-term financial stability, to be realized consistently with the forecasts contained in the Strategic Guidelines 2011-2013 and the projections through 2015, which the Board of Directors approved today.

   The Directors, despite the complexities and uncertainties related to the on-going negotiations with the creditors, have concluded that the Group will have adequate financial resources to enable it to operate during the timeframe expected to be necessary to finalize the rebalancing of its capital and financial structure. Given this background, as detailed in the explanatory notes, the Directors have prepared the interim condensed consolidated financial statements under the going concern assumption.

   Moreover, the Directors underline that the aforementioned negotiations with the main counterparties are, at the moment, in a preliminary stage, as they have so far progressed in absence of the Strategic Guidelines 2011-2013 and the projections through 2015, whose availability will now enable to focus on the commercial aspects of the negotiations. Beside, certain technical and contractual aspects still have to be analyzed in details, particularly with reference to the bondholders. As such, the negotiations may be finalized under timing, terms and conditions that are different from those considered and adopted by the Directors when concluding on the going concern assumption.

Turin, August 29, 2011

Reconta Ernst & Young S.p.A.
Signed by: Luigi Conti, Partner

This report has been translated into the English language solely for the convenience of international readers

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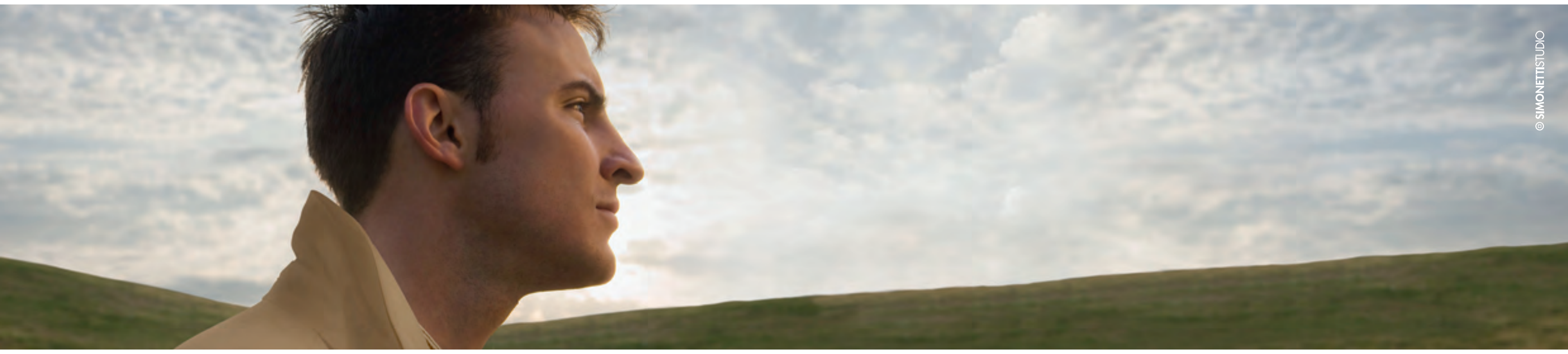

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