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Annual Report
2011

seat PG
PAGINE GIALLE

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Consolidated and separate financial statements as at December 31, 2011

seatPG
PAGINE GIALLE

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

SEAT Pagine Gialle group

is a *local internet company* strongly rooted in Italy, which, alongside traditional services with print and voice visibility, offers businesses 360° support in promoting their business on the internet through a network of agencies (*WebPoint*). SEAT Pagine Gialle S.p.A.'s web marketing services range from the building and management of websites and mobile sites to the creation of multimedia content, from activities inherent to internet visibility to e-commerce and web marketing services, from managing social network presence to couponing.

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Consolidated and separate financial statements as at December 31, 2011

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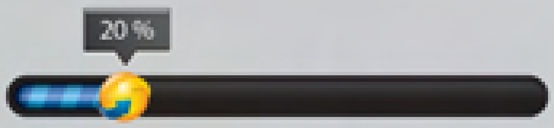
Highlights and general information



LOADING

Company Boards
(Information updated as at April 30, 2012)

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 (II)
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 (II)

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 preparing the financial statements
Massimo Cristofori

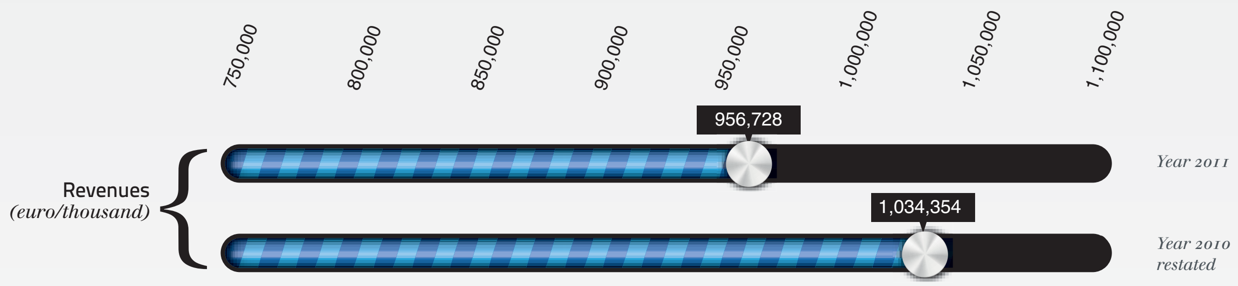
Independent Auditors
Reconta Ernst & Young S.p.A.

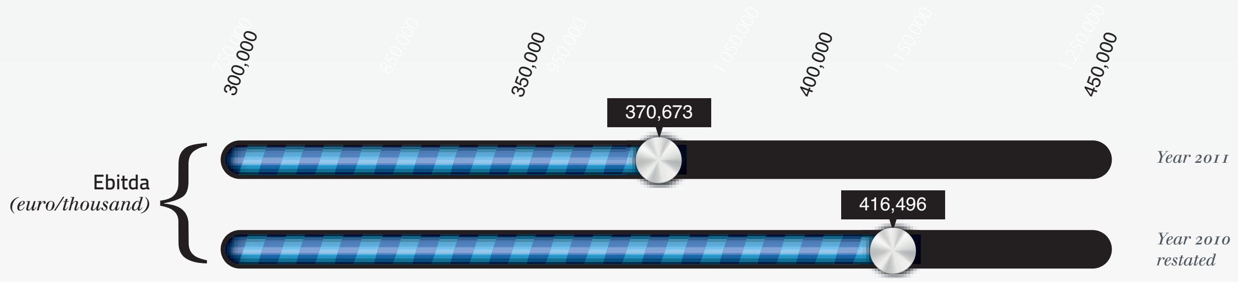
(*) The Board of Directors met on May 10, 2011 and appointed the Chief Executive Officer, Alberto Cappellini, as General Manager of the Company. Alberto Cappellini died March 24, 2012. On April 4, 2012 the Company's Board of Directors decided to maintain the corporate office of General Manager until completion of the current financial restructuring process. The person appointed to cover the role of General Manager is Mr Ezio Cristetti.
(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.
(II) On November 14, 2011, Luigi Lanari resigned as Board Director and thus as Remuneration Committee member.

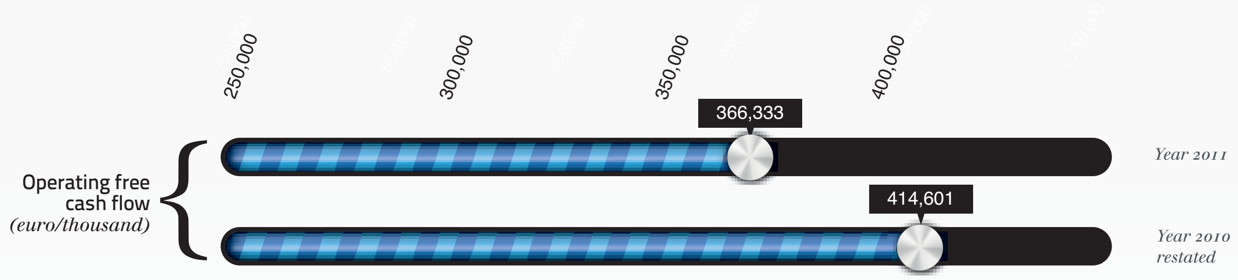
Economic and financial highlights of the Group

The economic and financial results of the SEAT Pagine Gialle group for 2011 and for 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 on the restatement methods, reference should be made to the introduction paragraph of the Report on Operations.

- Consolidated REVENUES at € 956.7 million, down 7.5% on 2010 *restated*, supported by the growth in online revenues in Italy deriving both from traditional advertising products as well as online marketing services.
- Consolidated EBITDA at € 370.6 million (down 11.0% on 2010 *restated*), with an operating margin of 38.7%.
- FREE OPERATING CASH FLOW at € 366.3 million, € 48.3 million less than in 2010 *restated*, influenced by a lower EBITDA and higher capital expenditure for the development of online products.
- NET FINANCIAL DEBT as at December 31, 2011 at € 2,734.2 million, up € 3.2 million on December 31, 2010.







(euro/thousand)	Year 2011	Year 2010 restated (**)
Economic and financial data		
Revenues from sales and services	956,728	1,034,354
GOP (*)	410,978	456,231
EBITDA (*)	370,637	416,496
EBIT (*)	(433,019)	(374,845)
Pre-tax profit (loss)	(701,784)	(628,769)
Profit (loss) on continuing operations	(788,968)	(716,707)
Profit (loss) pertaining to the Group	(789,750)	(718,147)
FCF (*)	366,333	414,601
Capital expenditure	48,095	40,344
Net invested capital (*)	2,147,548	2,912,643
of which goodwill and customer databases	*1,951,857*	*2,651,255*
of which net operating working capital (*)	*96,051*	*158,257*
Equity of the Group	(568,759)	213,590
Net Financial Indebtedness (*)	2,734,188	2,731,032
Economic and financial ratios		
EBITDA/Revenues	38.7%	40.3%
EBIT/Revenues	(45.3%)	(36.2%)
EBIT/Net invested capital	(20.2%)	(12.9%)
Profit (loss) for the year/Equity of the Group	138.9%	(336.2%)
FCF/Revenues	38.3%	40.1%
Operating working capital/Revenues	10.0%	15.3%
Workforce		
Workforce at the end of the period (units)	4,292	4,810
Average workforce for the year	3,836	4,493
Revenues/Average workforce	249	230

(*) See "Non-GAAP measures" below for details of items.
(**) See "Report on Operations, paragraph Introduction" for further details of 2010 *restated*.

Non-GAAP measures

In addition to the conventional IFRS indicators, this Report on Operations, the consolidated financial statements of the SEAT Pagine Gialle group and separate financial statement of SEAT Pagine Gialle S.p.A. for the years ended December 31, 2011 and 2010, include some other financial performance indicators with a view to providing a better assessment of 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 adopted by other companies, therefore these indicators may not be comparable. These indicators are as follows:

- **GOP** (*gross operating profit*) refers to EBITDA before other operating income and expenses and of adjusting net allocations to provisions for liabilities and charges.
- **EBITDA** (*operating income before amortization, depreciation, other net non-recurring and restructuring costs*) refers to **EBIT** (*operating result*) before non-recurring and restructuring costs, net, and operating amortization, depreciation and write-downs (relating to intangible assets with a finite useful life and tangible assets) and non-operating amortization, depreciation and write-downs (relating to goodwill and customer databases).
- **Operating working capital and non-operating working capital** are respectively calculated as current operating assets (relating to operating revenues) net of current operating liabilities (relating to operating costs) and as current non-operating assets net of current non-operating liabilities. Neither item includes current financial assets or liabilities.
- **Net Invested Capital** is calculated as 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 calculated as 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 amortised.
- **FCF** (free cash flow) is determined by the EBITDA, adjusted to take into account the effect of capital expenditure and the change in operating working capital and the change in non-current operating liabilities on the net financial position.

Information for Shareholders

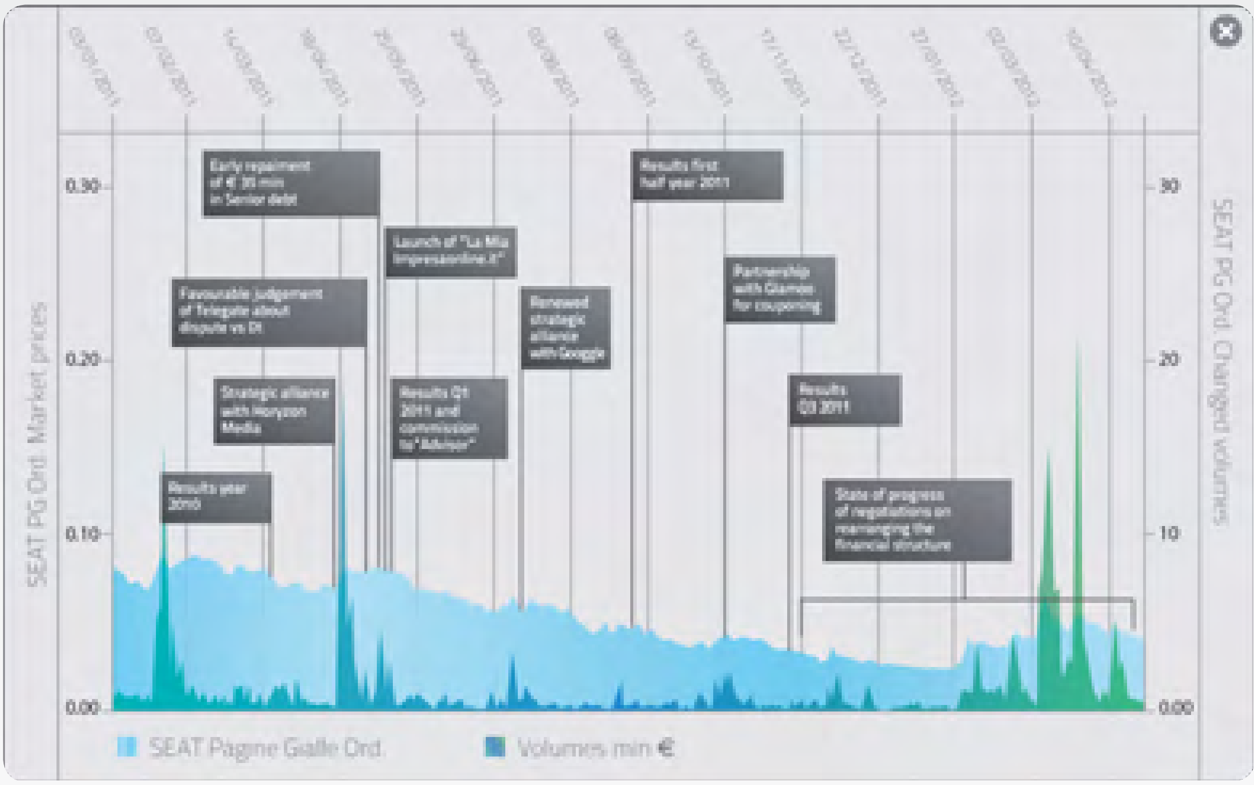
(euro/thousand)		At 12.31.2011	At 12.31.2010 restated
Share capital	euro	450,265,793.58	450,265,793.58
Number of ordinary shares	No.	1,927,027,333	1,927,027,333
Number of savings shares	No.	680,373	680,373
Market capitalisation – (based on average market price)	euro/mln	56	170
SEAT Pagine Gialle S.p.A. share weighting (SPG ordinary shares) – Ftse Italia All Share (ex Mibtel)		0.016%	0.027%
Equity par share	euro	(0.295)	0.111
Profit (loss) par share	euro	(0.410)	(0.373)

SEAT Pagine Gialle S.p.A. ratings (Information updated as at April 30, 2012)

Rating agency	Corporate	Outlook
S&P's	D	Negative
Moody's	Ca	Negative

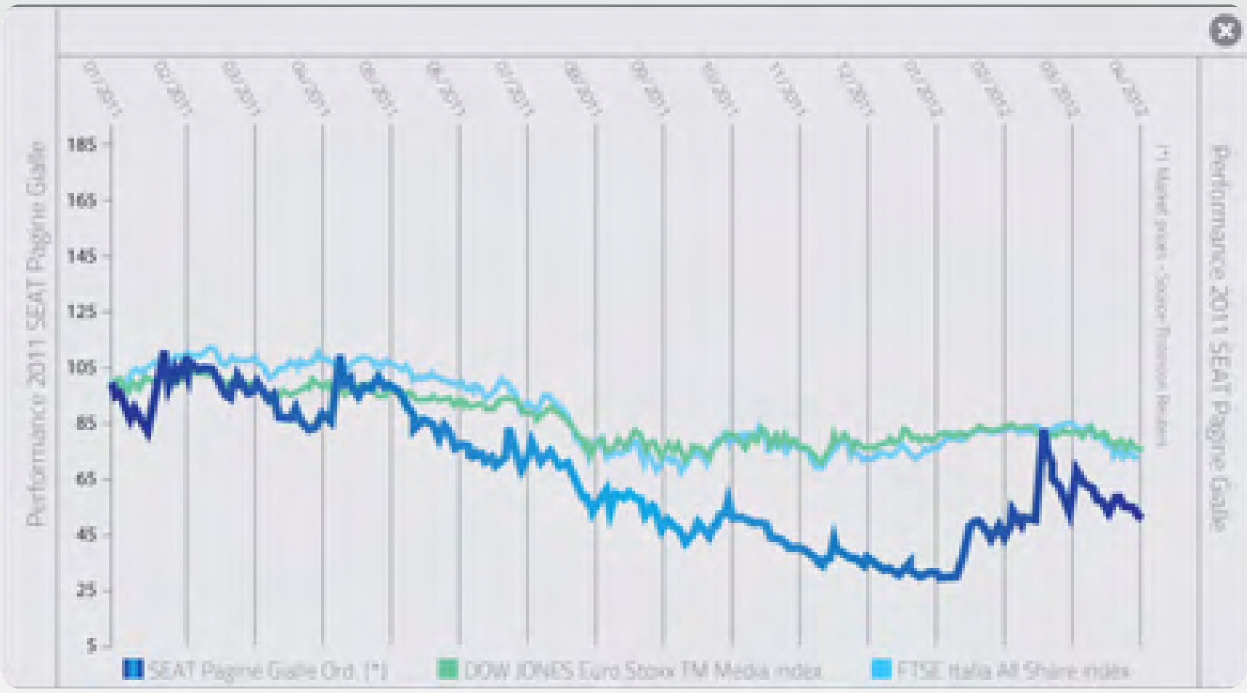
Market performance of ordinary shares in 2011 and volumes traded

On December 31, 2011, shares in SEAT Pagine Gialle closed at € 0.03, down 69.8% 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 translated into increasingly significant reductions in its market value, represented by stock exchange listings. From the end of December 2010 to the end of December 2011, the enterprise value expressed for SEAT Pagine Gialle shares fell by 4.9%.
The performance of other companies in the industry was also negative in terms of both enterprise value (Eniro -43.9%, Yellow Media Canada -42.9% and Pages Jaunes -29.3%) and trading prices for the period (Yellow Media Canada -97%, Yell -63.5% and Pages Jaunes -58.8%).

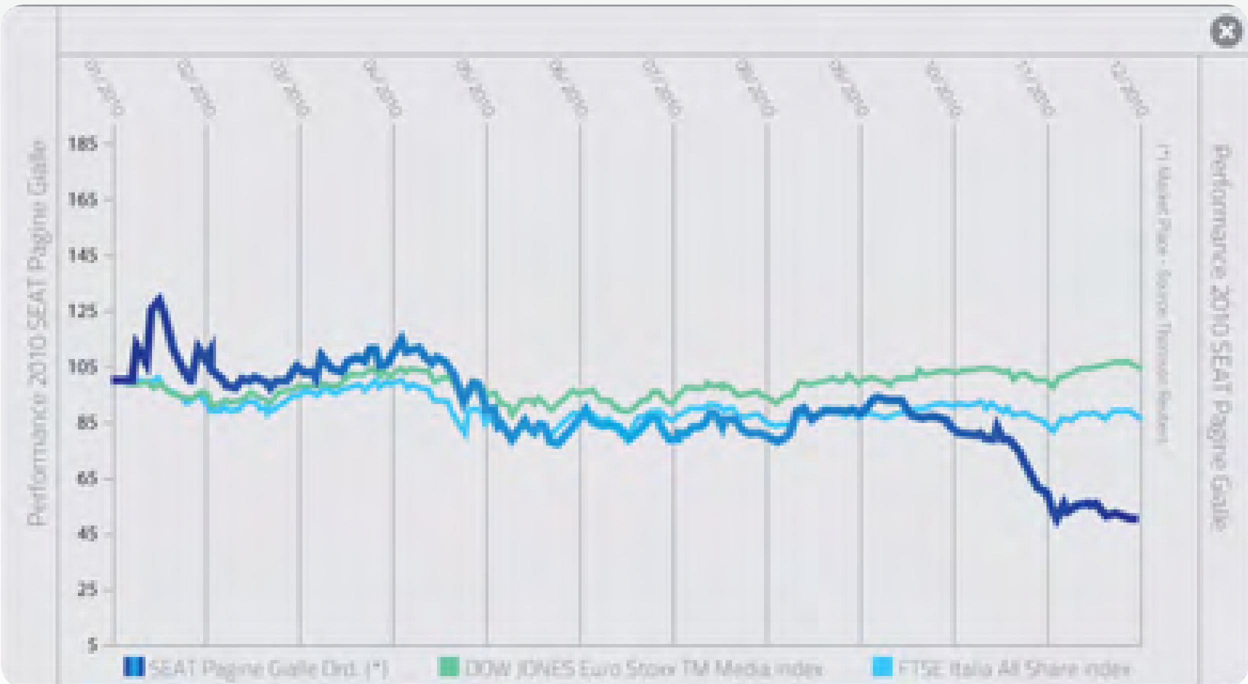


Performance of SEAT Pagine Gialle S.p.A. shares in 2011 vs. FTSE Italia All-Share Index and Dow Jones Euro Stoxx Media Index

(Information updated as at April 20, 2012)



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



Shareholders

The table below lists the ordinary shareholders of SEAT Pagine Gialle S.p.A. holding more than 2% of the Company's share capital as at December 31, 2011.

Shareholders as at December 31, 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 8 October 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 December 31, 2011

Organizational structure of the Group

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

Market situation and strategic positioning

Today the SEAT Pagine Gialle group is a local internet company strongly rooted in Italy, which, alongside traditional services with print and voice visibility, offers businesses 360° support in promoting their business on the internet through a network of agencies (WebPoint). SEAT Pagine Gialle S.p.A.'s web marketing services range from the building and management of websites and mobile sites to the creation of multimedia content, from activities inherent to internet visibility to e-commerce and web marketing services, from managing social network presence to couponing.

In 2011 SEAT Pagine Gialle S.p.A. continued to develop its strategy toward multimediality in managing about 182,000 multimedia packages, 123,000 of which are personalised websites, thus facilitating the entry of small and medium-sized businesses onto the web.

This strategy in particular has led to increased growth in online revenues. This result was achieved thanks to the company's constant focus on innovation and on the launch of new products and services, and on the strategy of diversifying the business from its core, represented, in particular, by the launch of the new *LaMiaImpresaOnline.it* project in May as a result of partnership with Google, which enables small and medium-sized businesses to create websites via self-provisioning, and entry into the couponing market in October in partnership with Glamoo, an Italian company operating in the local deals market with particular focus on mobile commerce and on geolocalised mobile services.
SEAT Pagine Gialle S.p.A. also attempted to protect the operating margins of the business with structural measures to reduce operating costs, based on restricting short-term expenses and redesigning the main operating processes, which enabled the Company to meet its set EBITDA targets.

Italian directories

2011 results should still be deemed positive as they were achieved within the context of a market characterised by a gradual slowdown in economic growth.
According to the latest ISTAT figures in 2011 Domestic Product (GDP) totals for Italy has a moderate growth of 0.4%, below expectations of the Italian Government, which last December was revised down the estimates by estimating growth of 0.6%.
As regards the coming years, all of the major economic research organizations have reduced the estimates for Italian growth: in particular, the International Monetary Fund (IMF) forecasts that the Italian economy will shrink 2.2% in 2012 and 0.6% in 2013. The weak performance of the Italian economy in 2011, along with the risks of a decline in future economic growth, have had negative repercussions on the main consumer and business confidence indexes, which are the main indicators of the state of health of the Seat customer base, mainly consisting of small and medium-sized businesses which, in the current phase of uncertainty, have reviewed and reduced their advertising expenditure, as also confirmed by the recent downward revisions of Italian advertising market estimates.

In this regard, according to the most recent Nielsen data, in the period from January to December 2011 advertising investment in Italy recorded an overall redaction of 3.3% compared with 2010, with the internet confirming its status as the fastest-growing medium. According to Internet Advertising Bureau (IAB) Europe forecasts, the overall online advertising market in Italy is expected to reach € 1,2 billio, an increase of 15% over last year.
Against this background, SEAT Pagine Gialle S.p.A. did indeed make further progress in 2011 in its, strategy favouring small and medium-sized Italian businesses and commercial activities which intend to leverage internet potential to promote their products and increase their business, thanks to continuous product development activity and the launch of new services, within a market – the as yet little developed and highly fragmented Italian market – for which a growth trend in line with that of other European countries is forecast for the coming years. SEAT Pagine Gialle S.p.A. was in fact able to offer itself as the sole point-of-contact for customer communication needs, providing them with a turn-key products and services package and expert support.

Foreign subsidiaries

SEAT Pagine Gialle S.p.A. continued to oversee its foreign subsidiaries in 2011 with a view to preserving their value, even through measures to contain operating costs.

The **TDL Infomedia** group, present on the English directories market since 1980 with TDL Infomedia Ltd. and Thomson Directories Ltd., continued to face a particularly difficult and complex market situation, which it dealt with by streamlining and restructuring its organizational structure. The company also strengthened its own product line with the sale of web-driven multimedia packages and the launch on the market, in partnership with Mobile Commerce, of applications for all mobile platforms (Apple, Android, Nokia and Blackberry). It also signed an agreement in 2011 to become a qualified reseller of Bing (Microsoft); this agreement is both the first agreement signed by Bing in the UK and is potentially a customer alternative to the product offered by Google.

In reference to the **Telegate** group, the German economy registered a recovery in GDP growth of +3.0% (source: Eurostat). However, the directory assistance services market continued to shrink, with a year-on-year decrease in call volumes. The Telegate group in Germany, operating in the online portal 11880 services and the second largest player after former monopoly company Deutsche Telekom, continued to pursue the transformation of its business model by focusing its activities on the local search market through an increasingly varied product range and by positioning itself as a marketing partner for small and medium-sized businesses.


WebAGE
La svolta digitale

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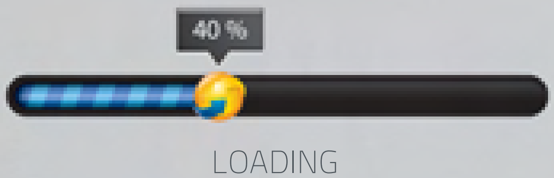
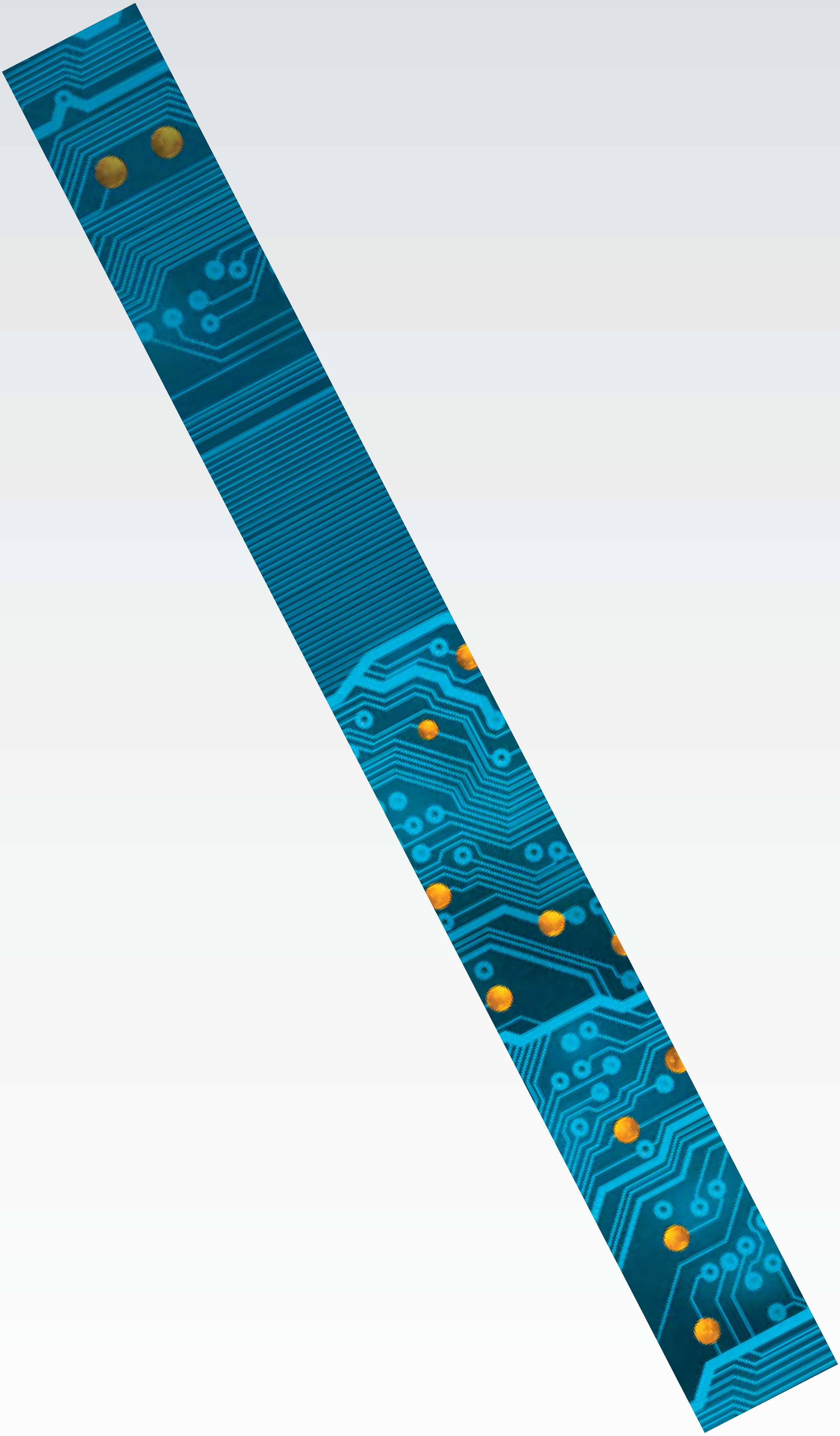
Report on Operations





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Economic and financial performance of the Group

Introduction

Facts regarding the financial restructuring

A. The initial steps in the financial restructuring process

As you will be aware, the Company began researching possible options for stabilising the Group's long-term financial structure in March 2011 with the assistance of its advisors.
Although analysis activities initially entailed technical and market analysis of the potentially available options, by the date of approval of the half-yearly report as at June 30, 2011, the Company had focused its attention on the equitisation option (i.e. the conversion into equity of a significant portion of the Company's subordinated debt arising from the "Proceeds Loan", in the amount of €1,300 million, in place between the Company and Lighthouse International Company S.A. – "**Lighthouse**").
In this context, before implementing activities likely to be outwardly noteworthy, the Company formalised a technical waiver with the Senior Creditor, The Royal Bank of Scotland (the "**Senior Creditor**"), on a provision of the "Senior" loan agreement with the objective of allowing the Company to begin discussions with its financial creditors (other than The Royal Bank of Scotland) as part of the activities aimed at identifying and implementing a possible financial option.
Once the consent of the Senior Creditor was obtained on June 30, 2011, the Company progressively entered into negotiations with the various creditor classes.
As is the practice in financial restructurings of this extent and complexity, three different creditor committees were immediately set up as the initial "interface" for negotiations with the Company.

B. The initial fundamental focal point of the negotiations: the Bondholders declare themselves willing to convert into equity

Since August 2011, negotiations between the Company and the Bondholders' Committee intensified to such an extent as to entail a significant initial negotiating signal on the part of the Bondholders.
In particular, at the end of August 2011, the Company received the first written proposal from the Bondholders' Committee for a voluntary restructuring transaction, with a term sheet attached containing the general economic terms for the possible equitisation.
This proposal was followed by a number of negotiations between the various parties involved, in which the Company participated with a view to finding a mediation position for the various interests.

Moreover, in the context of negotiations, it should be noted that the Company made available the IBR (independent business review, or independent consultant's review of the plan) on October 27, 2011. This final report essentially confirmed the validity of the business plan prepared by the Company.

C. The emergence of diverging positions among creditor classes and the consequent extension of negotiations

The new proposal by the Bondholders' Committee dated October 27, 2011, expiring on November 30, 2011 (which provided, among other things, for the equitisation of a larger amount than proposed in August 2011, i.e. €1.2 billion of Lighthouse Bonds of the €1.3 billion in exchange for 90% of the Company's share capital with voting rights), was subject to the due payment of the coupon on October 31, 2011 by Lighthouse (and thus, for all practical purposes, to payment of the corresponding amount by SEAT to Lighthouse).

Based on this latter Bondholder proposal, November 2011 was dedicated to intense negotiations between the Bondholders' Committee, the Coordination Committee and the Leading Shareholders with a view to coming to a possible agreement for those issues on which positions continued to diverge.

The main topics of discussion focused on the quantity and on the senior or subordinated nature of the portion of bonds held by the Bondholders that were not subject to conversion into equity.

The joint efforts of the consultants of the various parties finally led to the definition of a commercial agreement on November 24, 2011 on the main terms for a voluntary restructuring of the Company's financial debt, shared with the Bondholders' Committee (and included in a term sheet disseminated by the Company on the same date).

At the same time, two of the Leading Shareholders and the Bondholders' Committee formalised an agreement on the allocation of equity resulting from the Company's voluntary financial restructuring, as confirmed in the press release dated November 29, 2011.

The challenging timeframes defined during negotiations did not allow the parties to achieve the completion of all the provisions of the lock-up agreement in the timeframes provided.

D. Lastly, creditor acceptance of the Company's final proposal

On January 16-17, 2012, the Company was again forced to acknowledge that the Senior Creditor had not received sufficient support for the terms of the voluntary restructuring, from the members of the Coordination Committee, to allow it to enter into the agreement.

After completing a few checks aimed at examining the now few aspects on which a consensus had yet been reached, the Company finally formulated and approved a final proposal on January 31, 2012 for the voluntary financial restructuring (the "**Final Proposal**"), the terms of which were indicated in the relevant term sheet attached to the press release issued on that date.

The Final Proposal provided, among other things, that:

(i) the debt arising from the Proceeds Loan and the amount of the Lighthouse Bonds be reduced by the issue of ordinary SEAT shares to Bondholders (equitisation), except for a residual principal amount of €65 million, to be exchanged or replaced with new debt securities (the "**Residual Debt**"). No interest is to accrue on the Lighthouse Bonds or on the Proceed Loan after December 31, 2011;

(ii) with reference to the Residual Debt of €65 million, Bondholders will receive, in exchange for the Lighthouse Bonds, new bonds that will have the same terms and conditions as the Senior Secured Bonds, except as relates to the issue date (the "**Stub Bond**");

(iii) the two fixed-term credit lines that make up the loan pursuant to the Senior Facilities Agreement of May 25, 2005 (as amended) (the "**Loan Agreement**") be consolidated into a single fixed-term credit line of €596.1 million with a final maturity of June 30, 2016, and the revolving credit line of €90 million be reconfirmed pursuant to the new loan agreement to be entered into by and between the Company and the Senior Creditor, among others;

(iv) Bondholders receive 90% of the Company's share capital, while existing SEAT shareholders retain 10% of the Company's share capital on finalisation of the financial restructuring. Existing shareholders will also receive two tranches of warrants, granting them the right to subscribe new shares: (a) the first tranche of warrants will be exercisable, with no conditions attached, within 30 days of the effective date of the restructuring at a virtually symbolic strike price, which will allow the acquisition of 2% of the post-restructuring share capital (essentially tantamount to an initial allocation of 88% of the share capital to the Bondholders); (b) the second tranche of warrants will only be exercisable if certain economic conditions are met, at a virtually symbolic strike price, within two years of the effective date of the restructuring, and will allow the acquisition of 3% of the post-restructuring share capital;

(v) SEAT essentially allocates all of its assets and liabilities to a wholly-owned Company ("**OpCo**"), which will become co-obligor (a) pursuant to the new loan agreement; (b) as co-issuer of the Senior Secured Bonds; and (c) as co-issuer of the Stub Bond, pursuant to and in accordance with Article 2560 of the Italian Civil Code. SEAT will grant a pledge on all the shares of OpCo with a view to securing the aforementioned bonds pursuant to (a), (b) and (c) above. The business contribution will also be implemented in light of the granting of the existing pledge on approximately 49.6% of the Company's shares.

The Company has set a deadline for acceptance of the Final Proposal of February 28, 2012 (envisaging economic incentives in the form of consent fees in the event of acceptance before or by the deadline).
On March 7, 2012, the Company ascertained full acceptance of the Final Proposal by all classes of financial creditors (i.e. Bondholders, Senior Creditor and SSBs) in a measure significantly greater than the necessary threshold (greater than 90% for the Bondholders and greater than 98% for the SSBs). The Leading Shareholders also expressed a favourable opinion as regards said proposal.
Creditor acceptance of the Company's proposal certainly attests, firstly, to the intrinsic business value that the SEAT Group has been able to retain intact albeit in a particularly complex context both in terms of financial tension and in terms of the radical change that the directories sector has seen in recent years. Nevertheless, the safety measures implemented at Group level attained an outcome that is certainly ascribable, in equal measure, to the merits of those who with dedication, equanimity and uncommon intelligence successfully led the Company toward its current position: it is with deep regret that the Board of Directors, in compliance with the legal requirements for the preparation of this report, announces the untimely death of **Alberto Cappellini**, Chief Executive Officer of the Group until March 24, 2012, to whom the outcome discussed herein is owed more than to any other.

E. The signing of the initial agreements

Almost simultaneously with the acceptance of the Final Proposal, the Company signed the appropriate lock-up agreements with the Bondholders and the Leading Shareholders. In addition, the Company signed an additional agreement with the Leading Shareholders, disclosed by law, concerning the latter's commitment to vote in favour of shareholders' meeting resolutions on the execution of the restructuring envisaged in the term sheet.

The consent of the SSBs was also confirmed subsequently with a vote in favour at the bondholders' meetings, both held (on second call) on March 30, 2012.
It should also be noted that as confirmed in the March 23, 2012 press release, the Company received positive certification of the reasonableness of the reorganization plan underlying the Final Proposal by an independent expert (meeting the requirements referred to in Article 28, letters (a) and (b) of the Bankruptcy Law) as stipulated in Article 67, paragraph 3, letter d) of the Bankruptcy Law.

F. The main phases of the transaction

The Company is now strongly committed to implementing the legal, tax and accounting aspects of the complex restructuring transaction underlying the commercial agreement reached.
In the course of the 2012 financial year, many technical and contractual steps must therefore be implemented (including some governed by foreign laws), as well as many corporate obligations, the broad outlines of which are summarised below:

- (i) presentation of the scheme of arrangement[1] by the Company;
- (ii) equitisation of the Lighthouse Bonds into Lighthouse shares; after seeking admission to the procedure known as the Administration under the Insolvency Act 1986;
- (iii) merger by acquisition of Lighthouse into SEAT and granting warrants to existing shareholders;
- (iv) issue of the Stub Bond and exchange with the Residual Debt, with simultaneous extinguishment of the Proceed Loan;
- (v) allocation of essentially all of the Company's assets and liabilities to OpCo;
- (vi) signing and disbursement of the new loan agreement by the Senior Creditor in replacement of the Loan Agreement, cancellation of the existing guarantees and granting of the new guarantees.

[1] The scheme of arrangement, envisaged by English law and, in particular by Section 895, Part 26 of the Companies Act 2006, is essentially an agreement between a company ("*liable to be wound up*" pursuant to the Insolvency Act 1986) , and its creditors or partners, or a class of its creditors or partners, which is deemed as having been reached and binding, as well as vis-à-vis those creditors or partners (of the class) that have not given their consent to the agreement, when the proposed agreement, formulated in the context of a procedure under the supervision of the English Court, has the consent of creditors or partners representing at least 75% of the amount of the credits or interests to which the proposal refers.

Changes in accounting policies

It should be noted that, starting with the Interim condensed financial statements as at June 30, 2011, the SEAT group changed its policies for determining the revenues and costs from the provision of on-line and on-voice services.
Given the changes that have affected the composition of its commercial products and the modified economic content of the services rendered, the Company believes that all online and voice product and services revenues (including revenues from traditional products), since they represent items of service rendered throughout the contractual term, should be recognised on the basis of contractual duration in accordance with IAS 18, paragraph 13, which provides that when two or more transactions are closely related, the commercial effect must be measured with reference to the various transactions as a whole.
This change also relates to the recognition of the costs incurred in providing the services (including, primarily, commission accrued by the sales force), which will be recognised in the statements of operation in proportion to the corresponding revenues.
The new accounting policies will result in better accounting recognition than would result from application of the previous recognition policies, as it provides a better view of the changed economic content of the services rendered and of the continuity of operations and services throughout the duration of the on-line and on-voice contract thanks to the innovative services embodied within the more traditional on-line and on-voice directory component. This change therefore qualifies 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 a retrospective restatement, as it is in possession of the information which has become available following the recent changes made to the IT systems, which make it possible to estimate, with reasonable accuracy, the economic and financial effects that the new accounting policies would have had, had they been adopted in the financial years prior to 2011. The figures for the statements of operations, the statements of financial position and the statements of cash flows as at March 2010, June 2010, September 2010, December 2010 and March 2011 have therefore been restated, with a breakdown of the economic and financial impact and comments thereto set out in the tables and notes in the Appendix.

Statement of financial position as at December 31, 2011

The impairment test performed at December 31, 2011 and the consequent write-down has meant a decrease in the Parent Company's shareholders' equity, such as to entail recourse to the case referred to in Article 2447 of the Italian Civil Code.
In this regard, the analysis conducted by the Company with its legal advisors has identified a corporate path suitable for observing the provisions of Article 2447 of the Italian Civil Code and allowing for carrying out the project for implementing the commercial agreement on the main economic terms reached between the company and its creditors; according to that path, the Board of Directors meeting called to approve the draft 2011 financial statements, in acknowledging losses of such a size as to reduce the capital below the legal limit, also called the Shareholders' Meetings to resolve the following at the same time:

- approval of the financial statements at December 31, 2011;
- merger with Lighthouse (following conversion of the HY Bond into shares of the latter company) as provided for in the agreement, the implementation of which with an effective date within a reasonable time period would constitute the ideal remedy for straightening out the situation of loss of share capital (this insofar as the shareholders' equity is destined to increase in a significant and sufficient manner as a result of the merger itself).

The need to recapitalise the company pursuant to Article 2447 of the Italian Civil Code would definitely be satisfied thanks to the operations for implementing the financial restructuring agreement.

Reclassified consolidated statements of operations for 2011

Revenues from sales and services totalled € 956,728 thousand in 2011, down 7.5% on 2010 restated.
Before eliminations between the Group's different Business Areas, revenues from sales and services were as follows:

- revenues from the "*Italian directories*" Business Area (SEAT Pagine Gialle S.p.A.) totalled € 748,515 thousand in 2011, down 6.1% on the previous year, *restated*. Core products (print-online&mobile-voice) closed 2011 with revenues down 5.2% due to the decrease in print and voice products, mitigated by strong growth in online activities (up 55.7%) supported by constant product development and the launch of new services within the framework of a multimedia product range. In 2011 the online revenues share of the total was around 53%, with online marketing services accounting for around 30% of total online revenues. 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 minor products (particularly promotional items), which were affected by the sales network's greater focus on core products, particularly online activities;
- revenues from the "*UK directories*" Business Area (TDL Infomedia group) totalled € 60,866 thousand in 2011, a decrease of 17.3% from 2010, *restated* (down 12.5% at a constant currency exchange rate and for number of directories published). Print directories recorded a greater drop in revenues as they were more severely affected by the difficult economic climate and the changed market scenario. In contrast, online revenues increased by 20.2% on the previous year due to greater penetration in multimedia package sales through telephone sales channels and in the region;
- revenues from the "*Directory Assistance*" Business Area (*Telegate group, Pagine Gialle Phone Service and Prontoseat*) totalled € 119,903 thousand in 2011, down 14.8% compared on 2010 *restated* (€ 140,736 thousand). The fall is mainly attributable to the Telegate Group, which in 2011 posted revenues of € 110,034 thousand (down 10.6% compared to 2010 *restated*). More specifically, revenues of € 101,314 thousand were recorded in Germany, down 9.6% on 2010 *restated* (€ 112,086 thousand) due to the structural difficulties of the directory assistance services market, which saw a decrease in call volumes. In terms of turnover, this drop was partially offset by a growth in online revenues.
  Prontoseat revenues were € 9,032 thousand in 2011, down € 1,643 thousand from the previous year due to the decrease in inbound revenues (down 45.3%), only partially offset by increased revenues from telephone sales (up 24.4% compared with 2010);
- revenues from the "*Other activities*" Business Area (*Europages*, *Consodata* and *Cipi*) totalled € 49,210 thousand in 2011, down 10.7% compared with the previous year, *restated* (€ 55,130 thousand), mainly due to the decrease in Consodata and Cipi revenues.

Materials and external services, net of costs debited to third parties but included in the IFRS financial statements under the item "Other revenues and income", totalled € 364,679 thousand in 2011, down € 14,515 thousand on 2010 *restated* (€ 379,194 thousand). More specifically, materials and external services for the period were as follows:

- *industrial* costs: these totalled € 146,962 thousand, down € 5,796 thousand on 2010 *restated*, primarily due to lower revenue volume. The fall in print revenues led to a reduction in the number of pages printed and volumes distributed, which resulted in a decrease in paper consumption (down € 6,396 thousand), production costs (down € 8,500 thousand) and distribution and storage costs (down € 2,368 thousand). Online processing costs connected with the performance of online services grew by € 5,883 thousand (€ 18,122 thousand in 2011) and publishers' fees within the framework of the management of new online products aimed at increasing web traffic grew by € 4,165 thousand;
- *commercial* costs: these totalled € 128,281 thousand in 2011 (compared with € 137,476 thousand in 2010 *restated*). The decrease is attributable to commission expenses and other sales costs, down € 9,601 thousand from 2010 *restated*, and to lower advertising costs (down € 2,373 thousand from 2010 *restated*), mainly at Thomson and Telegate. Outbound call centre costs in connection with higher remuneration paid for increased new customer contacts saw an increase of € 3,075 thousand;
- *general* costs: these totalled € 89,436 thousand in 2011, substantially in line with the *restated* amount recorded in 2010 (€ 88,960 thousand).

Salaries, wages and employee benefits, net of the respective cost recoveries, included in the IFRS financial statements under the item "Other revenues and income", totalled € 181,071 thousand in 2011, down € 17,858 thousand compared with 2010 *restated* (€ 198,929 thousand). The Parent Company was partly responsible for this change (-€ 3,712 thousand), due to the decrease in its average workforce from 1,129 employees in 2010 to 1,029 in

2011. The salaries, wages and employees benefits item also benefited from a cost saving of € 5,344 thousand recorded by the subsidiary Pagine Gialle Phone Service thanks to the sale of its Livorno and Turin call centre businesses and the resulting transfer of the relevant workforce.
The Group's workforce, including directors, project workers and trainees, consisted of 4,292 employees as at December 31, 2011 (against 4,810 employees as at December 31, 2010). The average workforce (FTE) in 2011 was 3,836 employees (4,493 employees in 2010).

Gross operating profit (GOP) totalled € 410,978 thousand in 2011, down € 45,253 thousand compared with 2010 *restated* (€ 456,231 thousand). The operating margin in 2011 was 43.0%, slightly down from the previous year (44.1%).

Net valuation adjustments and allocations to provisions for risks and charges totalled € 38,519 thousand in 2011 (€ 38,388 thousand in 2010 *restated*). Net valuation adjustments (€ 25,768 thousand in 2011) relate, to the extent of € 25,444 thousand, to the provisions for doubtful trade receivables, which, although reduced by € 9,431 thousand compared with the previous year, were sufficient to maintain an adequate percentage to cover overdue receivables. The item also includes net allocation to provisions for operating risks and charges of € 12,751 thousand (€ 2,666 thousand in 2010), which rose by € 10,085 thousand as a result of increased allocation to the provision for contractual risks (€ 4,493 thousand); furthermore, € 4,500 thousand in reserves were released last year due to the expiration of risks with telephone operators in relation to mobile network call origination charges, which arose following an AGCOM resolution and subsequent litigation.

Other operating income and expenses showed a net balance of -€ 1,821 thousand in 2011 (compared with a net balance of -€ 1,347 thousand in 2010 restated).

The **operating result before amortization, depreciation, non-recurring and restructuring costs (EBITDA)** totalled € 370,638 thousand in 2011, down 11.0% on 2010 *restated* (€ 416,496 thousand), with an operating margin of 38.7% (40.3% in 2010 *restated*).

Amortization, depreciation and operating impairment losses totalled € 62,395 thousand in 2011 (€ 65,058 thousand in 2010), of which € 48,587 thousand related to intangible assets with a finite useful life (€ 50,483 thousand in 2010) and € 13,808 thousand to property, plant and equipment (€ 14,575 thousand in 2010). This item includes the depreciation of the carrying amount of TDL building equal to € 1,729 thousand.

Amortization, depreciation and non-operating impairment losses totalled € 698,858 thousand (€ 685,579 thousand in 2010). Following the assessments carried out in 2011, impairment tests resulted in the recording of write-downs on the goodwill of the TDL group (€ 21,286 thousand), Telegate Holding Gmbh (€ 11,850 thousand) and Telegate AG (€ 353 thousand). Last year this item mainly included the posting of the € 650,447 thousand write-down on the goodwill of SEAT Pagine Gialle S.p.A. (for further details, see point 7 of the Explanatory notes to the consolidated financial statements). The item also includes € 2,574 thousand relating to amortization of the customer database posted under Group assets. Last year also included a € 8,633 thousand write-down of the customer database operated by the Telegate group in connection with the subsidiary Telegate Media AG.

Net non-recurring and restructuring costs, totalled € 42,403 thousand in 2011 (€ 40,704 thousand in 2010). Non-recurring costs amounted to € 29,809 thousand (€ 9,187 thousand in 2010), of which € 27,552 thousand relate to the Parent Company, mainly involving the current renegotiation of the existing debt aimed at a long-term stabilisation of the financial structure. The item also includes € 1,773 thousand in costs relating to the Telegate group, partly referring to the streamlining of its call centres in Germany and Spain and partly to the management support activities aimed at accelerating new media business development. Restructuring costs totalled € 12,594 thousand (€ 31,517 thousand in 2010) and include an allocation of € 9,860 thousand to the provision for the sales force reorganization project at SEAT Pagine Gialle S.p.A.

The operating result (EBIT) totalled € a loss of 433,019 thousand in 2011 (-€ 374,845 thousand in 2010 *restated*). As well as the negative business trends already seen at GOP and EBITDA levels, the EBIT also reflects the impact of the aforementioned write-down of goodwill.

Net interest expense, at € 268,387 thousand in 2011 (€ 253,959 thousand in 2010), was the balance resulting from interest expense of € 284,428 thousand (€ 270,527 thousand in 2010) and financial income of € 16,041 thousand (€ 16,568 thousand in 2010). The net balance saw an increase of € 14,428 thousand (+5.7%) compared with 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 2011 included in particular:

- € 121,380 thousand of interest expense on the fixed-rate subordinated loan with the associate Lighthouse International Company S.A.; this amount includes € 17,130 thousand relating to the portion of transaction expense amortization pertaining to the period;
- € 53,275 thousand of interest expense (€ 68,467 thousand in 2010) on the Senior credit agreement between SEAT Pagine Gialle S.p.A. and The Royal Bank of Scotland Plc Milan branch (hereinafter The Royal Bank of Scotland). This amount includes € 8,157 thousand relating to transaction and refinancing costs for the period, € 8,780 thousand relating to the negative impact of cash flow hedge instruments against interest rate risk and € 3,232 thousand relating to the revolving line of credit interest;
- € 84,818 thousand of interest expense paid on the Senior Secured Bond (compared with € 61,863 thousand in 2010). This amount includes € 2,413 thousand relating to transaction costs for the period and € 3,655 thousand for the share of the issue discount;
- € 1,214 thousand of interest expense (against € 5,283 thousand in 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 the securitization programme terminated in June 2011;
- € 2,343 thousand of interest expense (against € 2,289 thousand in 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;
- € 10,442 thousand in other interest expenses (€ 11,474 thousand in 2010), which include, among other things, € 4,973 thousand (€ 4,723 thousand in 2010) of interest expense from non-current asset and liability adjustment and € 3,477 thousand from accrued interest on tax payables due under Article 23, paragraph 4 of Legislative Decree no. 98/2011;
- € 10,956 thousand of foreign exchange losses (against € 10,930 thousand in 2010) recorded as a result of hedging transactions against euro/sterling exchange rate risk, which were more than offset by the foreign exchange gains of € 12,265 thousand recorded under interest income.

Interest income in 2011 mainly included:

- € 2,233 thousand of interest income (€ 1,599 thousand in 2010) from non-current assets, particularly assets used to finance the TDL Infomedia group's pension fund;
- € 1,305 thousand of interest income (€ 1,279 thousand in 2010) from the investment of short-term liquidity in the banking system at market rates, mainly Euribor rates;
- € 12,265 thousand of foreign exchange gains (€ 11,137 thousand in 2010) mainly recorded as a result of the hedging policy adopted against euro/sterling exchange rate risk.

In 2011 the average total cost of the financial debt of SEAT Pagine Gialle S.p.A. was 8.5% (7.6% in 2010), in line with the forecasts. This change was due to the difference in the structure of the debt following the issue of the 10.5% fixed-rate Senior Secured Bond of € 750 million for the repayment of the Senior bank loan at considerably lower rates.

As a result of the large proportion of debt at a fixed rate, the estimated effects of a hypothetical move of the Euribor curves by +50/-50 basis points in relation to the rates actually applied in 2011 have not been reported, as they are insignificant.

Income taxes for the year totalled € 87,184 thousand, against € 87,938 thousand in 2010 (restated), and can be broken down as follows

(euro/thousand)	Year 2011	Year 2010 restated	Change Absolute	%
Current income taxes	41,210	77,887	(36,677)	(47.1)
Reversal (provision) of deferred tax assets	43,457	(15,865)	59,322	n.s.
Provision (reversal) of deferred tax liabilities	2,590	(121)	2,711	n.s.
Income taxes referred to the previous years	(73)	26,037	(26,110)	n.s.
Total income taxes for the year	87,184	87,938	(754)	(0.9)

Current income taxes totalled € 41,210 thousand in 2011, down € 36,677 thousand compared with 2010 (€ 77,887 thousand). This amount includes a one-off payment of € 29,666 thousand of substitute tax as provided for in Article 23, paragraph 4 of Decree Law no. 98/2011 relating to interest paid until April 30, 2011 on the existing subordinated loan with Lighthouse International Company S.A. Net of this component, current taxes benefit from a one-off tax savings due to the change accounting criteria, in that the restatement of the statements of operations for previous years had a tax impact in the 2011 tax year.
Therefore, the amount of current taxes for both 2011 and 2010 restated should be viewed in conjunction with the deferred tax provision/release, considering that the deferred taxes recorded in 2010 restated as a result of the change in accounting criteria were largely recovered in 2011, with the remainder expected to be recovered in 2012.
Net of these one-off effects on 2010 and 2011, the amount of current taxes reflects the performance of operating profitability.

Income taxes pertaining to previous years fell € 26,110 thousand compared with 2010; last year included about € 26,037 thousand relating to the Parent Company stemming from the decision to close out the tax contingencies arising in the year by means of a consent assessment; for further details see point 32 of the Explanatory notes to the consolidated financial statements.

Profit (loss) on continuing operations showed a loss of € 788,968 thousand, against a loss of € 716,707 thousand in 2010 *restated*. Year 2011 recorded a goodwill write-downs (€ 696,284 thousand) following the impairment tests carried out in the year (for further details see point 7 of the Explanatory notes to the consolidated financial statements).

Net profit (loss) on non-current assets held for sale and discontinued operations was zero in 2011, compared with a net loss of € 240 thousand in 2010, relating to further disposal costs involving the French subsidiary Telegate 118 000 SAS, in November 2009.

Profit (loss) pertaining to minority interests showed a profit of € 782 thousand (€ 1,200 thousand in 2010 *restated*) and relates mainly to minority interests of the Telegate group.

Profit (loss) pertaining to the Group showed a loss of € 789.750 (-€ 718,147 thousand in 2010 *restated*).

Reclassified consolidated statement of financial position as at December 31, 2011

Introduction

By effect of its loan agreement with The Royal Bank of Scotland, the indenture with Lighthouse International Company S.A. and the January and October 2010 bond issues, SEAT Pagine Gialle S.p.A. provided the usual securities for this type of transaction, the most significant being:
- pledge on the Company's main trademarks;
- pledge on the shares of its main subsidiaries;
- pledge on part of the Company's shares held by Sterling Sub Holdings S.A., Subcart S.A. and AI Subsilver S.A.

SEAT Pagine Gialle S.p.A. also created a special lien in favour of The Royal Bank of Scotland, in connection with the Senior loan agreement, on its fixed assets with a net book value greater than or equal to € 25,000.

Net invested capital

Net invested capital, of € 2,147,548 thousand as at December 31, 2011, down of € 765,095 thousand compared to December 31, 2010 restated.
Net invested capital can be broken down as follows:
- **goodwill and customer databases** amounted to € 1,951,857 thousand as at December 31, 2011, of which € 1,940,373 thousand relates to goodwill posted among the assets of the Group resulting from acquisition transactions. The item fell by € 699,398 thousand compared with December 31, 2010, as a result of:
  - write-downs posted as a result of the impairment tests carried out in the year (for further details, see point 7 of the Explanatory notes to the consolidated financial statements). The write-downs in particular relate to € 662,795 thousand for SEAT Pagine Gialle SpA, € 21,286 thousand for the TDL group, € 11,850 thousand for Telegate Holding Gmbh and € 353 thounsand for Telegate AG;
  - Amortization (€ 2,574 thousand) of the customer databases recorded under the Group's assets when acquisitions were carried out, as an allocation of part of the difference between the price paid and the portion of equity acquired, in accordance with the provisions of IFRS 3 and based on internal and/or expert valuations;
  - recognition of positive exchange rate differences on the goodwill recorded under TDL Infomedia group assets (€ 219 thousand) as a result of the sterling strengthening against the euro;
- **other non-current assets**, totalled € 175,245 thousand as at December 31, 2011, down € 66,773 thousand compared to December 31, 2010 restated (€ 242,018 thousand). These assets include:
  - *capital assets and equipment,* which totalled € 151,653 thousand as at December 31, 2011, down € 14,191 thousand compared with the previous year. This change reflects an increase in assets further to major capital expenditure of € 48,095 thousand (€ 40,344 thousand in 2010), which was more than offset by amortization, depreciation and operating write-downs of € 62,395 thousand.

Capital expenditure relates to the following business areas:

- € 36,952 thousand was spent on SEAT Pagine Gialle S.p.A. in 2011 (€ 31,256 thousand in 2010), on:
- a review of administrative processes and managerial reporting through the use of a single corporate performance management application interfaced with the Company's data warehouse (DWH);
- a review of the main software processes with a view to developing products from a customer-centric perspective by using the release of the new management platforms (SAP/front-end CRM) to adopt a single-contract approach;
- improvements to IT systems to meet the new requirements of marketing plans, with the launch of new products and improvement to existing products on SEAT platforms (print-online&mobile-voice). More specifically: *i)* the PagineGialle e-book and PagineBianche e-book applications were launched on Apple Store; *ii)* development of the PagineBianche Web Browser has been initiated for supplying a digital version of PagineBianche; *iii)* software developments were launched for gathering and managing the orders of several internet initiatives, such as lamiaimpresaonline.it, couponing, social business and App4site;
- the acquisition of centralised hardware (Data Centre) to replace obsolete machines with new ones that perform better and use less energy, thereby enabling the Company to pursue its plans to "virtualise" its centralised hardware. Furthermore, there was capital expenditure in the creation of a Disaster Recovery system with the aim of

maintaining the providing of the sites and the immediate handling of problems arising in providing them.
- Telegate group (€ 3,024 thousand; € 2,457 thousand in 2010) to replace and upgrade the technical equipment at the call centres in conjunction with the modernisation of the sales and management infrastructures;
- Consodata S.p.A. (€ 3,674 thousand; € 3,808 thousand in 2010) for the acquisition and development of software platforms, the expanding of databases (including geo-referenced databases) and the acquisition of databanks;

- *net deferred tax assets* totalling € 22,800 thousand as at December 31, 2011 (€ 74,934 thousand as at December 31, 2010 *restated*), of which € 10,517 thousand relating to SEAT Pagine Gialle S.p.A., €1,652 thousand to the TDL Infomedia group and € 7,919 thousand to the Telegate group;

- **operating non-current liabilities** totalled € 49,029 thousand as at December 31, 2011 (€ 62,346 thousand as at December 31, 2010). The item includes:
  - *defined-benefit pension plans*, which totalled € 13,047 thousand as at December 31, 2011 (€ 20,821 thousand as at December 31, 2010), net of assets designed to finance these plans, totalling € 48,374 thousand as at December 31, 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. In 2011, € 7,501 thousand was paid out to increase the assets used in the context of these schemes; this amount increased by € 4,451 thousand compared with 2010 following the renegotiation of the TDL Infomedia group pension fund repayment plan, which involved additional payments. Net actuarial gains generated in the year, amounting to € 1,430 thousand, are recognised in the financial statements by direct attribution to Group equity, net of the pertinent tax effect (€ 1,542 thousand in actuarial losses as at December 31, 2010).
  - the *severance indemnity fund*, which totalled € 13,144 thousand as at December 31, 2011 (€ 15,968 thousand as at December 31, 2010);
  - *the sales agents' termination indemnity fund* totalled € 20,569 thousand as at December 31, 2011, down € 2,406 thousand compared with December 31, 2010 (€ 22,975 thousand). This reserve represents the accrued amount at the end of the year payable to sales agents for indemnity due to them in the event of termination of the agency contract, as provided by current regulations. Taking into consideration expected future cash flows, the fund 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** of € 9,501 thousand as at December 31, 2011 (€ 20,372 thousand as at December 31, 2010 restated) relate to: € 5,977 thousand of deferred tax liabilities, mainly relating to the Telegate group, and € 2,956 thousand of provisions for restructuring expenses (non-current portion), which was € 12,121 thousand in 2010. The reduction compared to the previous year was due to the transfer of the current portion of the reserve for restructuring (€ 9,448 thousand) in connection with the Parent Company's reorganization plan;
- **operating working capital** of € 96,051 thousand as at December 31, 2011 (€ 158,257 thousand as at December 31, 2010 restated).
  Described below are the most significant changes occurring in the year, with particular reference to:
  - *trade receivables*, which totalled € 520,797 thousand as at December 31, 2011, falling by € 92,291 thousand compared with December 31, 2010 restated, mainly relating to SEAT Pagine Gialle S.p.A. (€ 93,844 thousand);
  - *payables for services to be rendered and other current liabilities*, which totalled € 265,831 thousand as at December 31, 2011, falling by € 25,422 thousand compared to December 31, 2010, restated, mainly resulting from purchase and invoice times for print product advertising services;
  - *trade payables*, which totalled € 192,608 thousand as at December 31, 2011, falling by € 14,985 thousand compared with December 31, 2010, restated, essentially relating to SEAT Pagine Gialle S.p.A.
- **non-operating working capital**, down by -€ 16,770 thousand as at December 31, 2011 (-€ 55,919 thousand as at December 31, 2010 restated). The change of € 39,149 thousand compared with December 31, 2010, restated, is mainly attributable to:
  - *income tax payables* of € 1,992 thousand as at December 31, 2011 (€ 32,277 thousand as at December 31, 2010), down € 30,285 thousand compared with December 31, 2010 (for further details see point 32 of the Explanatory notes to the consolidated financial statements);
  - *current tax assets* of € 26,180 thousand as at December 31, 2011 (€ 3,759 thousand as at December 31, 2010), up by € 22,421 thousand compared with December 31, 2010 (for further details see point 32 of the Explanatory notes to the consolidated financial statements);
  - *provisions for non-operating current risks and charges* were € 27,470 thousand (€ 21,831 thousand as at December 31, 2010). The staff restructuring reserve, current portion, existing at the beginning of the year was utilised in the year to the extent of € 13,783 thousand, of which € 12,521 thousand related to SEAT Pagine Gialle S.p.A. in implementing its reorganization plan. The provision for restructuring sales network has been increased during the year to € 9,860 thousand.

Equity

Equity totalled € 555,078 thousand as at December 31, 2011 (€ 228,654 thousand as at December 31, 2010 restated), of which € 568,759 thousand pertained to the Parent Company (€ 213,590 thousand as at December 31, 2010 restated), and € 13,681 thousand to minority interests (€ 15,064 thousand as at December 31, 2010 restated).
The € 782,349 thousand decrease, recognised in the portion pertaining to the Parent Company, is attributable to the € 789,750 thousand loss for the year, partially offset by:

- an increase of € 11,047 thousand in the cash flow hedge reserve (a negative € 1,561 thousand as at December 31, 2011, against a negative € 12,608 thousand as at December 31, 2010). More information can be found in point 16 of the Explanatory notes to the consolidated financial statements;
- an increase of € 2,700 thousand (net of tax effect) in actuarial losses recorded with reference to defined-benefit pension plans.

Net financial debt

As at December 31, 2011 **net financial debt** was € 2,734,188 thousand, up € 3,156 thousand from December 31, 2010; it differs from the net financial debt at book value as it is posted "gross" of the expenses incurred i) for transaction costs and refinancing of the medium and long-term Senior debt with the Royal Bank of Scotland, ii) for the Subordinated Loan to Lighthouse International Company S.A. and iii) for the issue of the Senior Secured Bond, totalling € 33,123 thousand net of those portions already amortised. Net financial debt does not include the net value arising from the valuation at market values of the cash flow hedge instruments in place at the end of the period or, if closed early, cash flow hedge instruments that will become effective in subsequent periods. As at December 31, 2011 this value amounted in total to a net liability of € 1,561 thousand (€ 13,780 thousand as at December 31, 2010).

Net financial debt as at December 31, 2011 is broken down as follows

	(euro/thousand)	As at 12.31.2011	As at 12.31.2010	Change
A	Cash	172,732	241,728	(68,996)
B	Cash equivalent	-	-	-
C	Trading securities	-	-	-
D=(A+B+C)	Liquidity	172,732	241,728	(68,996)
E.1	Current Financial Receivable to third parties	3,486	1,498	1,988
E.2	Current Financial Receivable to related parties	-	-	-
F	Current Bank debt	740,250	7,683	732,567
G	Current portion of non current debt	3,017	263,270	(260,253)
H.1	Other current financial debt to third parties	31,376	24,056	7,320
H.2	Other current financial debt to related parties	1,369,500	17,375	1,352,125
I=(F+G+H)	Current Financial Debt	2,144,143	312,384	1,831,759
J=(I-E-D)	Net Current Financial Indebtedness	1,967,925	69,158	1,898,767
K	Non current Bank loans	-	596,116	(596,116)
L	Bonds Issued	722,242	718,587	3,655
M.1	Other non current loans to third parties	46,319	49,339	(3,020)
M.2	Other non current loans to related parties	-	1,300,000	(1,300,000)
N=(K+L+M)	Non Current Financial Debt	768,561	2,664,042	(1,895,481)
O	Non Current Financial Receivable to third parties	2,298	2,168	130
P=(N-O)	Net non Current Financial Indebtedness	766,263	2,661,874	(1,895,611)
Q=(J+P)	Net Financial Indebtedness	2,734,188	2,731,032	3,156
	Transaction costs on loans and securitization costs not yet amortized and Net market value of "cash flow hedge" instruments	(31,562)	(47,043)	15,481
	Net Financial Indebtedness - book value	2,702,626	2,683,989	18,637

The Net Financial Indebtedness according to the outline provided by ESMA Recommendation 81/2011 does not include Non Current Financial Receivable to third parties

Q	Net Financial Indebtedness	2,734,188	2,731,032	3,156
O	Non Current Financial Receivable to third parties	2,298	2,168	130
R=(Q+O)	Net Financial Indebtedness (ESMA Recommendation 81/2011)	2,736,486	2,733,200	3,286

With the aim of achieving long-term financial stability, in 2011 the Company undertook negotiations for the voluntary restructuring of its own financial structure and, pending negotiations on approval of the transaction, decided *i)* not to proceed with financing of the six-month coupon of € 52,125 thousand due from Lighthouse International Company S.A., *ii)* not to make repayment of the principal instalment of € 35,196 thousand and interest of € 14,775 thousand due to The Royal Bank of Scotland and *iii)* not to make payment of the interest on the ancillary hedging contracts for the financing in the Framework Contract of € 2,900 thousand. As a result of that and as provided for in paragraph 74 of IAS 1, the non-current financial debts to Lighthouse International Company S.A. (€ 1,300,000 thousand) and to The Royal Bank of Scotland (€ 446,794 thousand) were reclassified as short-term given that the respective loan agreements contained a "*debt acceleration*" clause in case of payment default so that the debt would become immediately payable in full and, under that clause, the respective counterparties did not grant a grace period of at least twelve months. As regards debt to Senior Secured bondholders, there were no events of default due to non-payment at December 31, 2011, and the respective agreement sets provides that non-payment of the debt to Lighthouse International Company S.A. and to The Royal Bank of Scotland only constitutes an event of default should the respective creditors exercise the acceleration clause, which had not occurred as at December 31, or as at the date of approval of these financial statements. There were therefore no grounds for short-term reclassification of the debt to Senior Secured bondholders, pursuant to IAS 1 paragraph 74, as at December 31, 2011.

The following is a breakdown of the debt:

- **non-current financial debt** was € 768,561 thousand as at December 31, 2011 (€ 2,664,042 thousand as at December 31, 2010) and is comprised of the following items:
  - *Senior Secured Bonds* issued amounted to € 722,242 thousand, corresponding to the net value of the issue (€ 716,809 thousand) plus the total accrued discount as at December 31, 2011 (€ 5,443 thousand). The two 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 discounts (the first tranche was issued on January 28, 2010 at a price equivalent to 97.5998% and the second on October 8, 2010 at a price equivalent to 90.0%), the yield on the placement of these bonds was 11% per annum for the first issue and 12.85% per annum for the second issue.
  - *Other non-current financial debts*, totalling € 46,319 thousand as at December 31, 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 48 remaining instalments on the contracts with effect from December 2008 and 52 remaining instalments on the contract with effect from October 2009. All instalments are quarterly deferred instalments subject to a variable interest rate equal to three-month Euribor plus a spread of around 65 basis points per annum. The residual value is fixed at around 1% of the value of the property complex.
- **current financial debt** was € 2,144,143 thousand as at December 31, 2011 (€ 312,384 thousand as at December 31, 2010) and mainly consists of:
  - *Current financial debts to banks*: amounting to € 740,250 thousand as at December 31, 2011 (€ 7,683 thousand as at December 31, 2010) and mainly referring to debt on the Senior loan with The Royal Bank of Scotland, broken down as follows:
    a) € 184,517 thousand relating to tranche A, which includes the capital instalment of € 35,196 thousand due on December 28, 2011, not repaid for the reasons mentioned above, and the principal instalment of € 149,321 thousand due on June 8, 2012, with application of a floating interest rate at Euribor plus a 3.41% per annum spread;
    b) € 446,794 thousand relating to tranche B, repayable in a single instalment on June 8, 2013 and bearing a floating interest rate equal to Euribor plus a spread of 3.91% per annum. This instalment was reclassified as short-term pursuant to paragraph 74 of IAS 1, as described above;
    c) € 90,000 thousand relating to a revolving credit line 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 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 programme completed on June 15, 2011;
    d) € 14,775 thousand relating to interest expense due December 28, 2011 relating to the debt on tranches A and B with The Royal Bank of Scotland, payment of which has been suspended, as described above.
  - *Other current financial debts to related parties* refer to debts to Lighthouse International Company S.A. and amount to € 1,369,500 thousand as at December 31, 2011. This amount includes a principal portion of € 1,300,000 thousand and interest of € 69,500 thousand

accrued and not yet paid as at December 31, 2011, of which € 52,125 thousand was due on October 31, 2011 and is unpaid for the reasons described above. The loan, with a term of ten years and with a fixed interest rate of 8% per year, matures in 2014. It is noted that SEAT Pagine Gialle S.p.A. provided security of €350,000 thousand in conjunction with issuance of the loan for any eventual ancillary expenses relating to the bond.

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; *iii)* cash flow and debt service (including interest and capital payable in each reference period).
The outcome of the checks on the covenants and compliance with all the obligations imposed by the loan agreement as at December 31, 2011 (the date of this report) was negative, with the resulting determination of a further "default event".

The Senior debt 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. All hedging derivatives entered into reached expiration on December 28, 2011; in view of the large proportion of debt at a fixed rate, it was not deemed necessary to enter into new hedging contracts.

With reference to 2012, 76% of the total debt will have a fixed rate, increasing to 87% in the 2012-2014 three-year period and to 95% in the 2015-2016 two-year period.

- **current financial receivables and cash and cash equivalents** totalled € 176,218 thousand as at December 31, 2011 (€ 243,226 thousand as at December 31, 2010) and included € 172,732 thousand in cash and cash equivalents (€ 241,728 thousand as at December 31, 2010). The cash and cash equivalents included the aforementioned non-servicing of the debt for € 104,996 thousand (of which i) € 52,125 thousand in accrued interest on the loan obtained from Lighthouse International Company S.A. due on October 31, 2011; ii) € 35,196 thousand for the instalment due to The Royal Bank of Scotland in repayment of the Senior debt and the pertinent interest of € 14,775 thousand due on December 28, 2011 and iii) €2,900 thousand in interest on ancillary hedging contracts for the financing);
- **non-current financial receivables** totalled € 2,298 thousand as at December 31, 2011 (€ 2,168 thousand as at December 31, 2010) and comprise loans to employees issued at market rates for transactions of this kind.

Risk from high levels of financial debt

As at December 31, 2011 the SEAT Pagine Gialle group had a high level of debt, characterised by financial leverage around seven times in excess of the EBITDA, and by an average overall financial debt duration of 2.74 years as at December 31, 2011.

The maturities of the existing financial instruments are shown as follows

	Due date - by						
(euro/thousand)	As at December 31, 2012	As at December 31, 2013	As at December 31, 2014	As at December 31, 2015	As at December 31, 2016	Beyond five year	Total
SSB (*)	-	-	-	-	-	750,000	750,000
The Royal Bank of Scotland	274,517	446,794	-	-	-	-	721,311
Lighthouse Notes Proceeds Loan	-	-	1,300,000	-	-	-	1,300,000
Debts due to Leasint S.p.A.	3,014	3,175	3,341	3,515	3,694	32,594	49,333
Total non-current financial debt (gross value)	277,531	449,969	1,303,341	3,515	3,694	782,594	2,820,644

(*) In the consolidated financial statements was shown net of the issue discount and amounted to € 722,242 thousand.

These loan agreements contain a *debt acceleration* clause in the event of payment default so that the debt becomes payable in full and with immediate effect, and in respect of this clause the respective counterparties did not grant a grace period of at least 12 months. As provided for in paragraph 74 of IAS 1, as at December 31, 2011 the non-current financial debts to Lighthouse International Company S.A. (€ 1,300,000 thousand) and to The Royal Bank of Scotland (€ 446,794 thousand) were reclassified as short-term debts and thus the maturities of the existing financial instruments can be broken down as follows

	Due date - by						
(euro/thousand)	As at December 31, 2012	As at December 31, 2013	As at December 31, 2014	As at December 31, 2015	As at December 31, 2016	Beyond five year	Total
SSB (*)	-	-	-	-	-	750,000	750,000
The Royal Bank of Scotland	721,311	-	-	-	-	-	721,311
Lighthouse Notes Proceeds Loan	1,300,000	-	-	-	-	-	1,300,000
Debts due to Leasint S.p.A.	3,014	3,175	3,341	3,515	3,694	32,594	49,333
Total non-current financial debt (gross value)	2,024,325	3,175	3,341	3,515	3,694	782,594	2,820,644

(*) In the consolidated financial statements was shown net of the issue discount and amounted to € 722,242 thousand.

These figures highlight a situation of unsustainable debt submitted to the Board of Directors, which has commenced negotiations for the voluntary restructuring of the financial structure; the process was successfully concluded with the acceptance of the Final Proposal formulated by the Company on January 31, 2012.
The maturities of the financial instruments envisaged in the restructuring transaction are set out below:

	Due date - by						
(euro/thousand)	As at December 31, 2012	As at December 31, 2013	As at December 31, 2014	As at December 31, 2015	As at December 31, 2016	Beyond five year	Total
SSB (*)	-	-	-	-	-	815,000	815,000
The Royal Bank of Scotland	150,196	70,000	80,000	95,000	326,116	-	721,312
Lighthouse Notes Proceeds Loan	-	-	-	-	-	-	-
Debts due to Leasint S.p.A.	3,014	3,175	3,341	3,515	3,694	32,594	49,333
Total non-current financial debt (gross value)	153,210	73,175	83,341	98,515	329,810	847,594	1,585,645

(*) This figure include € 65,000 thousand of bond to Lighthouse lenders, due after renegotiations of debt.

The decisions regarding missed payments are reflected in the downgraded ratings given to SEAT Pagine Gialle S.p.A. by the Standard & Poor's and Moody's agencies. As at the date of approval of this report, Standard & Poor's and Moody's respective ratings are D and Ca, each confirming a negative outlook.

As a result of successful voluntary restructuring of the financial structure, a rating assessment process is currently underway for obtaining of appropriate ratings in the second half of 2012, when it's forecast the completion of restructuring process of financial debt.

Risks connected to insufficient liquidity and to the obtaining of financial resources

The obvious risk concerning the obtaining of financial resources in connection with the lack of liquidity led to negotiations for the voluntary restructuring of the financial structure. The process reached a positive conclusion with re-stabilisation of the financial structure.

Significant agreements to which SEAT and/or its subsidiaries are party and which come into effect, are amended or lapse in the event of a change in the control of SEAT

The following summary description relates to the agreements in existence at December 31, 2011, unless otherwise indicated with reference to the contracts subsequently entered into that had an impact on the agreements in existence on that date.

It is however worth noting that new instruments and/or contracts, replacing those referred to below in sub-paragraphs 1 and 3, will be issued and/or entered into, under terms that fully or partially differ, in implementation of the voluntary financial restructuring operation in which SEAT is currently involved, where completed, in accordance with the terms of the final restructuring proposal as per the term sheet published by SEAT on February 22, 2012.

1. *Indenture relating to the bond issued by Lighthouse International Company S.A. known as "€1,300,000,000 8% Senior Notes Due 2014"*

On the basis of the Indenture (a document under U.S. law), which governs the rules for the notes (bonds) issued for the overall amount of €1,300,000,000 on April 22, 2004 by the Luxembourg-based company Lighthouse International Company S.A. and guaranteed by SEAT, where, among other things, *(i)* a party other than the investment funds considered jointly as indirectly holding an interest of around 49.6% of the ordinary share capital of SEAT on the date of approval of this document, should directly or indirectly become the holder ("beneficial owner", as the term is defined in the Indenture) of more than 30% of SEAT capital with voting rights (and the total percentage of SEAT capital with voting indirectly held by the said funds should fall to below this percentage and the said funds, considered as a whole, should not have the right or the possibility of appointing or nominating the majority of the members of the Board of Directors); or *(ii)* there should be a transfer of all or substantially all of SEAT's assets, as determined on a consolidated basis (unless it is a transfer as a result of which the transferee should become an obligor with regard to the notes issued by Lighthouse International Company S.A. and a subsidiary of the transferor of said assets); or *(iii)* Lighthouse International Trust Limited (or another trust in which the beneficiary is a charity) and SEAT should cease to collectively hold 99% of the share capital of Lighthouse International Company S.A.; in all of these cases each bondholder shall have the right, under the terms and conditions of the Indenture, to ask Lighthouse International Company S.A. to repurchase all or part of the notes held, to be paid in cash, at 101% of the nominal value of the notes held (plus interest accrued and not yet paid on the repurchase date). On the basis of the existing contractual instruments, in this event SEAT would have to provide Lighthouse International Company S.A. with the funds to make any such repurchases.

2. *Indenture relating to the bonds issued by SEAT and respectively known as "€550,000,000 10½% Senior Secured Notes Due 2017" and "€200,000,000 10.5% Senior Secured Notes Due 2017"*

On the basis of the two Indentures (documents under U.S. law), which govern the rules for the notes (bonds) issued by SEAT on January 28, 2010 and October 8, 2010 respectively, for the overall amount of €750,000,000, where *(i)* even following a merger of SEAT with or into another entity ("Person", as the term is defined in each Indenture), a person other than the persons belonging to the investment funds, which considered jointly, indirectly hold an interest of around 49.6% of the ordinary share capital of SEAT on the date of approval of this document, should directly or indirectly become the holder ("beneficial owner", as the term is defined in each Indenture) of more than 30% of SEAT's capital with voting rights (and the overall percentage of SEAT capital with voting rights indirectly held by the said funds should fall to below this percentage and the said funds, considered as a whole, should not have the right or the possibility of appointing or nominating the majority of the members of the Board of Directors); or *(ii)* there should be a transfer of all or substantially all of SEAT's assets, as determined on a consolidated basis (unless it is a transfer as a result of which the transferee should become an obligor with regard to the notes issued by SEAT and a subsidiary of the transferor of such assets); in all these cases each bondholder shall have the right, pursuant to the terms and conditions of each Indenture, to ask SEAT to repurchase all or part of the notes held, to be paid in cash, at

101% of the nominal value thereof, plus any interest accrued and not yet paid on the date of the repurchase by SEAT.
It should be noted that, under the terms and conditions of the two Supplemental Indentures, entered into on April 11, 2012, whereby, among other things, certain provisions of the Indentures for the bonds referred to in this paragraph were amended:

a) the execution of certain operations and actions for the purposes of implementing the proposed voluntary restructuring of SEAT, as contained in the term sheet published by SEAT on February 22, 2012, shall not constitute a change of control pursuant to the clauses of the aforementioned Indentures. In particular (and albeit in summary fashion), the scope of application of the change of control clause contained in each Indenture excludes the issue of ordinary SEAT shares to Lighthouse International Company S.A. or to holders of the bonds issued by the latter, or the stipulation of agreements or the execution of actions by *(i)* Lighthouse International Company S.A.; *(ii)* the holders of the bonds issued by it; *(iii)* persons belonging to the investment funds considered jointly as indirectly holding an interest of around 49.6% of the ordinary capital of SEAT on the date of approval of this report; and *(iv)* SEAT, all subject, however, to the terms provided for therein, executed in the context and for purposes of implementing the SEAT financial restructuring operation and by the date of its first Shareholders' Meeting, following the date of execution of said operation, at which the appointment of the members of the Board of Directors is approved;
b) with effect from the date of execution of the SEAT financial restructuring operation, the change of control clause provided in each Indenture will no longer contain any reference to persons belonging to the abovementioned investment funds and will come into effect where *(i)* even as a result of a merger of SEAT with or into another entity ("Person", as the term is defined in each Indenture), a person should directly or indirectly become the holder ("beneficial owner", as the terms is defined in each Indenture) of more than 30% of SEAT's capital with voting rights; or *(ii)* all or substantially all of the assets of SEAT or SEAT Interco (a company under Italian law wholly and directly owned by SEAT, identified as provided for and permitted by the Supplemental Indentures) should be transferred, determined on a consolidated basis (unless it is a transfer as a result of which the transferee should become an obligor with regard to the notes issued by SEAT and a subsidiary of the transferor of said assets).

3. *Term and Revolving Facilities Agreement*
Pursuant to paragraph 8.6 of the loan agreement known as the Term and Revolving Facilities Agreement, entered into, among others, by SEAT, as Borrower, and The Royal Bank of Scotland Plc (RBS), as Lender, on May 25, 2005 in the overall amount of €2,620,100,000 (as amended), in the event that a "Change of Control", the Lender's commitment to disburse new amounts pursuant to the said loan agreement will immediately lapse; and (ii) the Borrower must immediately repay in advance all loans disbursed in its favour and all amounts paid relating to letters of credit issued in its interests pursuant to the said loan agreement. Pursuant to said loan agreement, a "Change of Control" occurs when: (a) the current direct or indirect shareholders of each of the companies, Sterling Holdings S.A., Silcart S.A., Siltarc S.A. and AI Silver S.A., should collectively cease to hold, directly or indirectly, at least 50% of the share capital with voting rights of each of said companies; or (b) should any company from among Sterling Sub Holdings S.A., Subcart S.A. and AI Subsilver S.A. cease to be wholly (less one share each), directly or indirectly and respectively controlled by Sterling Holdings S.A., Silcart S.A. and Siltarc S.A. (considered jointly) and AI Silver S.A.; or (c) Sterling Sub Holdings S.A., Subcart S.A. and AI Subsilver S.A. should hold or come to hold an aggregate percentage of less than 30% of SEAT's share capital with voting rights; or (d) any fact or situation should occur that is defined as a Change of Control pursuant to the documents respectively known as Indenture (i.e. the contract under U.S. law entered into on April 22, 2004 between SEAT and RBS among others and governing the notes issued on the same date by Lighthouse International Company S.A.), SSB Indenture and AFI Loan Facilities Agreement (both as defined in the creditors' agreement known as "Intercreditor Deed" entered into, among others, by SEAT and RBS on May 25, 2005, as amended).

Credit risk

The SEAT Pagine Gialle group operates in the online directional advertising market, with a business characterised by a large number of customers. A total of 87.9% of the Group's trade receivables as at December 31, 2011 (90.0% as at December 31, 2010) relate to the Parent Company, SEAT Pagine Gialle S.p.A., which has around 455,000 customers throughout Italy, consisting mainly of small and medium-sized businesses. Each year, the Parent Company alone issues some 722,000 invoices, each providing on average for payment in 2.5 instalments of around € 542 each, meaning more than € 1.8 million of receipts. There is, therefore, no concentration of credit risk.

The large volume of transactions generates a high number of payments in arrears, hence the need for an effective credit management system. Over time, the Parent Company has introduced a widespread and continually strengthened team that is able to efficiently manage all phases of the payment request process. The in-house team, call centres, collection agencies and legal experts constitute a total of around 1,400 people.

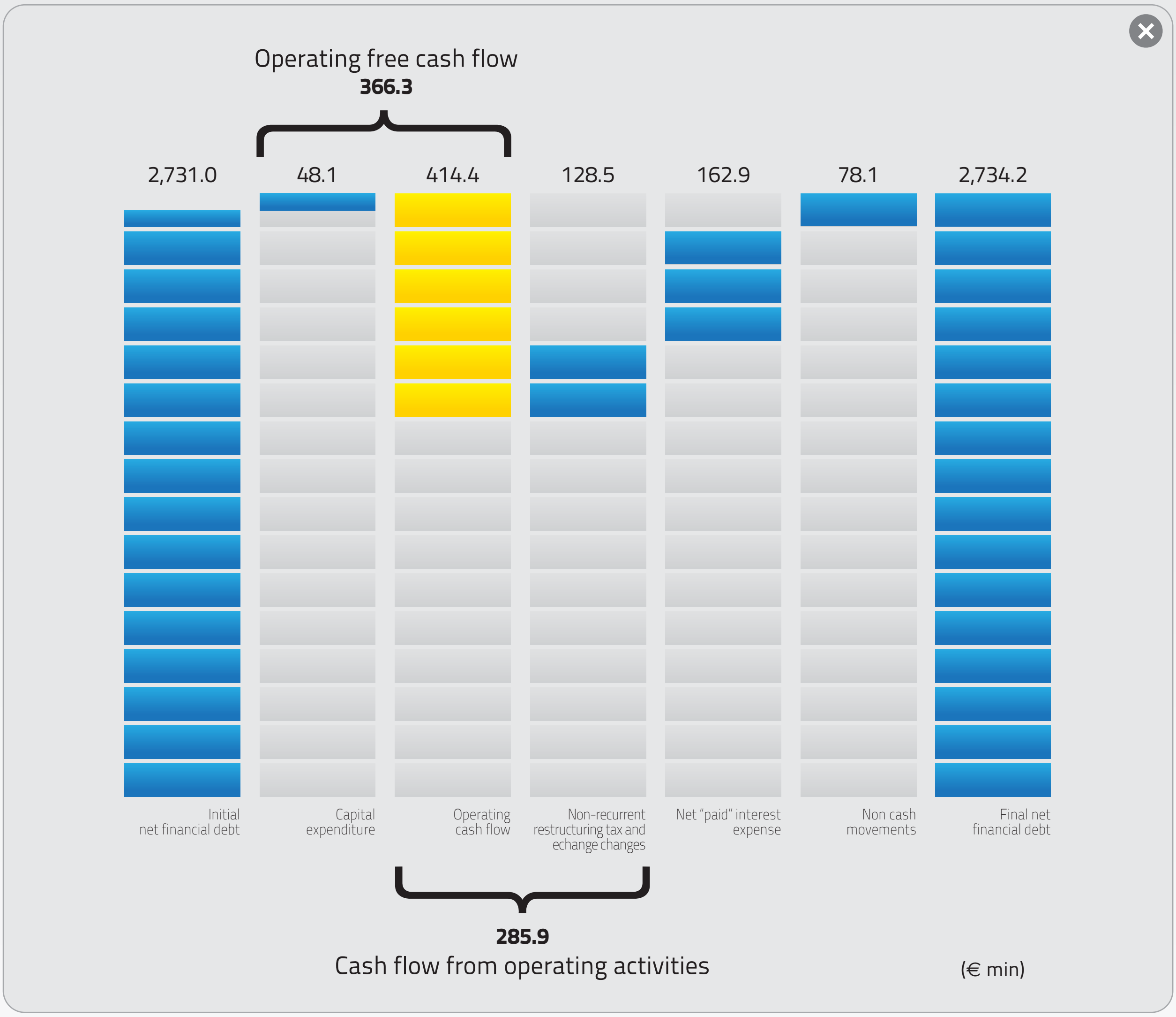
In 2011 the recovery process was completely revised to optimise collections and reduce the DSO (days of sales outstanding – average collection time) via the selection of call centre and collection companies, the segmentation of debtors into groups with similar behaviour and the determination of a personalised recovery strategy for each segment; with this aim, in 2011 the Parent Company initiated a broad project, called "T-Power", for optimisation of the working capital, with a view to substantially reducing the amount of customer receivables by taking action on payment terms and credit collection activities.

Credit risk exposure – represented by the provisions for doubtful receivables on the financial statements – is measured using a statistical model which breaks down the customer base by location and seniority, which reflects the historical experience of SEAT Pagine Gialle S.p.A. in debt collection and projects it into future estimates.

At December 31, 2011, Group provisions for doubtful trade receivables totalled € 76,164 thousand, down from € 109,261 thousand as at December 31, 2010. Provisions from the statements of operations fell from € 34,758 thousand to € 25,444 thousand owing to a broadly stable and satisfactory coverage ratio for overdue payments.

Consolidated statement of cash flows for 2011

The following graph summarises the main elements that affected the change in net financial debt in 2011:



Free operating cash flow generated in 2011 (€ 366,333 thousand) was € 48,268 thousand lower than in the previous year, *restated* (€ 414,601 thousand); this reduction reflects EBITDA performance, falling € 45,859 thousand compared with 2010 restated, as well as a € 5,625 thousand decrease in flows deriving from the change in non-current operating liabilities resulting from the renegotiation of the TDL Infomedia pension fund repayment plan; the contribution from operating working capital was € 9,396 thousand. The performance of free operating cash flow was also negatively influenced by the € 7,751 thousand growth in capital expenditure (€ 48,095 thousand in 2011, € 40,344 thousand in 2010).

Free operating cash flow as a percentage of revenues from sales and services (38.3%) in 2011 fell compared with 2010 *restated* (40.1%) and free operating cash flow as a percentage of EBITDA went from 99.5% in 2010, *restated*, to 98.8% in 2011.

Reclassified consolidated statements of operations

(euro/thousand)	Year 2011	Year 2010 restated	Change Absolute	%
Revenues from sales and services	956,728	1,034,354	(77,626)	(7.5)
Cost of materials and external services (*)	(364,679)	(379,194)	14,515	3.8
Salaries, wages and employee benefits (*)	(181,071)	(198,929)	17,858	9.0
Gross operating profit (GOP)	410,978	456,231	(45,253)	(9,9)
% on revenues	*43.0%*	*44.1%*		
Valuation adjustments and provisions to reserves for risks and charges, net	(38,519)	(38,388)	(131)	(0.3)
Other operating income (expense)	(1,822)	(1,347)	(475)	(35.3)
EBITDA	370,637	416,496	(45,859)	(11.0)
% on revenues	*38.7%*	*40.3%*		
Operating amortization, depreciation and write-down	(62,395)	(65,058)	2,663	4.1
Non-operating amortization, depreciation and write-down	(698,858)	(685,579)	(13,279)	(1.9)
Non-recurring and restructuring costs, net	(42,403)	(40,704)	(1,699)	(4.2)
EBIT	(433,019)	(374,845)	(58,174)	(15.5)
% on revenues	*(45.3%)*	*(36.2%)*		
Interest expense, net	(268,387)	(253,959)	(14,428)	(5.7)
Gain (loss) on investments accounted for at equity	(378)	35	(413)	n.s.
Profit (loss) before income taxes	(701,784)	(628,769)	(73,015)	(11.6)
Income taxes for the year	(87,184)	(87,938)	754	0.9
Profit (loss) on continuing operations	(788,968)	(716,707)	(72,261)	(10.1)
Profit (loss) from non-current assets held for sale and discontinued operations	-	(240)	240	100.0
Profit (loss) for the year	(788,968)	(716,947)	(72,021)	(10.0)
- of which pertaining to the Group	(789,750)	(718,147)	(71,603)	(10.0)
- of which non-controlling interests	782	1,200	(418)	(34.8)

Consolidated statements of comprehensive income

(euro/thousand)		Year 2011	Year 2010 restated
Profit (loss) for the period	(A)	(788,968)	(716,947)
Profit (loss) for "cash flow hedge" instruments		11,047	9,606
Profit (loss) for foreign exchange adjustments		(138)	(434)
Actuarial gain (loss) recognised to equity		(2,700)	(1,247)
Total other comprehensive profit (loss) for the year, net of tax effect	(B)	8,209	7,925
Total comprehensive profit (loss) for the year	(A+B)	(780,759)	(709,022)
- of which pertaining to the Group		(781,541)	(710,222)
- of which non-controlling interests		782	1,200

Reclassified consolidated statement of financial position

(euro/thousand)		As at 12.31.2011	As at 12.31.2010 restated	Change
Goodwill and customer database		1,951,857	2,651,255	(699,398)
Other non-current assets (*)		175,245	242,018	(66,773)
Operating non-current liabilities		(49,029)	(62,346)	13,317
Non-operating non-current liabilities		(9,501)	(20,372)	10,871
Operating working capital		96,051	158,257	(62,206)
- Operating current assets		*594,136*	*699,285*	*(105,149)*
- Operating current liabilities		*(498,085)*	*(541,028)*	*42,943*
Non-operating working capital		(16,770)	(55,919)	39,149
- Non-operating current assets		*26,387*	*3,772*	*22,615*
- Non-operating current liabilities		*(43,157)*	*(59,691)*	*16,534*
Non-current assets held for sale and discontinued operations, net		(305)	(250)	(55)
Net invested capital		2,147,548	2,912,643	(765,095)
Equity of the Group		(568,759)	213,590	(782,349)
Non-controlling interests		13,681	15,064	(1,383)
Total equity	(A)	(555,078)	228,654	(783,732)
Current financial assets, cash and cash equivalent		(176,218)	(243,226)	67,008
Non-current financial assets		(2,298)	(2,168)	(130)
Current financial debts		2,144,143	312,384	1,831,759
Non-current financial debts		768,561	2,664,042	(1,895,481)
Net financial debt		2,734,188	2,731,032	3,156
Transaction costs on loans and securization costs not yet amortized and Net market value of "cash flow hedge" instruments		(31,562)	(47,043)	15,481
Net financial indebtedness - "book value"	(B)	2,702,626	2,683,989	18,637
Total	(A+B)	2,147,548	2,912,643	(765,095)

(*) Includes financial assets available for sale.

Consolidated statements of cash flows

(euro/thousand)	Year 2011	Year 2010 restated	Change
EBITDA	370,637	416,496	(45,859)
Gains (losses) from discounting operating assets and liabilities	(2,039)	(2,705)	666
Decrease (increase) in operating working capital (*)	57,460	48,064	9,396
(Decrease) increase in operating non-current liabilities (*)	(11,690)	(6,065)	(5,625)
Capital expenditure	(48,095)	(40,344)	(7,751)
(Gains) losses on disposal of non-current operating assets	60	(845)	905
Operating free cash flow	366,333	414,601	(48,268)
Payment of interest expense, net	(162,943)	(196,436)	33,493
Payment of transaction financial costs	-	(26,557)	26,557
Payment of income taxes	(94,035)	(85,362)	(8,673)
Payment of non-recurring and restructuring expense	(34,909)	(35,074)	165
Distribution of dividends	(2,163)	(3,365)	1,202
Share buy-back by Telegate AG	-	(3,364)	3,364
Flows on "Non-current assets held for sale and discontinued operations"	-	(240)	240
Foreign exchange adjustments and other movements	(75,439)	(32,453)	(42,986)
Change in net financial debt	(3,156)	31,750	(34,906)

(*) The changes don't include the non monetary effects arising from the reclassification to non-current assets held for sale and discontinued operations and profit and losses recognised to equity.

Reconciliation of shareholders' equity pertaining to the Parent Company and consolidated shareholders' equity as at December 31, 2011

	Group				Minorities			Total
(euro/thousand)	Share capital	Reserves	Profit (loss) for the year	Total	Share capital and reserves	Profit (loss) for the year	Total	
SEAT Pagine Gialle S.p.A. at December 31, 2011	450,266	(189,521)	(817,856)	(557,111)	-	-	-	(557,111)
Profit (loss) for the year of consolidated companies	-	(176,793)	(22,309)	(199,102)	259	848	1,107	(197,995)
Share capital and reserves of consolidated companies	-	309,291	-	309,291	12,559	-	12,559	321,850
Book value of consolidated companies	-	(138,552)	17,661	(120,891)	-	-	-	(120,891)
Consolidation adjustments:								
Equity investments gains	-	45,803	(12,203)	33,600	-	-	-	33,600
Inter-Group disposals in previous periods	-	(7,679)	-	(7,679)	-	-	-	(7,679)
Intercompany dividends	-	8,051	(8,051)	-	-	-	-	-
Valuations of investments using the equity method	-	169	(169)	-	-	-	-	-
Exchange differences	-	(39,003)		(39,003)	-	-	-	(39,003)
Increase of capital of TDL	-	(45,100)	45,100	-	-	-	-	-
Other movements and change in the scope of consolidation	-	4,059	8,077	12,136	81	(66)	15	12,151
Share capital, reserves and consolidated results at December 31, 2011	450,266	(229,275)	(789,750)	(568,759)	12,899	782	13,681	(555,078)

Reconciliation of shareholders' equity pertaining to the Parent Company and consolidated shareholders' equity as at December 31, 2010

	Group				Minorities			Total
(euro/thousand)	Share capital	Reserves	Profit (loss) for the year	Total	Share capital and reserves	Profit (loss) for the year	Total	
SEAT Pagine Gialle S.p.A. at December 31, 2010	450,266	508,645	(709,369)	249,542	-	-	-	249,542
Profit (loss) for the year of consolidated companies	-	(200,701)	(9,477)	(210,178)	1,003	1,420	2,423	(207,755)
Share capital and reserves of consolidated companies	-	309,291	-	309,291	12,559	-	12,559	321,850
Book value of consolidated companies	-	(169,621)	31,069	(138,552)	-	-	-	(138,552)
Consolidation adjustments:								
Equity investments gains	-	53,999	(8,196)	45,803	-	-	-	45,803
Inter-Group disposals in previous periods	-	(7,679)	-	(7,679)	-	-	-	(7,679)
Intercompany dividends	-	20,513	(20,513)	-	-	-	-	-
Valuations of investments using the equity method	-	134	35	169	-	-	-	169
Exchange differences	-	(38,896)		(38,896)	-	-	-	(38,896)
Other movements and change in the scope of consolidation	-	5,786	(1,696)	4,090	(45)	127	82	4,172
Share capital, reserves and consolidated results at December 31, 2010 restated	450,266	481,471	(718,147)	213,590	13,517	1,547	15,064	228,654

Economic and financial performance of SEAT Pagine Gialle S.p.A.

Notes on the items can be found in the following sections:

- "Italian directories" Business Area
- Explanatory notes to the separate financial statements of SEAT Pagine Gialle S.p.A.

Reclassified statements of operations of SEAT Pagine Gialle S.p.A.

(euro/thousand)	Year 2011	Year 2010 restated	Change Absolute	Change %
Revenues from sales and services	748,515	797,536	(49,021)	(6.1)
Materials and external services (*)	(298,808)	(312,086)	13,278	4.3
Salaries, wages and employee benefits (*)	(69,887)	(73,599)	3,712	5.0
Gross operating profit (GOP)	379,820	411,851	(32,031)	(7.8)
% on revenues	*50.7%*	*51.6%*		
Other valuation adjustments and provisions to reserves for risks and charges	(33,009)	(33,048)	39	0.1
Other operating income (expense)	(946)	(416)	(530)	n.s.
EBITDA	345,865	378,387	(32,522)	(8.6)
% on revenues	*46.2%*	*47.4%*		
Operating amortization, depreciation and write-downs	(48,435)	(49,879)	1,444	2.9
Non-operating amortization, depreciation and write-downs	(662,795)	(650,447)	(12,348)	(1.9)
Non-recurring and restructuring costs, net	(37,551)	(34,554)	(2,997)	(8.7)
EBIT	(402,916)	(356,493)	(46,423)	(13.0)
% on revenues	*(53.8%)*	*(44.7%)*		
Interest expense, net	(267,221)	(236,221)	(31,000)	(13.1)
Gain (loss) on investments valued at equity	(62,970)	(30,816)	(32,154)	n.s.
Profit (loss) before income taxes	(733,107)	(623,530)	(109,577)	(17.6)
Income taxes for the period	(84,749)	(85,839)	1,090	1.3
Profit (loss) on continuing operations	(817,856)	(709,369)	(108,487)	(15.3)
Profit (loss) from non-current assets held for sale and discontinued operations	-	-	-	n.s.
Profit (loss) for the year	(817,856)	(709,369)	(108,487)	(15.3)

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

Statements of comprehensive income of SEAT Pagine Gialle S.p.A.

(euro/thousand)		Year 2011	Year 2010 restated
Profit (loss) for the year	(A)	(817,856)	(709,369)
Profit (loss) for "cash flow hedge" instruments		11,047	9,606
Actuarial gain (loss) recognised to equity		147	108
Total other comprehensive profit (loss) for the year, net of tax effect	(B)	11,194	9,714
Total comprehensive profit (loss) for the year	(A+B)	(806,662)	(699,655)

Reclassified statements of financial position of SEAT Pagine Gialle S.p.A.

(euro/thousand)		As at 12.31.2011	As at 12.31.2010 restated	Change
Goodwill and customer database		1,873,919	2,536,714	(662,795)
Other non-current assets (*)		249,206	325,893	(76,687)
Operating non-current liabilities		(32,378)	(37,544)	5,166
Non-operating non-current liabilities		(3,524)	(12,856)	9,332
Operating working capital		111,505	176,996	(65,491)
- Operating current assets		*525,463*	*634,488*	*(109,025)*
- Operating current liabilities		*(413,958)*	*(457,492)*	*43,534*
Non-operating working capital		(16,966)	(55,594)	38,628
- Non-operating current assets		*23,279*	*398*	*22,881*
- Non-operating current liabilities		*(40,245)*	*(55,992)*	*15,747*
Non-current assets held for sale and discontinued operations, net		(250)	(250)	-
Net invested capital		2,181,512	2,933,359	(751,847)
Total equity	(A)	(557,111)	249,542	(806,653)
Current financial assets, cash and cash equivalent		(147,539)	(219,449)	71,910
Non-current financial assets		(1,940)	(1,619)	(321)
Current financial liabilities		2,151,103	287,889	1,863,214
Non-current financial liabilities		768,561	2,664,039	(1,895,478)
Net financial indebtedness		2,770,185	2,730,860	39,325
Transaction costs on loans and securization costs not yet amortized and Net market value of "cash flow hedge" instrument		(31,562)	(47,043)	15,481
Net financial debt - "book value"	(B)	2,738,623	2,683,817	54,806
Total	(A+B)	2,181,512	2,933,359	(751,847)

(*) Includes financial assets available for sale.

Statements of cash flows of SEAT Pagine Gialle S.p.A.

(euro/thousand)	Year 2011	Year 2010 restated	Change
EBITDA	345,865	378,387	(32,522)
Gains (losses) from discounting operating assets and liabilities	(1,216)	(1,142)	(74)
Decrease (increase) in operating working capital (*)	61,540	48,617	13,025
(Decrease) increase in operating non-current liabilities (*)	(4,963)	(4,435)	(528)
Capital expenditure	(36,952)	(31,256)	(5,696)
(Gains) losses on disposal of non-current operating assets	-	(803)	803
Operating free cash flow	364,274	389,368	(25,094)
Payment of interest expense, net	(154,730)	(176,463)	21,733
Payment of transaction financial costs	-	(26,557)	26,557
Payment of income taxes	(90,057)	(79,377)	(10,680)
Payment of non-recurring and restructuring expense	(29,732)	(23,522)	(6,210)
Purchase of consolidated subsidiaries and other invesments	(70)	(6,203)	6,133
Conversion TDL financial receivable for coverage of losses	(45,100)	-	(45,100)
Other movements	(83,910)	(31,500)	(52,410)
Change in net financial debt	(39,325)	45,746	(85,071)

(*) The changes don't include the non monetary effects arising from the reclassification to non-current assets held for sale and discontinued operations and profit and losses recognised to equity.

Significant events occurring in 2011

Financial restructuring of the Company

The Company, having appointed May 10, 2011 as advisor to the investment bank Rothschild as financial adviser and law firms Giliberti Pappalettera Triscornia and Associates and Linklaters LLP as consultants to the legal aspects, and have obtained in the month of June 2011 the consent of The Royal Bank of Scotland start negotiations about the financial restructuring, has led in the second half of 2011 various negotiations with its main stakeholders. The details about these negotiations are described in the Preamble - Facts regarding the financial restructuring.

Notice served by the communications regulator (AGCOM)

Following the resolution served in December 2010 upon SEAT Pagine Gialle S.p.A., by which AGCOM pointed out the failure to pay the contribution due in respect of the regulator's operating expenses for the 2006-2010 period, demanding payment of about € 8.3 million, the Company appealed against this decision on January 29, 2011 before the Lazio regional administrative court (TAR), alleging illegality on the basis of violation of the rules in force on the requirement to pay contributions towards operation of AGCOM and for lack of grounds.

Subsequent to the amendment request, added on 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 TAR.

By letter of October 20, 2011, AGCOM informed the Company of the rejection of the amendment request and asked it to make a settlement proposal on the means of payment of the contribution allegedly due in respect of the years 2006-2010. Following the meetings held with the regulator, SEAT proposed immediate payment of the contribution at the reduced amount of € 1.1 million and, as an alternative, payment of the full amount of € 3,450,284 requested by the regulator in 72 monthly instalments commencing from resolution of the appeal pending before the Lazio TAR, where unfavourable in respect of SEAT.

In view of the lack of a response from the regulator as regards the submitted settlement proposal, with additional grounds on December 21, 2011, SEAT Pagine Gialle S.p.A. appealed against rejection of the amendment request. On January 24, 2012 AGCOM rejected the settlement proposal. The hearing on the merits of the appeal before the TAR has been fixed for May 9, 2012, the Company April 23, prepared a note in which, in addition to better explain certain arguments already put forward in the application and the following additional reasons, has asked the Administrative Court to suspend the process pending of a question raised by the same court before the EU Court of Justice in the appeal hinged by Telecom Italy against decisions made by AGCOM on contribution. Meantime, the Company has allocated a provision to cover the entirety of the 2006-2010 contribution, currently calculated by the regulator as € 3,450,284.

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

On March 22, 2011, Standard & Poor's rating agency 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. Both agencies rate the Company's outlook as negative.
On November 2 and 8, 2011 the ratings agency Standard & Poor's downgraded SEAT Pagine Gialle's corporate rating from CCC+ to CC and, respectively, from CC to SD, confirming a negative outlook.

The worsening of the rating given to SEAT Pagine Gialle S.p.A. can be attributed to the decision to not proceed, for the time being, with the financing of the € 52 million six-month coupon due from Lighthouse International Company S.A. in light of the progress of the negotiations for reorganization of the capital and financial structure.
On December 2, 2011, Moody's rating agency downgraded SEAT Pagine Gialle's Corporate Family Rating from Caa3 to Ca, confirming a negative outlook.

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

On June 15, 2011, the securitization programme was concluded when the five-year period came to an end. The programme, which was launched with an initial issue of € 256 million in asset backed securities, was gradually reduced and the final 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.

Renewal of agreement with Google

On July 11, 2011, the Company announced the renewal of the agreement with Google which confirms it as the Authorised 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 PagineGialle.it, to offer Italian businesses the possibility of quickly and easily planning advertising campaigns on Google and expanding their online presence, while at the same time making it more effective.

Monthly disclosure requested by Consob

On September 7, 2011, Consob sent the Company a request (reference 11076499) pursuant to Article 114, paragraph 5 of Legislative Decree no. 58/1998, on the monthly publication of significant information on the Company and on the Group. On September 30, 2011, the Company sent the first monthly disclosure pursuant to Article 114, paragraph 5 of Legislative Decree no. 58/1998.

Extraordinary Shareholders' Meeting

The Extraordinary Shareholders' Meeting of the Company held on October 6, 2011 resolved to approve the statements of financial position of the Company as at June 30, 2011 (which show total uncovered accumulated net losses of € 923,212,083.69 and, as a result, equity reduced to € 201,516,209.46 compared to the share capital of € 450,265,793.58), and, as proposed by the Board of Directors, resolved to defer adoption of the appropriate measures to cover the losses resulting from this financial position to a date not later than the date of approval of the separate financial statements as at December 31, 2012 pursuant to Article 2446, paragraph 2, of the Italian Civil Code.

Agreement between SEAT Pagine Gialle and Glamoo

On October 10, 2011, SEAT Pagine Gialle made its entry into the couponing market and entered into a partnership with Glamoo, a new Italian company operating in the mobile commerce industry and pioneer of geolocalised mobile services. The partnership capitalises on the characteristics of the two companies. SEAT PG, with its own sales force and some 500,000 Italian customers, will guarantee the presence of a wide and varied pool of companies, artisans and businesses throughout Italy, enriching the offer for users with merchandise categories not yet available in this market. Glamoo will provide an innovative technological platform, which is strongly geared toward developing opportunities in the mobile and geolocalisation channel, plus a pool of 1 million loyal users, through App Glamoo and the www.glamoo.com website.

Post-balance sheet events

Downgrading by Standard & Poor's rating agency

On January 6, 2012, Standard & Poor's rating agency decided to change SEAT's Senior Secured bank debt rating from CCC- to D.

On February 7, 2012, Standard & Poor's rating agency decided to change the Company's corporate rating from SD to D.

Suspension of the payment of interest on Senior Secured bonds

On January 31, 2012, the Company – in line with what was implemented in late October in relation to the interest coupon accrued on the Lighthouse International Company S.A. bond and in late December in relation to due dates for principal and interest on the Senior bank debt – decided to suspend the payment of interest in the amount of € 39,375 thousand, falling due on that date and relating to the two Senior Secured bonds issued by SEAT. The decision was taken as part of the Company's financial restructuring process as described above, which currently provides for payment of the said amounts, except for the amount relating to the Lighthouse International Company S.A. bond, on the date of finalisation of the financial restructuring.

Death of the CEO

On March 24, 2012, Mr Alberto Cappellini, Chief Executive Officer of the Company, passed away in an untimely manner.

Alberto Cappellini had taken office as Chief Executive Officer of SEAT Pagine Gialle on April 29, 2009.

Appointment of the General Manager

On April 4, 2012, following the death of Chief Executive Officer and General Manager, Alberto Cappellini, the Company's Board of Directors decided to maintain the corporate office of General Manager until completion of the current financial restructuring process, as a result of which, in the coming months, the Company structure will see radical reorganization due to the transaction converting subordinated debt into equity.
For this interim period, the person appointed to cover the role of General Manager is Mr Ezio Cristetti, current Resources and Organization Manager, who had been called upon in this capacity by Mr Cappellini to ensure the implementation of the corporate transformation programmes currently underway and the adequacy of the resources and systems necessary in keeping with the group's strategic vision.
Mr Cristetti will be responsible for leading and coordinating teamwork within the corporate departments, ensuring a single direction in the implementation and execution phases of the business plan outlined by Mr Cappellini.
The Administration, Finance and Control Department – whose manager, Mr Massimo Cristofori, will report through the Steering Committee to the Board of Directions – will be responsible for coordinating the process of investigating and implementing the financial restructuring operation currently underway.

Outlook

In Italy in 2011 SEAT Pagine Gialle S.p.A. continued to focus on developing products aimed at small and medium-sized businesses in order to improve their online presence, and to leverage the opportunities offered by new technologies to increase efficiency and competitiveness in local, domestic and international markets.
Local, mobile and social have been the strategic guidelines for the development of new products and services for 2011, and include, in particular, several important innovations such as new modules for improving SEAT customer websites with the addition of new functions, social network presence, the possibility of using a self-provisioning platform and couponing. These innovations, added to the existing range of products for small and medium-sized businesses – which include, among other things, the creation of personalised websites, the development of multimedia content, search engine visibility, e-commerce and info-commerce services and a mobile presence – have enabled SEAT Pagine Gialle S.p.A. to further strengthen its role as a local internet company and have provided the basis for building an effective strategy to support the business in 2012 as well.
Despite the difficult market conditions, these actions have enabled the Company to adhere to the guidance for 2011, albeit at the lower end of the range, both in terms of revenues and EBITDA levels, thanks to the strong growth in online products and in online marketing activities, and thus, as forecast, improve the downward trend in the customer base (at -4.4% compared to -7% for the 2010 sales cycle) resulting from a lower subscription rate from existing customers and a number of newly acquired customers that is in line with the previous year.
At Group level, measures to contain operating costs have also enabled EBITDA targets to be reached, although at the low end of the range, with a free operating cash flow that has benefited from the improved operating working capital, which included the first effects, albeit inferior and deferred in respect of those originally expected, as a result of market conditions, and the reduction programme thereof.
As regards the coming years, at Group level, after a 2012 which will record the minimum revenues and EBITDA in the 2011-2013 Guidelines range, chiefly due to the impact of the economic climate and to the lower profitability connected with the launch of new online services and products, it is forecast that the Company, having completed its transformation into a local internet company, will achieve substantial stabilisation in revenues, EBITDA and its customer base in 2013.

Going concern evaluation

The SEAT Pagine Gialle Group recorded a loss of € 789.8 million and a negative consolidated shareholders'equity of € 568.8 million at the 2011 year-end.
The Parent Company SEAT PG S.p.A, on a stand-alone basis, recorded a loss of € 817.9 million and a negative shareholders'equity of € 557.1 million.
For the Company, already in the situation pursuant to Article 2446 of the Italian Civil Code, this result has entailed the case envisaged by Article 2447 of the Italian Civil Code, for which the appropriate measures must be adopted.
It should be noted that this operating loss does not derive from ordinary operating activities, but from € 733.6 million (€ 696.3 million at Group level) impairment of goodwill, write down of investments and of financial receivables from subsidiaries as a result of the impairment test described and discussed in greater detail under point 7 of the notes to the 2011 consolidated and separate financial statements.
After having carried out the necessary checks and in light of the foregoing, the Board of Directors has therefore acquired the reasonable expectation that the current restructuring transaction is likely to be completed in a reasonable timeframe such as to allow for the long-term financial stabilisation.
The assumption of a going concern thus continues to be adopted in preparing this Consolidated and separate financial statements as at December 31, 2011. For further details, see point 2.1 of the Explanatory notes to the consolidated and separate financial statements as at December 31, 2011.

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 to third parties	*Year 2011*	*743.1*	*60.9*	*110.2*	*42.5*	*956.7*	*-*	*956.7*
Revenues from sales and services intercompany	*Year 2011*	*5.4*	*-*	*9.7*	*6.7*	*21.8*	*(21.8)*	*-*
Revenues from sales and services	Year 2011	748.5	60.9	119.9	49.2	978.5	(21.8)	956.7
	Year 2010 restated	797.5	73.6	140.7	55.1	1,066.9	(32.5)	1,034.4
Cost of materials and external services (*)	Year 2011	(298.8)	(23.8)	(38.7)	(25.8)	(387.1)	22.4	(364.7)
	Year 2010 restated	(312.1)	(26.3)	(41.5)	(32.3)	(412.2)	33.0	(379.2)
Salaries, wages and employee benefits (*)	Year 2011	(69.9)	(30.1)	(63.5)	(17.7)	(181.2)	0.1	(181.1)
	Year 2010 restated	(73.6)	(33.7)	(73.3)	(18.4)	(199.0)	0.1	(198.9)
GOP	Year 2011	379.8	7.0	17.7	5.7	410.2	0.8	411.0
	Year 2010 restated	411.9	13.6	25.9	4.4	455.8	0.4	456.2
EBITDA	Year 2011	345.9	4.6	14.9	5.2	370.6	-	370.6
	Year 2010 restated	378.4	10.6	23.7	4.0	416.7	(0.2)	416.5
EBIT	Year 2011	(402.9)	(21.4)	(9.3)	0.5	(433.1)	0.1	(433.0)
	Year 2010 restated	(356.5)	(8.5)	(7.3)	(2.4)	(374.7)	(0.1)	(374.8)
Total assets	December 31, 2011	2,700.5	57.4	187.2	48.0	2,993.1	(66.4)	2,926.7
	December 31, 2010 restated	3,580.0	101.4	217.4	248.8	4,147.6	(305.9)	3,841.7
Total liabilities	December 31, 2011	3,378.5	66.7	70.4	37.4	3,553.0	(71.2)	3,481.8
	December 31, 2010 restated	3,469.0	127.6	81.0	238.5	3,916.1	(303.0)	3,613.1
Net invested capital	December 31, 2011	2,060.6	4.7	74.4	14.7	2,154.4	(6.9)	2,147.5
	December 31, 2010 restated	2,794.8	24.2	85.5	14.9	2,919.4	(6.8)	2,912.6
Capital expenditure	Year 2011	37.0	3.3	3.3	4.6	48.2	(0.1)	48.1
	Year 2010	31.3	2.1	2.7	4.4	40.5	(0.2)	40.3
Average workforce	Year 2011	1,029	620	1,848	339	3,836	-	3,836
	Year 2010	1,129	676	2,327	361	4,493	-	4,493
Average number of sales agents	Year 2011	1,350	-	1	46	1,397	-	1,397
	Year 2010	1,565	-	2	41	1,608	-	1,608

(*) Minus cost debited to third parties and included in IFRS financial statement under "othe revenue and income".

Key performance indicators of the Group	Year 2011	Year 2010
Number of published directories		
PAGINEBIANCHE®	103	103
PAGINEGIALLE®	202	202
ThomsonLocal	178	185
Number of distributed directories (values in million)		
PAGINEBIANCHE®	23.8	24.9
PAGINEGIALLE®	16.6	17.7
ThomsonLocal	22.7	23.1
Number of visits (values in millions)		
uninterrupted site access for 30 minutes		
PAGINEBIANCHE.it	158.6	164.2
PAGINEGIALLE.it	211.5	171.0
TUTTOCITTÀ.it	28.0	29.4
Europages.com	56.0	41.4

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

Italian directories

Market scenario

Since the "Italian directories" Business Area (SEAT Pagine Gialle S.p.A.) accounts for the bulk of the Group's activity, the relevant market situation and strategic positioning are those described in the introductory section under the same heading in relation to the Group as a whole and to SEAT Pagine Gialle S.p.A. in particular.

Revenue by product

				Year 2011 % on total revenues
Print				
	PAGINEGIALLE	PAGINE GIALLE®	classified directories of Italian business	17.2
	PAGINEBIANCHE	PAGINE BIANCHE®	alphabetical directories	15.9
		Other print product		0.7
Internet & Mobile	PAGINEGIALLE.it	PAGINE GIALLE.it®	search engine specilised in business searches	37.4
	PAGINEBIANCHE.it	PAGINE BIANCHE.it®	search engine specilised in subscriber searches	15.3
Voice	89.24.24 Pronto PAGINEGIALLE TUTTO PIÙ SEMPLICE	89.24.24. Pronto PAGINEGIALLE®	voice service which provides directory assistance value added services	5.0
	12.40 PRONTO PAGINEBIANCHE	12.40. Pronto PAGINEBIANCHE®	voice service which provides subscriber information service	
Total core revenues				**91.5**

Product innovation

Online and mobile services

There is a change in the business support services and media market scenario: the internet is opening up new opportunities to streamline the information and purchasing process, changing the relationship between the customer and the company. In this new context it is fundamental that the traditional advertising market be protected, while expanding the product range so as to enable further growth of the online local advertising market share. In pursuing growth and strengthening its web agency market leadership, SEAT Pagine Gialle has focused on innovation, entering into the self-provisioning segment in partnership with Google and introducing a new couponing service that has also strengthened its presence in the online transactions environment. The main measures implemented in the year have focused on *i)* developing innovative products able to satisfy customer needs while developing the current product range in line with market trends and *ii)* increasing online use of SEAT websites by optimising searchability of the content on the main search engines, particularly Paginegialle.it and Paginebianche.it.

Some of the main development initiatives implemented in the year are listed below:

Lamiaimpresaonline.it: An initiative sponsored by Google as part of a multi-country project to bring small and medium-sized businesses online with the offer of free websites. The aim is to facilitate the business digitalisation process, to create a basket of potential new customers for added-value services. With this project, which aims to develop an online platform for the creation and management of online presence by small and medium-sized businesses directly, SEAT will have the opportunity of expanding its own customer base, strengthening its web agency market share. This project has excellent potential, not only in terms of profitability but also in terms of brand image.

Social product on PagineGialle.it and PagineBianche.it: Social Business is the SEAT service targeting PagineGialle.it and PagineBianche.it customers, which offers access to world of social networking world via the creation of professional Fan Pages on Facebook. With Social Business, the customer has a presence on Facebook with a page enriched with all of the content already included on the SEAT network: background data (always updated), images, logo, business description, and links to the website and to e-commerce. Social Business also offers a series of services aimed at launching the page, always keeping the attention of users and facilitating performance monitoring.

App4Site: The purpose of this service is to create an online environment for managing a series of applications (add-ons) which can be integrated into the website, such as weather, newsletters, blogs, surveys, confidential areas, web presenters, etc.

Priority Mobile and Priority PagineBianche.it: This service, synergised with the PagineGialle.it Priority product, offers SEAT advertisers priority visibility on other media such as PGMobile and PagineBianche.it based on the sponsored-link concept.

Custom Projects: A product range custom-made for the customer and developed on the basis of customer requirements. Initial customer contact and customer relations are handled by the sales force, and a dedicated team then follows up on the customer throughout the contractual relationship, constantly monitoring (and communicating) the results obtained. The conceptualisation and creation of the components of a "digital" presence (website, applications for mobile devices, presence on the social media) will strengthen customer presence within the online ecosystem and the traffic-generating strategy will enable the customer to develop new traffic and business volumes.

Couponing: Glamoo is a digital couponing company which, in partnership with SEAT Pagine Gialle, is active throughout Italy with a rich commercial offering: restaurants, clubs, fashion, boutiques, health and fitness, travel, culture, entertainment and electronics. Glamoo relies on an e-commerce model to offer services and products personalised on the basis of the geographical location of users and takes advantage of mobile couponing to develop innovative promotion and sales channels which facilitate the purchase of what is offered directly through smartphones. The innovative advantages of this service are the result of the use of online and mobile channels to promote goods and services (restaurants, clubs, fashion, fitness centres, theatres, events, etc.) and to gain customer loyalty.

PGMobApp: This application is the ideal solution for businesses that wish to expand their communications strategy on the mobile market through the use of "apps" (mobile applications) that are available on the latest-generation devices (smartphones/tablets). The PGMobApp enables advertisers to interact with its customers in a new and dynamic way by enabling apps to be personalised, allowing each customer to choose, according to his/her own needs, from various available modules (availability, content, user interaction or services, multimedia information, etc.). Moreover, the advertiser can provide

constantly updated information using a custom-designed "editor" to enable independent modification of the content of its own apps and thus direct dialogue with its customers, informing them of the latest news about its business. At the same time, the Company has decided to focus on restyling its proprietary brands, both to improve the searchability of its own advertisers as well as to more rapidly meet user needs.
Indeed in November, the Company presented the new PagineGialle.it, enhanced with innovative services and functionalities more clearly displaying the reviews of consumers, who may thus give advice or select products or services with the benefit of other users' experience. This restyling follows up on the restyling completed in October for *PagineGialle.it*, characterised by a new graphic layout that, besides enabling quick recovery of contact people and organizations, allows access to procedures and documents required for work, health and other day-to-day needs.
The Company has also continued to develop new mobile applications assisting smartphone users: in May the 89.24.24 Pronto PAGINEGIALLE® application for iPhone and iPod Touch was launched; in June the new PagineBianche iPhone application was presented and, finally, in early 2012, the new version of PagineGialle Mobile for Android tablets was announced (which supplements the one already available for iPhone).

Directory assistance services

In 2011 new value-added services, partnerships and enhanced search systems were created to guarantee high levels of service within the traditional directory assistance environment, supplemented by the cross-media dimension of the 89.24.24Mobile app and the launch of the Facebook Fan Page as the future platform for the delivery of search results.
The reservation and purchase of cinema tickets (partner with the QMI group) are among the main value-added services, having the objective of creating new service provision opportunities. Development of the CRM system has also enabled parallel management of promotional initiatives in cooperation with well-known brands, leaders in their respective markets (Jaguar, Mediashopping, Ikea, HP), and partnerships with important collecting cards (Nectar, Esso, Enel) aimed at making customers loyal.

Publishing products

Starting with the Bari 2011 edition, PagineBianche and PagineGialle volumes have undergone graphic restyling.
The graphics for the advertising presence in PagineBianche have been modernised and given more impact. In Pagine Gialle, three new reading levels have been introduced, in different shades of yellow to make the content in the advertising spaces stand out the most.
Also in Pagine Gialle, starting with the Milan 2011/2012 volume, search items have been updated and inserted into the body of the directory in alphabetical order to bring the product more in line with the language of the searcher and easier to consult.
On April 27, 2011 two e-book applications were launched, Pagine Gialle e-book and PagineBianche e-book.
Starting with the Turin 2011/12 volume, print directories became digital and interactive, resulting in integration of the graphical emotive properties of print and the multimedia functionalities of the new touch screen devices.

Development of new IT systems

Capital expenditures in the Information Technology area in the year mainly relating to:

- product innovation to offer a service that is increasingly responsive to customer needs, seeking flexibility and speed of response, taking advantage of new technologies and implementing business cost-saving initiatives;
- a review of administrative processes and management reporting to create a single corporate performance management application interfaced with the Company's data warehouse (DWH);
- review of the Company's main processes with a view to developing its products from a customer-centric perspective, capitalising on the release of the new management platforms (SAP/front-end CRM system) and adopting a single-contract approach.

Product innovation in the year relating to a number of improvements to IT systems to meet the new requirements of the marketing plans set out by the Company's Business Units, with the launch of new products and improvements to the existing range on all SEAT platforms (print, online&mobile, voice). To be more specific: *i)* PagineGialle e-book and PagineBianche e-book applications have been launched with publication at the Apple Store and software has been developed to provide access to the "library of volumes" and to "browse" the SEAT directories, integrating mechanisms for searching by category, brand and name; *ii)* development of the PagineBianche Web Browser has been initiated, supplying a digital version of PagineBianche in addition to the print volume to several customers with ADSL/HDSL connectivity; and *iii)* software developments on SEAT information systems have been launched to enable gathering and managing of orders for several web initiatives, such as *lamiaimpresaonline.it*, couponing, social business and App4site.

In terms of infrastructure technology, in 2011 the Company acquired centralised hardware for its data centre with a view to replace outdated equipment with new machines in order to improve performance and reduce energy consumption and to pursue its plans to "virtualise" its centralised hardware and streamline storage.

Economic and financial data

The table below shows the main results for 2011 compared with those from the previous year; the figures have been restated following the change in accounting policies for determining revenues and related costs from online and voice services.

(euro/million)	Year 2011	Year 2010 restated	Change Absolute	%
Revenues from sales and services	748.5	797.5	(49.0)	(6.1)
GOP	379.8	411.9	(32.1)	(7.8)
EBITDA	345.9	378.4	(32.5)	(8.6)
EBIT	(402.9)	(356.5)	(46.4)	(13.0)
Net invested capital	2,060.6	2,794.8	(734.2)	(26.3)
Capital expenditure	37.0	31.3	5.7	18.2
Average workforce	1,029	1,129	(100)	(8.9)

In 2011 SEAT Pagine Gialle S.p.A. **revenues from sales and services** totalled € 748.5 million, down 6.1% on the previous year, *restated* (€ 797.5 million). This result reflected the performance of core products (print, online&mobile, voice), down by 5.2% due to the decline in print and voice products, mitigated by strong growth in online activities (up 55.7%) supported by constant product development and the launch of new services within the framework of a multimedia product range.

In 2011 the online revenues share accounted for around 53% of the total, with online marketing services representing about 30% of total online revenues. This result reflects the broad and articulated strategy of SEAT Pagine Gialle S.p.A. targeting small and medium-sized businesses, commercial operations and professionals which envisages the offering of a broad range of turn-key services to strengthen their online presence and obtain leverage from the opportunities offered by the new technologies to increase efficiency and competitiveness on the market.

In particular, during the period this strategy has led to the managing of about 182 thousand multimedia packages, 123 thousand of which are on websites and 17 thousand of which are on personalised mobile websites.

The operating results obtained in 2011 are also positive within the scope of new business segments, with *lamiaimpresaonline.it*, which has enrolled about 31 thousand registered domains.

More specifically:

a) Core revenues: this item totalled € 684.5 million in 2011, down 5.2% compared with the previous year, *restated*. It is as follows:
- *print*: revenues from print products totalled € 252.7 million in 2011, down 41% compared with the previous year, *restated*, with a decrease in revenues from both PAGINEBIANCHE® and PAGINEGIALLE®. The Company's decision to unbundle the online component of revenues from PAGINEBIANCHE®, equal to € 114.3 million in the year, and the commercial strategy adopted by the Company to continue to boost the sale of multimedia packages (print-online&mobile-voice) did, however, contribute to this drop in performance from print products. Starting form the end of April 2011 two applications e-book Pagine Gialle e Pagine Bianche for Ipad have been launched, with the recognition of relating revenues in the period, although not relevant. In this regard, it is noted that several new projects and/or initiatives are in the study phase, both on the usage and on the product sides, and their implementation may guarantee future sustainability for the print products business;
- *online&mobile*: online products amounted to € 394.1 million in revenues in 2011, up 55.7% compared with the previous year, *restated*, including the unbundling of the online component of revenues from PAGINEBIANCHE®, equal to € 114.3 million, net of which the overall growth

in revenues from the traditional advertising product and from online marketing services was 20.8%. Within the scope of the strategy pursued by SEAT Pagine Gialle S.p.A. to support Italian businesses in their pursuit of innovation for optimum utilization of the web as a significant factor in business competition, in addition to the innovations made in the proprietary brands, as mentioned, it is noted that in July the strategic alliance with Google was renewed. Thanks to this the Company will continue to provide keyword advertising service to businesses, giving them the ability to quickly and easily plan their advertising campaigns on Google and making their online presence broader and more effective. Overall traffic performance, including visits to PAGINEGIALLE.it®, deriving both from the web as well as mobile, both to customer mobile and websites, reached about 212 million visits in 2011, up 23.7% compared with 2010. The contribution from visits to PagineGiallemobile and to web and mobile sites made for SEAT customers is up sharply, with the two components accounting for about 32% of total traffic in 2011. Total online&mobile traffic on PAGINEBIANCHE.it®, on the other hand, reached about 159 million visits in the period, a small decline (-3.4%) compared with the previous year. As regards mobile, as at the end of December SEAT mobile applications reached the threshold of 1.8 million downloads from the various app stores where they are available, thanks to PagineGialle Mobile, which reached nearly 1.3 million downloads, and 892424 Mobile and PagineBianche Mobile which reached a milestone of nearly 530 thousand downloads;
- *voice*: advertising revenues of 89.24.24 Pronto PAGINEGIALLE® and of 12.40 Pronto PAGINEBIANCHE® reached € 37.7 million, a small decline of € 2.4 million compared with the previous year, *restated*, supported by a € 3.5 million increase in advertising revenues from 12.40 Pronto PAGINEBIANCHE®. This result should be viewed positively in light of the commercial strategies described above, which are focused, in particular, on the sale of online marketing products and services.

b) **Other revenues and non-core products**: Revenues from other products totalled € 64.0 million in 2011, down 15.5% from 2010 *restated*. This refers, in particular, to voice traffic revenues (€ 45.7 million) generated by the 89.24.24 Pronto PAGINEGIALLE® and 12.40 Pronto PAGINEBIANCHE® services, a decline of 14.9% from the previous year. This item also includes, among other things, € 8.1 million in revenues from direct marketing products, merchandising activities and the Sky offering.

GOP amounted to € 379.8 million in 2011, down 7.8% (from € 32.1 million) compared with the previous year, *restated*, with a 50.7% share of the revenues (51.6% in 2010 *restated*). The 6.1% fall in revenues was only partially offset by the reduction in operating costs. Materials and external services, net of costs debited to third parties but included in the IFRS financial statements under the item "Other revenues and income", totalled € 298.8 million in 2011, falling by € 13.3 million compared with the previous year, *restated* (-4.3%). Industrial costs in particular totalled € 125.6 million in 2011, down € 8.1 million compared with the previous year, *restated* (€ 133.7 million). This decrease was a direct result of the fall in print revenues, which gave rise to a reduction in publications printed, and the drop in paper consumption (down € 4.9 million, to € 19.8 million), while streamlining of distribution coverage enabled distribution and storage costs to be reduced (down € 8.4 million, to € 33.3 million). The decline in the volume of calls to the 89.24.24 Pronto PAGINEGIALLE® and the 12.40 Pronto PAGINEBIANCHE® services, in addition to the reduction in charges resulting from outsourcing the call centres, caused a decline in inbound call centre services costs (down € 3.0 million, to € 17.2 million), while there was continued growth in online processing costs (up € 6.0 million, to € 18.7 million) and in web publishers' fees (up € 4.2 million, to € 20.2 million) within the context of the management of new online products aimed at increasing web traffic. Commercial costs, at € 119.5 million in 2011, were down € 5.9 million compared with the previous year, *restated* (€ 125.4 million), mainly due to lower costs for commissions and compensation to agents directly connected with revenues performance. On the other hand, there was an increase in outbound call centre costs in connection with higher remuneration paid for increased new customer contact. Advertising expenses were € 15.2 million, essentially in line with the previous year, relating to online and voice products. The overheads costs posted of € 53.7 million in 2011, are substantially in line with those of 2010.
Salaries, wages and employee benefits, net of recovered costs for personnel seconded to other Group companies, totalled € 69.9 million in 2011, down 5% compared with the € 73.6 million recorded in 2010. This decrease was due to a reduction in the average workforce from 1,129 employees in 2010 to 1,029 in 2011.
The workforce as at December 31, 2011, including directors, project workers and trainees, was 1,254 (1,233 as at December 31, 2010), up due to the addition of trainees in the Talent Factory project aimed at recruiting and training young commercial and sales people.

EBITDA amounted to € 345.9 million in 2011, a decline of € 32.5 million compared with 2010 *restated*, with a 46.2% share of the revenues (47.4% in 2010 *restated*). This margin essentially reflects the negative performance of the GOP and was influenced as well by lower provisions for doubtful trade receivables (-€ 9.0 million) which, nevertheless, were sufficient to maintain an adequate percentage to cover overdue receivables, and by higher provisions for contractual risks by € 4.3 million. Furthermore, last year provisions of € 4.5 million were reversed as a result of the expiration of contractual risks with telephone operators in relation to mobile network call origination charges, which arose following an AGCOM decision and subsequent dispute. The allocation to the provision for commercial risks is in line with the previous year (at € 8.5 million).

The negative **operating result (EBIT)** of € 402.9 million in 2011 was down € 46.4 million compared to 2010 *restated* (a negative € 356.5 million). This reduction mainly reflects the write-down of € 662.8 million recorded following the impairment test carried out on the Company's goodwill. For more detail, see point 7 of the Notes to financial statements of SEAT Pagine Gialle S.p.A. Net non-recurring and restructuring costs, at € 37.6 million, mainly refer to *i)* 19.4 million for costs related to financial indebtedness restructuring *ii)* € 9.9 million for the sales force restructuring project.

Net invested capital totalled € 2,060.6 million as at December 31, 2011, net of the book value of shareholdings in subsidiaries, a fall of € 734.2 million compared with December 31, 2010, *restated*, mainly due to the write-down recorded following the aforementioned impairment test carried out on SEAT Pagine Gialle S.p.A. goodwill, as mentioned above.

Capital expenditure amounted to € 37.0 million in 2011. For more information, please see the paragraphs on "product innovation" and "information systems development" as described in the preceding pages.

The **average workforce** went from 1,129 employees in 2010 to 1,029 in 2011, falling by 100 due to the implementation of the staff reorganization plan.

Regulation

The business activities of the SEAT group in general, and of SEAT Pagine Gialle S.p.A. in particular, are regulated by a set of EC Directives on telecommunications:
- 2002/19/EC (Access to electronic communications networks);
- 2002/20/EC (Authorization of electronic communications networks and services);
- 2002/21/EC (Common regulatory framework for electronic communications networks and services);
- 2002/22/EC (Universal Service);
- 2002/58/EC (Processing of personal data and the protection of privacy in the electronic communications sector).

Specifically, the regulations of greatest interest to the Group concern:
- the **Access Directive**, which enables information service providers, usually without their own telecommunications network, to interconnect 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 simplified the terms and conditions for obtaining authorization to carry out telephone operator activities (extending authorization to include parties not previously eligible).

These Directives were revised and at the end of 2009 the Commission approved a new set of rules:
- *Directive 2009/140/EC* (for "Better Regulation");
- *Directive 2009/136/EC* (on "Citizens' Rights");
- *Regulation 2009/1211* which set up the supranational regulatory body BEREC (Body of European Regulators for Electronic Communications).

As regards SEAT Pagine Gialle, 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 entered into force on May 25, 2011 in most EU countries, although in Italy there has been a longer implementation timeframe; the new Electronic Communications Code is in the review phase and completion of the relevant updating is forecast for the first half of 2012.
In February the *Garante della Privacy* issued Order no. 73 of February 24, 2011 ("Models of information and request for consent to process personal data of subscribers to fixed and mobile telephone services"), which, in light of the introduction of the new opt-out regime for telemarketing activities (see next paragraph), is aimed at telecommunications operators, with a view to clarifying the methods for including and/or keeping subscriber data in the single database and publishing the directories.

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 Public Objections Register

Law no. 166 of November 20, 2009 ("Urgent provisions for the implementation of EU obligations and the execution of judgments of the Court of Justice of the European 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"). The new provisions of law allow the processing, by using a telephone, of subscriber data included in telephone directories for the purpose of sending advertising material, for direct sales, and for the performance of market research or commercial communications involving those who have not exercised the opt-out option. Opting out can take place by entering the telephone number of the party concerned into a public objections register which was established on November 2, 2010 as a result of the promulgation of Presidential Decree no. 178 of September 7, 2010, *"Public Register of subscribers opposing the use of their telephone numbers for the purposes of Direct Marketing contacts"*. The Register, which is managed by the Ugo Bordoni Foundation, was activated on February 1, 2011.

Effective from this date:

- companies that operate in the telemarketing sector can no longer contact the numbers of subscribers entered in the register. Therefore, all lists meant for telemarketing and processed by telephone directories (whether PagineBianche or Pagine Gialle) must be compared in advance against the database of those who have opted out. 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.

The *Garante della Privacy* order dated January 19, 2011 ("Regulations on operator-assisted telephone processing of personal data for marketing purposes following the creation of the public objections register") clarifies that the new regulatory framework also gives businesses the right to object. Therefore, telesales of the products of any company also 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). Therefore, SEAT subscribes to the Public Objections Register for matching purposes.

Lastly, on May 22, 2011, the previous regulation on postal marketing 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 May 22, 2011, Article 6). As a result, regulations on direct marketing provided for equal treatment for telephone and postal marketing.

For SEAT, the only consequence of this new feature is the elimination of the "envelope" symbol printed in the PagineBianche 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*.

Policy document on security

By the end of June 2012, SEAT Pagine Gialle S.p.A., as controller for the processing of personal data, will draft the annual update of the "Policy document on security" with respect to the processing of such "sensitive and legal data" using electronic equipment.

UK directories

Market situation and strategic positioning

The TDL Infomedia group, which has been present on the UK telephone directory market since 1980, joined the SEAT Pagine Gialle group at the end of 2000. It currently has around 50,000 customers, with around 48% representing online activities, and has a workforce of 620. The group produces 173 editions of its Thomson Local directories, with 23 million copies distributed throughout the UK, making it 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:

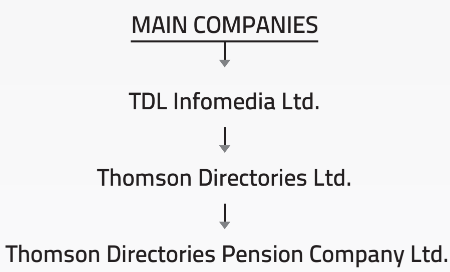
- classified print directories under the Thomson Local brand with a regional focus, published in 173 different editions, covering 85% of the population and 45% of the area of the UK. Thomson Local is distributed free of charge to more than 23 million households and companies. In addition to the business section, which is classified according to categories, it also contains information on public services and local entertainment events, as well as 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 "keywords". 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.

Thomson has faced up to the difficulties on the market, continuing its policy for the streamlining and restructuring of its organizational structure and the strengthening of its commercial offering through the sale of web-driven multimedia packages and introducing applications onto the market, in partnership with Mobile Commerce, for all mobile platforms (Apple, Android, Nokia and Blackberry). In 2011 the company also signed an agreement to become a qualified reseller of Bing (Microsoft). This agreement is both the first agreement signed by Bing and is potentially a customer alternative to the product offered by Google.

Thomson has also entered into a commercial partnership with CBS Outdoor to offer its own customers, as part of the multimedia offering, the ability to make use of a platform currently not accessible to them due to both price and channel.

Structure of the Business Area

The UK directories Business Area is organised as follows:



Main company events

- On May 11, 2011 the pension fund repayment plan was renegotiated and provided for the following payments for 2011: £ 4 million at the end of May 2011 and £ 2.4 million at the end of June 2011. Payments of £ 2.4 million from 2011 to 2013 and payments of £ 2 million from 2014 to 2027 are envisaged.
- In 2011 the company was recapitalised by converting a portion of the financial receivables (£ 22.5 million as at June 1, 2011 and £ 16.6 million as at December 31, 2011) payable to SEAT by TDL Group.

Economic and financial data

The table below contains the key figures for 2011 compared with those for the previous year; the figures have been restated following the change in accounting policies for determining revenues and related costs from online and voice services.

	Year 2011	Year 2010 restated	Change	
(euro/million)			Absolute	%
Revenues from sales and services	60.9	73.6	(12.7)	(17.3)
GOP	7.0	13.6	(6.6)	(48.5)
EBITDA	4.6	10.6	(6.0)	(56.6)
EBIT	(21.4)	(8.5)	(12.9)	n.s.
Net invested capital	4.7	24.2	(19.5)	(80.6)
Capital expenditure	3.3	2.1	1.2	57.1
Average workforce	620	676	(56)	(8.3)

Revenues from sales and services totalled € 60.9 million as at the end of 2011 (£ 52.8 million), down € 12.7 million compared with 2010 *restated*.
In particular, print products revenues recorded the largest drop in turnover, mostly due to the difficult economic and market climate. Also, taking account of the minimum circulation clause in print directories advertising contracts, company revenues in 2010 reflect the effect (€ 4.1 million) of recognising revenues when the minimum distribution threshold for the directories concerned has been reached. Also on the basis of this clause, the print product revenues performance in 2011 reflects the publication of 178 directories compared with 185 directories in 2010. At constant directories published and constant euro-sterling exchange rates, 2011 revenues in fact record a decrease of € 8.7 million compared to 2010 *restated*.
Direct marketing revenues and revenues from other sales also fell € 1.4 million compared with 2010 *restated*.
However, in contrast, online revenues of € 20.2 million (£ 17.5 million) increased 20.2% from the previous year *restated*, due to greater penetration of multimedia package sales through telephone sales channels and in the region.

The performance of the various revenue lines reflects a positioning that, considering the changed market scenario, Thomson has sought to adopt in the last two years with the aim of transforming the traditional directory into a local media that is able to meet all of the requirements of small and medium-sized businesses.
Despite the sharp fall in revenues, the decrease in **GOP** from the previous year, *restated*, was contained at € 6.6 million (£ 5.5 million) due to lower industrial and production costs as a result of both the reduced print revenues and a strict cost-cutting policy affecting service costs and salaries, wages and employee benefits.
The decline in salaries, wages and employees benefits is linked to the workforce reduction (56 employees less than the average workforce in 2010); this reduction reflects the effects of internal reorganization measures implemented in 2009 and still in progress in 2011, which have involved all business areas. The decline in service costs resulted from lower overhead, consultancy and advertising costs.

EBITDA totalled € 4.6 million (£ 4.0 million), down around € 6.0 million compared with 2010, *restated*, performing in line with GOP.

EBIT was negative for € 21.4 million (negative for € 8.5 million in 2010 *restated*). This reduction was attributable to the recognition in 2011 of a goodwill write-down of € 21.3 million relating to the TDL Infomedia group (a € 15.2 million write-down in 2010), in relation to the unfavourable macroeconomic climate in which the Group operates and to negative business performance. EBIT was also influenced by the costs incurred as part of the aforementioned restructuring plans (€ 0.9 million) aimed at resizing the workforce.

Net invested capital of the TDL Infomedia group totalled € 4.7 million as at December 31, 2011, down € 19.5 million compared to December 31,2010 *restated*. As a result of the impairment test mentioned above, write-downs were posted on the goodwill of the Company.

Net invested capital as at December 31, 2011 also included net liabilities of € 13.0 million in relation to a defined-benefit pension fund (compared with € 20.8 million as at December 31, 2010). For further details, see point 22 of the Explanatory notes to the consolidated financial statements.

Capital expenditure totalled € 3.3 million, compared with € 1.2 million in 2009. € 2.3 million thereof related to software investments (for example, Business Search Pro Software, as well as the tool for customer segmentation) and € 1.0 million related to hardware investments to update the computer equipment technology (such as laptops for the sales force).

The **average workforce** was 620 employees in 2011 and decreased by 56 compared with the previous year, due to the effects of the organizational restructuring plan mentioned above.

Regulation

Ofcom, the regulator and competition authority for the UK's communications sector, began a consultation process in March 2008, proposing to:

- repeal the universal service clause (USC7), which requires British Telecommunications Plc (BT) to maintain and supply the database of its telephone subscribers;
- annul the general clause (USC7) that requires telecommunications operators to supply a print telephone directory to all their subscribers;
- establish whether there is a need to set out ex-ante regulations to ensure compliance with future legislation on the single database containing the data that each operator is obliged to supply to other operators in order to produce directories and perform directory assistance services;
- amend Article 19 of the general conditions of the Communications Act 2003 in relation to the appropriateness of expanding the scope of directory assistance services;
- establish the best regulatory approach to enable directory assistance service operators to access the necessary information to provide their services under suitable conditions.

The Ofcom consultation began as a result of the litigation proceedings brought by The Number UK and Conduit against British Telecom (BT) regarding certain obligations incumbent on BT since 2003 pursuant to the Universal Service Directive (specifically, the universal service clause (USC7) on the supply of the subscriber database). Ofcom concluded from its own analysis that the clause in question was unlawful, and therefore launched a public consultation process to define how to regulate the supply of user databases. Thomson was involved in the consultation and maintained that it was necessary to set out regulations to ensure that providers of telephone directories and directory assistance services could have access to telephone subscriber databases, in accordance with the principles of fair pricing, non-discrimination and cost-orientation.

In November 2008, the Competition Appeal Tribunal (CAT) upheld an appeal lodged by The Number (UK) and Conduit against an Ofcom decision to repeal clause USC7, which since 2003 had imposed certain obligations on BT in relation to the supply of its subscriber database (pursuant to the Directives on Universal Service), on the grounds of unlawfulness. The CAT ruling declared the clause to be lawful and ordered Ofcom to revise its previous assessment. Since BT appealed against the CAT ruling, Ofcom is currently awaiting a final decision before taking any action to either redefine the dispute or pursue the public consultation that it launched in March 2008.

The Court of Appeal (also following an opinion from the EU Court of Justice) granted BT's appeal and rejected the CAT ruling, declaring the USC7 clause unlawful. As of now, Ofcom has not announced whether it intends to continue the public consultation process that it started in March 2008.

Directory Assistance

Market situation and strategic positioning

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, confirming its function as internet service provider, with an increasingly varied product range, positioning itself as a marketing partner for small and medium-sized businesses. With this in view, it has strengthened its own online product offering on its own 11880.com and www.klicktel.de, portals, adding innovative online marketing services including, among other things, website construction.
Furthermore, to accelerate the process of transition to the new media, as of December 1, 2011 a new Chief Executive Officer, Elio Schiavo, was appointed at the German subsidiary to replace Andreas Albath, who left the Board of Directors on November 15, 2011.
In Spain, in light of the decline in the market and corresponding drop in call volumes, Telegate implemented a strict cost-cutting policy, which led to the closure of the Madrid call centre in October 2011.

Structure of the Business Area

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

MAIN COMPANIES

- **Telegate AG**
  - **Spain**
    - 11811 Nueva Información Telefónica S.a.u.
  - **Germany**
    - WerWieWas GmbH
    - Telegate Media AG
- **Pagine Gialle Phone Service S.r.l**
- **Prontoseat S.r.l.**

Main company events

- On June 29, 2011 the Shareholders' Meeting of Telegate AG (a company 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, among other things:
  - to allocate an amount of € 0.50 for each of the 19,111,091 shares, to be distributed as a shareholder dividend;
  - to approve (i) the acquisition of its own shares up to a maximum of 10% of the share capital, to be exercised by December 31, 2013 and the authorization for the Management Board, after approval by the Supervisory Board to decide on the utilization of its own acquired shares.
- On September 8, 2011, the company Telegate Akademie GmbH in liquidation (a wholly-owned subsidiary of Telegate AG) was removed from the companies register.
- On November 28, 2011, the Shareholders' Meeting of Telegate Holding GmbH – a company in which SEAT Pagine Gialle S.p.A. holds a 100% interest –approved an early dividend distribution to the sole shareholder in the amount of € 6.5 million, partially drawing on company reserves.

Economic and financial data

The table below contains the key figures for 2011 compared with those for the previous year; the figures have been restated following the change in accounting policies for determining revenues and related costs from online and voice services.

(euro/million)	Year 2011	Year 2010 restated	Change Absolute	Change %
Revenues from sales and services	119.9	140.7	(20.8)	(14.8)
GOP	17.7	25.9	(8.2)	(31.7)
EBITDA	14.9	23.7	17.7	74.7
EBIT	(9.3)	(7.3)	(2.0)	(27.4)
Net invested capital	74.4	85.5	(11.1)	(13.0)
Capital expenditure	3.3	2.7	0.6	22.2
Average workforce	1,848	2,327	(479)	(20.6)

In 2011, **revenues from sales and services** for the Directory Assistance Business Area totalled € 119.9 million, down 14.8% compared with the € 140.7 million recorded in 2010 *restated*.
EBITDA fell by € 8.8 million compared with 2010 *restated*, to € 14.9 million. These changes are mainly attributable to the Telegate group, due to the market crisis in directory assistance only partially offset by the growth in online activities.
For more details on these figures, see the following analysis by company and geographical area.

Telegate Group

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

The table below contains the key figures for 2011 compared with those for the previous year; the figures have been restated following the change in accounting policies for determining revenues and related costs from online and voice services.

(euro/million)	Year 2011	Year 2010 restated	Change Absolute	%
Revenues from sales and services	110.0	123.1	(13.1)	(10.6)
GOP	17.3	24.8	(7.5)	(30.2)
EBITDA	14.7	22.2	17.7	79.7
EBIT	(9.0)	(5.3)	(3.7)	(69.8)
Net invested capital	55.7	65.4	(9.7)	(14.8)
Capital expenditure	3.0	2.5	0.5	20.0
Average workforce	1,581	1,672	(91)	(5.4)

Revenues from sales and services totalled € 110.0 million in 2011, down € 13.1 million compared with the previous year, *restated*, as a result of the continuous decline in call volumes for traditional directory assistance services, including added-value and outsourced services. Online advertising revenues increased in 2011, totalling € 35.1 million.

The breakdown of revenues by country is as follows:

- in **Germany**, where the telephone assistance service market continued to decline in 2011, voice revenues fell to € 66.3 million, down 19.8% year-on-year. In terms of turnover, the drop in call volumes was partially offset by an increase in tariffs. In the year Telegate also continued to pursue the process of transforming its business model, focusing its activities on the local search market and presenting itself as an internet service provider for small and medium-sized businesses. From this perspective, it has strengthened its own online product offering on its own 11880.com and www.klicktel.de portals, adding innovative services including, among other things, website construction.

  Online advertising revenues reached € 35.0 million in December 2011 (about 35.0% of total revenues on the German market), up 19.0% compared with December 2010, *restated*, thanks in part to the positive contribution of revenues from the sale of Google Adwords™ (about € 9 million), an advertising programme enabling businesses to promote products and services on that American search engine.

  Traffic indicators on the portals show a significant increase in visits compared to 2010; in the last quarter of 2011 the total visits recorded on both German portals were about 34.8 million, compared with 21.8 million in the last quarter of 2010.

  In EBITDA terms, the decline from 2010, *restated*, was € 5.9 million; the lower revenues were partially offset by lower operating expenses achieved by cost rationalization;
- in **Spain**, revenues totalled € 8.7 million, down significantly compared to the previous year (-20.9%), due to lower call volumes for the 11811 service and outsourced services (Jazztel, Comunitel, Antena 3 and QDQ 11875). The € 2.3 million decline in revenues is reflected in the € 1.6 million decline in EBITDA.

In **GOP** terms, Telegate group rerecorded € 17.3 million in the year, € 7.5 million less than in 2010, *restated*. The decline in revenues was only partially absorbed by reduced advertising costs, by inbound call centre service costs resulting from reduced call volumes, and by overhead costs. The € 3.2 million decline in salaries, wages and employee benefits stemmed from the streamlining policy implemented by the company.

EBITDA in 2011 was € 14.7 million, down € 7.5 million, with performance in line with GOP.

EBIT negative for € 9.0 million includes a goodwill write-down of € 12.2 million resulting from the impairment test carried out on December 31, 2011. EBIT decreased by € 3.7 million compared with 2010, *restated*, which included a € 8.6 million customer database write-down and reflected the posting of a goodwill write-down of € 8.1 million involving the Telegate group, following the impairment test performed.

Net invested capital of the Telegate group totalled € 55.7 million as at December 31, 2011 (including € 51.8 million relating to goodwill and customer databases), down by € 9.7 million compared to December 31, 2010 restated.

Capital expenditure was € 3.0 million, up € 0.5 million on the previous year. It reflects the replacement and upgrading of technical equipment at call centres and the modernisation of the sales and management infrastructures.

The **average workforce** of the Telegate group in 2011 was 1,581 employees (1,672 in 2010), primarily due to the lower number of telephone operators, the reorganization and the closure of several call centres.

Pagine Gialle Phone Service S.r.l.

SEAT Pagine Gialle S.p.A. holds 100%

The table below shows the main results for 2011 compared with those from the previous year:

(euro/million)	Year 2011	Year 2010 restated	Change Absolute	%
Revenues from sales and services	0.8	7.0	(6.2)	(88.6)
GOP	(0.2)	(0.3)	-	33.3
EBITDA	(0.2)	0.3	(0.5)	n.s.
EBIT	(0.7)	(2.4)	1.7	70.8
Net invested capital	(0.3)	0.9	(1.2)	n.s.
Average workforce	2	345	(343)	(99.4)

Revenues from sales and services in 2011 totalled € 0.8 million. The decrease compared with 2010 was attributable to the sale of call centres in Livorno and Turin in May 2010 to People Care S.r.l. and Voice Care S.r.l., which are part of the Contacta group, together with the transfer of the related workforce.

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

Prontoseat S.r.l.

SEAT Pagine Gialle S.p.A. holds 100%

The table below shows the main results for 2011 compared with those from the previous year:

	Year 2011	Year 2010	Change	
(euro/million)			Absolute	%
Revenues from sales and services	9.0	10.7	(1.7)	(15.9)
GOP	0.6	1.3	(0.7)	(53.8)
EBITDA	0.5	1.1	(0.6)	(54.5)
EBIT	0.4	0.3	0.1	33.3
Net invested capital	0.2	(0.3)	0.5	n.s.
Capital expenditure	0.3	0.2	0.1	50
Average workforce	264	310	(46)	(14.8)

Revenues from sales and services amounted to € 9.0 million in 2011, a decline of 15.9% year-on-year. The drop in turnover was essentially due to the fall in inbound revenues (-45.3% year-on-year), which was partially offset by growth in telephone sales revenues (+24.4%). 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 centre activities to the Contacta group, and partly to the structural decline in the directory assistance market.

The considerable growth in outbound revenues (+€ 0.9 million year-on-year) was a result of the strong performance of telephone sales relating to renewals of advertising contracts for print products and the acquisition of new customers for the 12.40 Pronto PAGINEBIANCHE® service.

GOP at € 0.6 million in 2011 is down € 0.7 million from the previous year; the decline in revenues and increased operating expenses, resulting from higher expenses incurred to repair the damage suffered from the fire in April 2011, were only partially offset by the savings in salaries, wages and employees benefits resulting from the lower number of operators.

EBITDA and **EBIT** performed in line with GOP.

Capital expenditure totalled € 0.3 million, slightly up from the previous year; the increase is connected with capital expenditures made in 2011 to replace the electrical, anti-intrusion and data transmission facilities destroyed by the fire.

The **average workforce** was 264 employees in 2011, a reduction of 46 from 2010.

Regulation

Germany

Regulations on access by directory publishers and directory assistance service providers to data on telephone subscribers (pursuant to the EU Directives referred to under "Regulation" in the "Italian directories" Business Area section) were also implemented in Germany, in accordance with the principles of "fair pricing, non-discrimination and cost-orientation", as set out by the aforementioned EU Directives. The disputes between Telegate AG and Deutsche Telekom, the incumbent telephone operator, are based on the fact that Deutsche Telekom has sold data from its database on the market using commercial practices, and therefore not respecting the principles of fair competition. The Federal Administrative Court provided a set of standards on the matter which must be considered when determining the cost of supplying subscriber data.

Austria

In an attempt to make regulations on the use of directory assistance numbers more flexible, the country's regulatory authority began a consultation process in November 2008 on the possibility of offering additional added-value services, such as location-based services and cinema and theatre listings, through directory assistance service numbers. According to the draft resolution, these services could be advertised and offered in addition to the basic services, but only if the service provided by 118 numbers continued to focus on directory assistance content.

Spain

The Ministry of Communications issued an order confirming once again that the incumbent operator, Telefónica, is required to offer all services relating to the Universal Service Directive (including supplying print telephone directories and providing subscriber information services). Telefónica has been operating a directory assistance service via the number 118.118 for years for the purposes of Universal Service.

Telegate Spain claims that a Universal Service obligation infringes the EU Directives, given that the subscriber information service market is now fully liberalised. The Company took part in the assessment procedure launched by the ministry, proposing to manage the telephone information service component only, in place of Telefónica. The ministry did not consider the proposal, however. The European Commission is currently carrying out a review to assess whether the procedure followed by the Spanish government was in compliance with European legislation.

Even if the order issued by the Ministry of Communications is confirmed, no changes are expected to take place to the competition aspects of the Spanish directory assistance market.

Finally, CMT, Spain's regulatory authority, decided on the need to create a Universal Service fund to balance out the costs incurred by Telefónica in providing the service (which made a loss between 2003 and 2005). CMT has not yet stated which parties will be required to contribute to the fund.

In December 2008, following a public call for tenders to find a telecoms operator to provide the directory assistance component of the Universal Service, the Ministry of Industry awarded the concession to the incumbent, Telefónica.

Other Activities

Structure of the Business Area

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

MAIN COMPANIES

- Europages
- Consodata S.p.A.
- Cipi S.p.A.

Main company events

No significant events took place in 2011.

Economic and financial data

The table below contains the key figures for 2011 compared with those for the previous year; the figures have been restated following the change in accounting policies for determining revenues and related costs from online and voice services.

(euro/million)	Year 2011	Year 2010 restated	Change Absolute	Change %
Revenues from sales and services	49.2	55.1	(5.9)	(10.7)
GOP	5.7	4.4	1.3	29.5
EBITDA	5.2	4.0	1.2	30.0
EBIT	0.5	(2.4)	2.9	n.s.
Net invested capital	14.7	14.9	(0.2)	(1.3)
Capital expenditure	4.6	4.4	0.2	4.5
Average workforce	339	361	(22)	(6.1)

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 produces a specialised online directory aimed at buyers, suppliers, distributors and exporters in Europe, and is a pan-European B2B tool for companies that use import and export channels.
The directory, which is available in 26 different languages, promotes inter-company trade and allows businesses to advertise their products and expertise in order to conquer new markets and attract new customers.

It can be viewed by accessing the www.europages.com website. The portal includes 2,300,000 exporters and general suppliers throughout 35 countries listed in Europages. The classified database is divided into 26 sectors, 4,000 sub-sections and 58,000 key words.

The table below contains the key figures for 2011 compared with those for the previous year; the figures have been restated following the change in accounting policies for determining revenues and related costs from online and voice services.

	Year 2011	Year 2010 restated	Change	
(euro/million)			Absolute	%
Revenues from sales and services	16.7	17.0	(0.3)	(1.8)
GOP	2.1	1.4	0.7	50.0
EBITDA	1.9	1.0	0.9	90.0
EBIT	1.3	(1.4)	2.7	n.s.
Net invested capital	(1.9)	(1.7)	(0.2)	(11.8)
Capital expenditure	0.6	0.5	0.1	20.0
Average workforce	82	95	(13)	(13.7)

Revenues from sales and services amounted to € 16.7 million in 2011, slightly down (€ 0.3 million) from the previous year, *restated*, mainly as a result of the fall in turnover in Italy (€ 0.4 million). Revenues from Belgium (€ 0.1 million) also fell, albeit to a lesser extent, while revenues generated in France and Spain slightly increased.
Indicators of traffic on the portal showed a significant increase in the number of visits compared to 2010, with an average of more than 4.5 million visits per month (3.4 million per month in 2010).

Despite essentially stable revenues, **GOP** was a positive € 2.1 million, € 0.7 million more than in 2010 *restated*. This growth can be explained by the results, in terms of cost savings, of the restructuring and reorganising activities conducted in recent years.

EBITDA, at € 1.9 million, performed in line with GOP.

The positive **EBIT** at € 1.3 million increased by € 2.7 million. Lower amortization and depreciation on investments in the development of the new web platform and the absence of restructuring costs contributed to this substantial improvement.

Net invested capital negative for € 1.9 million at December 31, 2011 fell by € 0.2 million compared to December 31, 2010, *restated*.

Capital expenditure was € 0.6 million in 2011, basically in line with 2010; investments in the year related to hardware upgrades and to the development of the marketplace platform.

The **average workforce** was 82 employees in 2011 (95 in 2010). This reduction was a result of the Company's reorganization plan.

Consodata S.p.A.

SEAT Pagine Gialle S.p.A. holds 100%

For over 20 years, Consodata S.p.A., the market leader in Italy for one-to-one marketing and geomarketing, 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 behaviour of millions of consumers using advanced marketing intelligence tools.

The table below contains the key figures for 2011 compared with those for the previous year; the figures have been restated following the change in accounting policies for determining revenues and related costs from online and voice services.

(euro/million)	Year 2011	Year 2010 restated	Change Absolute	%
Revenues from sales and services	20.5	24.5	(4.0)	(16.3)
GOP	4.1	4.2	(0.1)	(2.4)
EBITDA	4.0	4.3	(0.3)	(7.0)
EBIT	0.5	0.9	(0.4)	(44.4)
Net invested capital	8.9	6.6	2.3	34.8
Capital expenditure	3.7	3.8	(0.1)	(2.6)
Average workforce	109	108	1.0	0.9

Revenues from sales and services amounted to € 20.5 million in 2011, a decline of 16.3% from 2010 *restated*. The decline is mainly attributable to the product line sold through the SEAT Pagine Gialle S.p.A. network, down 53% from the previous year, and to the single Alberghi d'Italia print directory edition in 2011 (which had two editions in 2010) sold by the Consodata agent network.
The difficult economic and regulatory environment was a burden to the products marketed by the Large Customer channel; in particular, there was a negative impact on marketing campaign management products and the sale of business and consumer databases due to the limitations imposed by the *Garante della Privacy*. Other product lines experienced growth, in particular Marketing Intelligence and Business Information.

Despite reduced revenues, **GOP** of € 4.1 million in 2011 displayed a limited decline from 2010 *restated* (€ 0.1 million), benefiting from the diverse mix of products with varying profitability and from containment of structural costs.

EBITDA and **EBIT** respectively totalled € 4.0 million and € 0.5 million, performing in line with GOP.

Net invested capital was € 8.9 million as at December 31, 2011, against € 6.6 million as at December 31, 2010, *restated*.

Capital expenditure in 2011 totalled € 3.7 million, a decline of € 0.1 million year-on-year, and focused on developing software platforms, expanding geo-referenced and other databases, and acquiring new databases.

The **average workforce** was 109 employees in 2011, substantially in line with 2010 (108 employees).

Regulation

Personal data protection (Legislative Decree no. 196 of June 30, 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. Its aim was to prevent 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 databases 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.

After being notified of that order, 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 by the Court of Rome 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. Debate on the case was postponed to February 2011, and then to October 2011. On October 5, 2011 the Court of Rome issued a ruling rejecting the appeal submitted by Consodata on March 19, 2010, thus confirming that it was not possible for Consodata to make use of the data without specific consent except for mere paper mailings.

As a result of the ruling, through its external legal representatives Consodata requested a hearing from the sanction unit of the *Garante della Privacy* for a concrete determination of the administrative penalty still to be applied as a result of resolution of the court appeal and it is awaiting a decision from that office.

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 defence to the authority or pay a reduced fine issued via a cash settlement. The company again decided to submit a statement of defence 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.

On December 20, 2010 Consodata made the appropriate application to the Garante to obtain exemption from or simplification of data privacy compliance for all who, with reference to their data made available in telephone directories, had expressed their consent to receive paper promotional communications or telephone communications through the operator, and no response has been received to date.

Cipi S.p.A.

SEAT Pagine Gialle S.p.A. holds 100%

Cipi S.p.A. has been operating in the promotional items and corporate gifts sector since 1964, offering a wide range of promotional, merchandising and corporate gift items that can be customised with customer-specific logos and brands. Its activities cover the entire value chain, including importing items, customising them with the customer's logo and selling to the end customer either directly or through the Parent Company.

The table below shows the main results for 2011 compared with those from the previous year:

(euro/million)	Year 2011	Year 2010 restated	Change Absolute	Change %
Revenues from sales and services	12.1	13.7	(1.6)	(11.7)
GOP	(0.6)	(1.2)	0.6	50.0
EBITDA	(0.7)	(1.3)	0.6	46.2
EBIT	(1.3)	(1.9)	0.6	31.6
Net invested capital	7.8	9.9	(2.1)	(21.2)
Capital expenditure	0.3	-	0.3	n.s.
Average workforce	149	157	(8)	(5.1)

Revenues from sales and services amounted to € 12.1 million in 2011, a decline of € 1.6 million from 2011 due to the considerable reduction in revenues from direct sales through the SEAT Pagine Gialle S.p.A. agent network (-€ 1 million) and the decreased contribution of revenues from the custom item line, low – margin sales of directly imported custom item to Large Clients (-€ 0.7 million). There has been a slight increase in turnover from the Cipi Professional catalogue line (€ 0.2 million), targeting small and medium-sized businesses and served directly by its own network of agents through the telephone sales channel.

GOP of -€ 0.6 million was recorded, up € 0.6 million on the previous year thanks to the higher profitability of the sales mix and to the containing of structural costs, partly the result of the CIGS utilization (redundancy fund) granted in March 2011.

EBITDA and **EBIT** were negative for € 0.7 million and negative for € 1.3 million respectively, performing in line with GOP.

Net invested capital totalled € 7.8 million as at December 31, 2011, down € 2.1 million compared to December 31, 2010.

The company considerably reduced its **capital expenditure** in 2011, in line with its efficiency policy.

The **average workforce** fell to 149 employees in 2011 from 157 in 2010.

Other information

Human resources

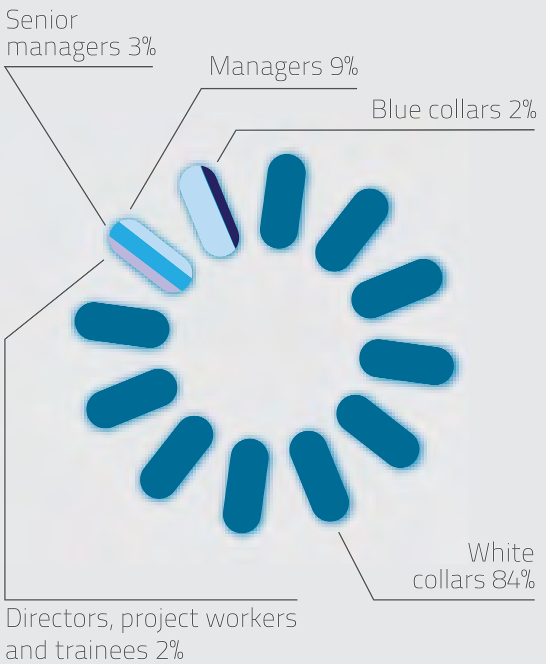
SEAT Pagine Gialle group

	As at 12.31.2011	As at 12.31.2010	Change
Employees	4,204	4,777	(573)
Directors, project workers and trainees	88	33	55
Total workforce at the end of the period	4,292	4,810	(518)
	Year 2011	Year 2010	Change
Average workforce for the period	3,836	4,493	(657)

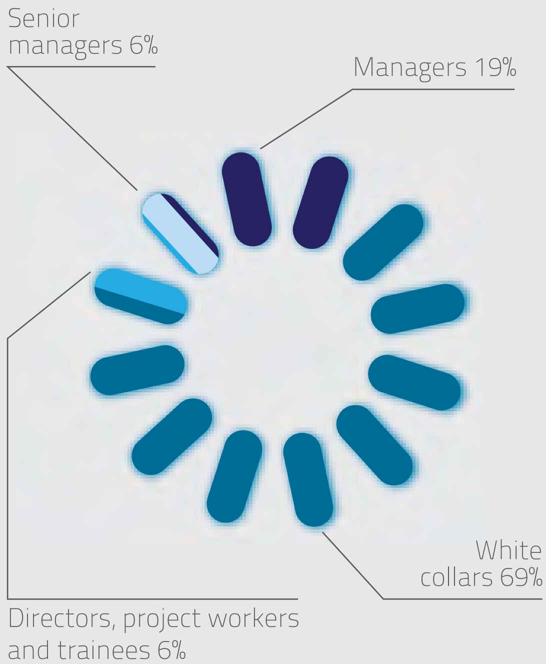
The SEAT Pagine Gialle group had a total workforce of 4,292 employees as at December 31, 2011, down 518 compared with December 31, 2010, with an average workforce in the year of 3,836 employees (4,493 in 2010).
The reduction of 518 employees as at the end of the year compared to December 31, 2010 is mainly attributable to fewer telephone agents in the Telegate group as a result of the reorganization and closure of call centres in the year.
The year-on-year reduction of 657 employees in the average workforce is mainly attributable to extension of organizational structure review activities implemented within the Parent Company as part of the business reorganization plan (-100 employees), to disposal of the call centres of the subsidiary Pagine Gialle Phone Service S.r.l. (-343 employees) and to a reduction in the human resources employed in the call centres of the Telegate group (-91 employees) and of the subsidiary Prontoseat S.r.l. (-46 employees).

As regards the distribution of human resources across the various Business Areas, it should be noted that the Parent Company generated around 78% of SEAT Pagine Gialle group revenues for the year while only accounting for 27% of the average total workforce. This is attributable to the following factors:
- in Italy the sales force consists mainly of agents (1,241 as at December 31, 2011), whereas overseas it is made up of employees;
- the call centres used to provide directory assistance services employ a large number of telephone agents. The Directory Assistance Business Area in fact employed 48% of the average total group workforce, despite only accounting for around 12% of total Group revenues for 2011.

SEAT Pagine Gialle Group

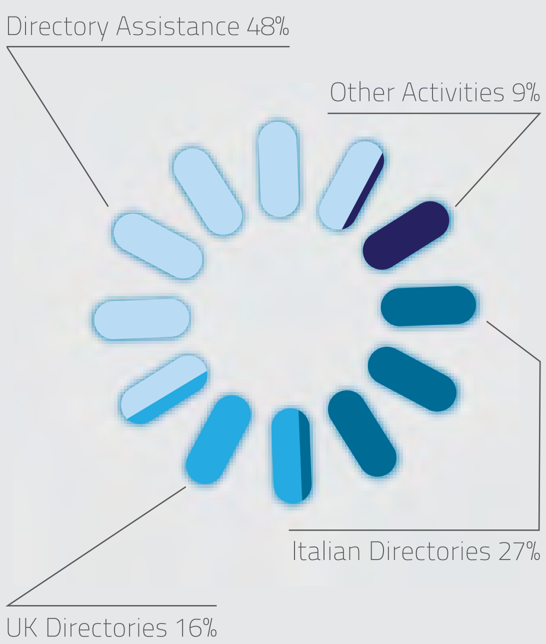


SEAT Pagine Gialle S.p.A.



Labour cost by Business Area

Average workforce by Business Area



SEAT Pagine Gialle S.p.A.

	As at 12.31.2011	As at 12.31.2010	Change
Employees	1,172	1,218	(46)
Directors, project workers and trainees	82	15	67
Total workforce at the end of the period	1,254	1,233	21
	Year 2011	Year 2010	Change
Average workforce for the period	1,029	1,129	(100)

The average workforce of SEAT Pagine Gialle S.p.A. totalled 1,029 employees as at December 31, 2011, down around 9% compared with the end of the previous year.
This reduction reflects extension of the 2009-2011 Reorganization Plan to the subsequent two-year period (March 2011 - February 2013). In addition to making use of the *Cassa Integrazione Guadagni Straordinaria* (CIGS), the current reorganization plan envisages a professional retraining process that involved around 70 employees in 2011, 15 of whom returned to active service in December 2011.
From the second half of the year, with the launch of the "Talent Factory" project which aims to recruit and train young commercial and sales people, new graduate trainees were employed; an increase of around 70 traineeships were recorded as at December 31, 2011, compared with the previous year.

Sales network

As at December 31, 2011, SEAT Pagine Gialle S.p.A.'s sales network comprised 1,241 agents and dealers (1,510 agents and dealers as at December 2010) and 88 employees (67 employees as at December 31, 2010), broken down into Customer Business Units (CBUs) categorised by type of customer and market potential: *"Large Customers & Top Customers" and "SMBs & Local"*.
More specifically:

- the *"Large Customers & Top Customers"* CBU, which targets nationwide companies with specific communication needs and local SMBs with high levels of investment, uses a team of highly qualified specialists to deal with customers. The intelligence structure of the *"Large Customers & Top Customers"* CBU includes Customer Marketing & Solutions which oversees market changes, responds to innovation and specialization requests, proposes and develops new solutions, ensures that the market approach for web-driven service levels is based on accurate customer segmentation and uses a Coaching and Planning team to disseminate skills within the organization. The Business Analysis Area is part of this intelligence structure and it identifies the changes needed to reach the strategic goals; the Sales Quality and Support Area is also part of this structure and monitors the quality of sales and providing pre-sale and post-sale support.
  The sales divisions are organised and specialised according to communication needs, distinguishing the National part and comprising large brands and complex customers with networks across national territory. These require high levels of customization, from the *Local and Central Public Administration*, with institutional and public service needs, to the *TOP sales line,* with local and specialised service needs. These markets are served by a sales force of 22 employees, consisting of the "Key Account" and "Sales Management" departments and 12 agents and dealers, including seven agents specialising in the Government Authorities segment, as well as, for Top Customers, 44 agents, 7 area managers and a "Top Customers" head of department;
- the *"SMBs and Local"* Customer Business Unit is dedicated to handling the small and medium-sized businesses segment and the small operators segment, and aims to provide extensive cover of the national market and area, while offering a diverse product range and business approach for each customer segment. 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. In order to respond to customer characteristics and requirements, the Field Areas are accompanied by a Metropolitan Sales Area that combines Rome and Milan, markets which have common social and economic dynamics that differ from those of the rest of the country.
  In 2009 the Telesales Service department launched an initiative to support the activities of the "SMB Sales" team, with the aim of improving customer service and establishing more contacts. This initiative continued in 2011.
  The *"SMBs & Local"* CBU has a network of 1,185 agents, coordinated by 31 market managers and 4 city managers who cover the medium or medium-small SMB communication market with around 490 telesales agents.

Organizational development

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.
The organization was redesigned multiple times in the year to ensure the strengthening of the operating model and compensate for the departures of IT and Print BU managers whose responsibilities have been consolidated within the purview of the Transformation Management Department.
In July, to fully secure the human capital and resources necessary for business operations, the Resources and Organization Department was created, and Ezio Cristetti was placed in charge. The functions of Group Human Resources, SEAT Pagine Gialle S.p.A. Human Resources, Corporate University, Learning & Development, Change Management and Acquisitions & Cost Management have been consolidated under this department.
Lastly, in December with a view to strengthening the brand integration strategy, maximising synergies between the various platforms, and to ensuring that the execution of transformation programmes constantly takes into account the generation of value for the customer, the first-level organizational structure was redesigned (with effect from January 1, 2012), with elimination of the Transformation Management Department and the following changes:

- the Business Unit Print & Voice Marketing and Customer Services Department was created and Antonio Macrillò placed in charge; Marketing Print & Voice, Marketing Services and Content Strategy, Customer Operations and Operations Print activities were consolidated under this department;
- within the scope of the Customer Business Unit SMB&Local, under the leadership of Roberto Besso, territorial sales cover was reorganised with the creation of three field sales areas (A - Northwest and Sardinia; B - Northeast, Tuscany and Rome; C - Centre/South);
- IT, Processes and Governance & Service Creation functions have been consolidated within the Resources and Organization Department.

Selection, training and development

Activities were carried out 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 244 new agents were employed, as well as benchmarking initiatives with other corporate training entities. The selection of candidates from universities within the scope of the Talent@Factory project has led to the hiring of 66 sales trainees.
In 2011, Seat Corporate University (SCU), in support of the project for cultural change targeting the Company's internet world, continued to carry out training in support of the sales force with particular emphasis on employer branding and on newly-recruited imprinting agents and a focus on sales behaviour and the commercial product range. A lot of attention has been placed on reviewing the customer approach on the basis of the most advanced technical and sales processes.
The internet Field School was launched with a view to standardising the basic and advanced internet skills of the sales force, a measure to support specific skills in order to make SEAT Pagine Gialle the Italian Local Internet Company.
Using interviews with the senior management of the BU concerned, a Zone Manager Skills Manual was drawn up to support customer activities, to provide an understanding of the necessary skills and the support motivations; then, to bring actual conduct in line with the model, the development centre spoke to each Zone Manager to allow them to identify their own strengths and weaknesses with a view to drawing up individual action plans.
Employee training initiatives have been implemented to enhance professional skills and know-how and to disseminate an internet culture in line with business development, in particular by organising Internet Universe and Web World training day, which saw the transversal involvement of the corporate workforce in Italy.
In terms of specialised training, technical courses were mainly organised for IT and Online&Mobile BU personnel as well as "Personal and business data security" workshops in view of the training requirements as provided by Law no. 196/2003.
A training programme was developed within the scope of the Talent@Factory project, with 12,672 trainee training hours covering various topics, from products to sales techniques, workshops on preparing sales offers and sales relations.
SEAT Pagine Gialle strengthened its e-learning training range, continuing to produce content accessible through the various channels of the innovative Quick Learning Point platform. Training content is dedicated to providing an understanding of the internet via small doses of online information on products and network phenomena to both agents and employees to promote continuous and widespread development.

A training project was launched and completed in the year for the Professional Retraining of personnel in CIGS, as provided for in the labour union agreements entered into by the Company with regard to the implementation of Law no. 102/2009. The Professional Retraining Project, which involved 70 employees in CIGS who did not meet retirement requirements, was delivered through on-the-job and classroom training, the transmission of training materials and online courses.

The 2010 Performance Management process was completed in the year with the compilation of performance assessment forms and the return of feedback questionnaires to the employees concerned; at the same time, the new 2011 Performance Review process was implemented with extension of the targets set for the current year to cover level A employees and upwards. Training sessions to assist managers in evaluating their staff were also implemented.

Personal services

In 2011, the SEAT4PEOPLE project continued its activities by entering into agreements – now more than 270 – and creating SEAT personnel initiatives for both employees and agents, such as, for example, Employee services desks within business establishments, conventions and travel events.
Updates are disseminated to the SEAT community through the company's SEAT4PEOPLE intranet, company notice boards and customised emails. SEAT4PEOPLE also managed initiatives in cooperation with the Turin CRAL DLF (workers' recreational organization) and with CRAL DLF area branches.

For the children of employees – aged between 6 and 12 – SEAT4PEOPLE promoted corporate holiday camps for the third consecutive year. Company seniority and Christmas events were organised.
The vehicle fleet was streamlined in order to reduce costs.

With regard to the topic of property, there has been continued streamlining of the spaces at all establishments and the negotiation of reductions both for the expenses of managing properties as well as for rents on leased premises.

Industrial relations

On February 25, 2011 the Company and the Trade Unions entered into an agreement at the Ministry of Labour and Social Policies for a business reorganization covering the period from March 7, 2011 to March 6, 2013. The aim of this agreement is ideally to continue as before, and it envisages a maximum number of 198 CIGS positions susceptible to activation in the mentioned period, spread out over the various business establishments. As regards management instruments, as in the past, redundancies will continue to be managed via the CIGS, and early retirement pursuant to Law no. 416/81 *et seq*. The possibility of providing professional retraining courses for redundant workers not eligible for early retirement is also envisaged.
At the same time as the Reorganization Agreement, the necessary agreement was entered into for the provision in 2011, of Professional Retraining pursuant to Law no. 102/2009 et seq.; this agreement envisages the possibility of delivering training courses pertinent to the reorganization to CIGS employees who do not meet the criteria for early retirement, possibly leading to on-the-job training. This process allowed 15 employees who had already completed the retraining programme in the year to fully and effectively rejoin the workforce.
On the subject of retraining, given confirmation of the instrument in the 2011 Stability Law, a further Trade Union agreement was entered into at the Ministry of Labour in December, for the provision of professional retraining also in 2012, pursuant to Law no. 102/2009 *et seq.*, as amended.
In the course of the year, there were several inspections by the competent provincial employment offices, all of which had a positive outcome. In July, the Ministry of Labour issued a decree ordering an assessment of the status of the reorganization for the two-year period and CIGS payment authorization for all affected employees in the first half of the year; in November the decree was amended to cover the second half of 2011.
In September, a Trade Union agreement was entered into on the 2010-2011 results bonus and on re-establishing equilibrium between the Company and Employees in terms of Cassa Mutua Seat contributions.
Throughout 2011, Industrial relations management continued in line with the guidelines set forth in the business reorganization plan agreement; worthy of particular note was the entering into of Trade Union agreements on sponsored training and on the definition of a shared system of rules regarding the balancing of technical/organizational and personal/family interests (holiday planning, company non-working days).

Health and safety

In 2011, the Company continued to implement its workplace health and safety measures in line with previous years and with statutory requirements (for example, the mandatory health monitoring plan).
From an organizational/management perspective, "Officers" have been appointed for the peripheral establishments for broader safety monitoring; in total there are four Officers with area authority (northwest, northeast, centre and south).
In terms of employee training and information, 28 refresher courses were delivered to emergency workers (first aid and fire prevention) throughout Italy; in addition, a further 12 emergency management workers were trained (to be added to existing emergency teams). Furthermore, the training of six new Safety Workers Representatives (RLS) has continued.
In December the usual periodic meeting on safety was held. It included the respective doctors, the Prevention and Protection Department Head (RSPP), the Workers' Safety Representatives (RLS) and the employees assigned to the Department.

Stock option plans

The stock option plans in existence at the end of 2011 and shown in the following table were established over time by Telegate AG.
The plans are for specific categories of employees which are considered "key" as a result of their responsibilities and/or skills. They are implemented by allocating to eligible employees personal, non-transferable rights (options) which are valid for the purchase of the same number of new ordinary Telegate AG shares.
Their essential components and characteristics have not been changed and no new stock option plans were approved in 2011.

		Options at 01.01.2011	New options granted 01.01.2011 12.31.2011	Options exercised 01.01.2011 12.31.2011	Options expired and not exercised 01.01.2011 12.31.2011	Options expired 01.01.2011 12.31.2011 for termination of service/other	Options at 12.31.2011	Of which exercisable at (*) al 12.31.2011	Maximum validity of the options
2005 Stock Option Plan for Directories and Employees of Telegate group	No. of ordinary shares	21,000	–	–	–	12,000	9,000		June 2013
		318,750	–	–	–	77,100	241,650		June 2013
		311,500	–	–	–	30,000	281,500		June 2013
	Strike price for ordinary share (euro)	14.28	–	–	–	–	14.28	14.28	
		16.09	–	–	–	16.09	16.09	16.09	
		11.01	–	–	–	11.01	11.01	11.01	

(*) The stock option plan of the group Telegate provides the opportunity to exercise the options only to the achievement of annual targets.

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").

1) Deed of pledge

This concerns the proceedings brought by Finmavi and Media with the Court of Milan, seeking to ascertain the invalidity or ineffectiveness of the deed of pledge with which shares in Cecchi Gori Communication S.p.A. (now HMC) held by Media had been given in guarantee to the Spun-off Company and, in any case, seeking an order for the Spun-off Company to pay damages of no less than 750 billion lira, plus appreciation and interest.
After losing the case at the first two instances, Finmavi and Media filed an appeal with the Court of Cassation.
At the hearing on September 20, 2007, the court accepted the appeal of Finmavi and Media, but also accepted a ground for cross-appeal put forward by the Spun-off Company, referring the matter to another division of the Court of Appeal of Milan, including for costs relating to the Court of Cassation. By a claim filed on November 10, 2008, Finmavi and Media resumed the case with the Court of Appeal of Milan and the Spun-off Company entered an appearance at the hearing on March 24, 2009.
The case was deferred until the hearing of October 18, 2011 for the clarification of pleadings.

On April 6, 2011, Fallimento Cecchi Gori Group Fin.Ma.Vi S.p.A. in liquidation and Cecchi Gori Group Media Holding S.r.l. in liquidation, served the Spun-off Company a "notice of payment" for € 387,342,672.32 corresponding to the equivalent of 11,500 shares with a nominal value of ITL 1 million representing the entire share capital of Cecchi Gori Communications S.p.A.
With this notice, the two opposing parties requested payment of the equivalent of the shares pledged in favour of the Spun-off Company.
The request is included in the litigation referred to in this paragraph, which pending before the Milan Court of Appeal, the companies in the Cecchi Gori Group had already reserved the right to initiate proceedings for compensation concerning payment of the equivalent of the shares pledged (the current payment notice would appear to have been essentially transmitted to toll the statute of limitations on the said action for compensation, given that said action has no longer been cultivated in the pending lawsuit).
This notice was replied to by TI Media in a letter dated April 7, 2011.

2) 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 decisions taken on August 11, 2000 by the Extraordinary Shareholders' Meeting of Cecchi Gori Communications S.p.A., which introduced changes to the Company's Articles of Association aimed at awarding special rights to category B shareholders.
After losing the case at the first two 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.

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 totalling € 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 Deutsche Telekom AG requested access to a further stage of appeal.

Corporate Governance

Introduction

In consideration of the new principles expressed in the Italian Corporate Governance Code for Listed Companies promoted by Borsa Italiana and disseminated in March 2006 (hereinafter also "the Code"), on December 19, 2006 the Company's Board of Directors resolved to adhere to the recommendations stated therein. Subsequently, it is to be recalled that in March 2010, the new draft of article 7 of the Corporate Governance Code (2006 version), on the subject of compensation for directors and managers with strategic responsibilities, was approved. Issuers were therefore asked to apply the new article 7 by the end of 2011, informing the market thereof in the corporate governance report to be published in 2012. In response to that request, on February 28, 2011, the Company's Board of Directors resolved to (i) apply the new principles and criteria for application provided for in art. 7 of the Code and (ii) assign tasks to the Remuneration Committee in accordance with the new criterion 7.C.5. (see below).
It should also be borne in mind that significant changes were made to the Corporate Governance Code in December 2011: based on the transitory regime provided, and issuers were asked to apply such changes by the end of the financial year beginning in 2012, informing the market thereof in the corporate governance report to be published during the next year.
The Code is available to the public on the Borsa Italiana website (www.borsaitaliana.it).
The rules, conduct and processes established by SEAT Pagine Gialle S.p.A.'s corporate governance structure aim to ensure an efficient and transparent corporate governance system. This system comprises a series of procedures and codes that are continuously verified and updated to effectively respond to changes in legislation and best practice.
The main aspects of corporate governance are described below, while more detailed information can be found in the Report on Corporate Governance and Shareholder Structure (prepared and published pursuant to Article 123-bis of Legislative Decree no. 58/98 and also available on the Company's website, www.seat.it).

Management and coordination activities

SEAT Pagine Gialle S.p.A. is not subject to the management and coordination of other companies or entities. Pursuant to Article 2497-bis of the Italian Civil Code, the subsidiaries identified SEAT Pagine Gialle S.p.A. as the entity which performs management and coordination activities. These activities involve indicating the Group's operating and general strategic guidelines by defining and updating the internal control and governance model and drawing up general policies for managing financial and human resources, procuring factors of production, training and communication.

Company organization

SEAT has a traditional organizational structure, consisting of:
- **Shareholders' Meeting**
- **Board of Directors**
- **Board of Statutory Auditors**

The external auditing of the accounts is entrusted to the **Independent Auditors**.

Board of Directors

The Board of Directors plays a central role in the Company's corporate governance system. It meets regularly (usually once a month) and is structured and operates in such a way as to ensure the effective and efficient performance of its duties.
The Board is vested with the broadest powers for the ordinary and extraordinary administration of the Company. It is therefore able to take any measure it deems appropriate to implement and achieve corporate goals in Italy and abroad, with the sole exception of measures which, by law, are the preserve of the Shareholders' Meeting (Article 19 of the Articles of Association).
The Ordinary Shareholders' Meeting of April 9, 2009 appointed a Board of Directors comprising 11 (eleven) members for the 2009-2011 three-year period.
The following were appointed as Company Directors: Enrico Giliberti (Chairman), Luca Majocchi (appointed as CEO at the Board Meeting that followed the Shareholders' Meeting), Dario Cossutta, Luigi Lanari, Marco Lucchini, Pietro Masera, Antonio Tazartes, Nicola Volpi, Lino Benassi, Alberto Giussani and Maurizio Dallocchio.
On April 29, 2009, the Board of Directors co-opted Alberto Cappellini and appointed him as CEO to replace Luca Majocchi, who resigned. On August 5, 2009, the Board of Directors co-opted Marco Tugnolo to replace Marco Lucchini, who resigned. Following these developments, the Ordinary Shareholders' Meeting of April 21, 2010 appointed Alberto Cappellini and Marco Tugnolo to the Board of Directors, and the Board Meeting that followed the Shareholders' Meeting subsequently confirmed Mr Cappellini as CEO and Mr Tugnolo as a member of the Internal Audit Committee.
On May 10, 2011, the Board of Directors had appointed the Chief Executive Officer, Alberto Cappellini, as General Manager of the Company in order to ensure the highest levels of corporate management, in terms of coordination and operational direction.
Alberto Cappellini died on March 24, 2012.
It should also be noted that on November 14, 2011, Director Luigi Lanari tendered his resignation as Director and, accordingly, as a member of the Remuneration Committee.
Directors Benassi, Dallocchio and Giussani meet the requirements set forth in Article 148, paragraph 3 of Legislative Decree no. 58/1998 and in the Corporate Governance Code for Listed Companies in order to qualify as independent.
The appointment of Directors is governed by Article 14 of the Articles of Association, as most recently amended by the Board of Directors at the meeting of October 19, 2010.[1]
The appointment of the Board of Directors takes place on the basis of the lists presented by the shareholders or by the outgoing Board of Directors. Each list must contain and expressly indicate at least two candidates who meet the independence requirements pursuant to Article 147-ter, IV C of Legislative Decree no. 58/1998.
The final lists presented by the outgoing Board of Directors and by the shareholders must be submitted to the Company's registered office at least 25 days before the Shareholders' Meeting called to appoint the Board of Directors. The lists must be made available to the public at the registered office, on the Company's website and by the other means as stipulated by Consob regulations at least 21 days before the Shareholders' Meeting.
Each shareholder may present or participate in the presentation of only one list, and each candidate may appear on only one list; otherwise they shall not eligible for election.
A list may only be presented by the shareholders who individually or jointly hold at least 2% of voting rights at the Ordinary Shareholders' Meeting, which is the minimum established by Consob pursuant to Article 147-ter, I C of Legislative Decree no. 58/1998. In order to prove ownership of the said rights, copies of ownership certificates issued by authorised intermediaries must be submitted to the Company's registered office before the list publication deadline. Within the same deadline, each list must be accompanied by the CVs of nominees and personal statements in which each candidate accepts their appointment, declaring that they are eligible and suitable for election and that they meet the requirements of the law and of the Articles of

[1] It should be noted that on October 19, 2010, the Board of Directors approved changes to the Articles of Association in order to comply with the compulsory measures contained in Legislative Decree no. 27/2010, which transposed into national law Directive 2007/36/EC (the Shareholders' Rights Directive). The Extraordinary Shareholders' Meeting held on April 20, 2011 resolved to approve "optional" changes pursuant to the abovementioned Legislative Decree 27/2010. Specifically, the Shareholders' Meeting resolved the following:

1. to amend the following articles of the Articles of Association: Article 1 (Name), Article 5 (Measurement of capital), Article 8 (Right of intervention), Article 10 (Notice of meeting), Article 11 (Ordinary and Extraordinary Shareholders' Meeting), Article 12 (Chairmanship and conducting activities), Article 19 (Powers of the Board of Directors - Delegations);
2. to eliminate Article 27 (Transitory provisions) of the Articles of Association;
3. to supplement the Articles of Association – subsequent to the amendments mentioned under 1 – with the new article 23 (Related-party transactions) and accordingly to renumber the articles of the Articles of Association that follow. Association that follow.

Association for becoming a director, and, where appropriate, that they qualify as independent pursuant to Article 147-ter, IV C of Legislative Decree no. 58/1998. Any list that does not comply with these criteria is considered void.
More information on the methods used to appoint the Board of Directors can be found in Article 14 of the Articles of Association and in the Report on Corporate Governance and Shareholder Structure (referred to in the introduction). This document provides information on the list presented upon the renewal of the company boards:

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

Upon renewal of the company boards, which took place at the aforementioned Shareholders' Meeting of April 9, 2009, the Company acted to fulfil its obligations pursuant to Articles 144-octies and 144-novies of the Consob Issuers' Regulation.

More specifically, with regard to the appointment of directors: as stipulated in current regulations, exhaustive information was provided on the candidates' personal and professional qualifications, including the statements of those meeting the independence requirements envisaged by current regulations; an indication of the shareholders submitting the list was also provided, as well as details of the overall percentage interest held (the shareholder concerned is Sterling Sub Holdings S.A., owner at the time – prior to completion of the abovementioned share capital increase transaction – of 6,089,855 ordinary shares with voting rights, accounting for 14.837% of the ordinary share capital). The Company promptly made this information available to the public on its website.
Thus, on the basis of information received, the following applies to SEAT directors' roles as directors or statutory auditors of other companies pursuant to Article 1.C.2 of the Corporate Governance Code:

Enrico Giliberti	Independent director of Telco S.p.A.
Alberto Cappellini	No position in companies pursuant to Article 1.C.2
Dario Cossutta	No position in companies pursuant to Article 1.C.2
Pietro Masera	No position in companies pursuant to Article 1.C.2
Antonio Tazartes	No position in companies pursuant to Article 1.C.2
Marco Tugnolo	No position in companies pursuant to Article 1.C.2
Nicola Volpi	CEO of Permira Associati S.p.A. (*); Director of Sisal S.p.A. and of Sisal Holding Istituto di Pagamento S.p.A. (**).
Lino Benassi	Director of DeA Capital S.p.A. and Zignago Vetro S.p.A.
Maurizio Dallocchio	Director of Gabetti Property Solutions S.p.A., RDB S.p.A., Raffaele Caruso S.p.A., Banca Akros S.p.A., Selmabipiemme Leasing S.p.A., DGPA Capital SGR S.p.A.; Statutory Auditor of ST Microelectronics S.r.l. and of Podravska Banca d.d. (Croatia)
Alberto Giussani	Director of Credito Artigiano S.p.A. and of Fastweb S.p.A.; Chairman of the Board of Statutory Auditors of Vittoria Assicurazioni S.p.A.; Statutory Auditor of Luxottica S.p.A. and of Falk Renewables S.p.A. and Chairman of the Board of I-E Towers S.p.A.

(*) Company of the Permira Group
(**) Company of the Sisal Group

Personal and professional information on the directors can be found in the Report on Corporate Governance and Shareholder Structure and in the Company Boards section of the Company's website, www.seat.it.

It should be noted that the Shareholders' Meeting to be called for approval of the financial statements as at December 31, 2011 will also renew the company boards.

Chairman and CEO

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

There is no need for a lead independent director as the Chairman is neither the main person responsible for managing the business nor the person who controls the Company.

For the purposes of full disclosure, the powers of the Chairman and the CEO, as well as the system of managerial powers, are outlined below.

The **Chairman**, Enrico Giliberti, has signing authority and is a legal representative of the Company in dealings with third parties and in court. The Chairman, who is not usually vested with managerial powers, is responsible for organising Board business and for liaison between the CEO and the non-executive directors.

On May 10, 2011, the Board of Directors had appointed the Chief Executive Officer, Alberto Cappellini, as **General Manager** of the Company in order to ensure the highest levels of corporate management, in terms of coordination and operational direction. As resolved by the Board of Directors at the time of the structuring of the powers and delegations associated with Mr Cappellini's appointment as General Manager in addition to the position of Chief Executive Officer already held, the following was resolved as regards Mr Cappellini:

(1) as Chief Executive Officer, in general the following had remained within his purview: (i) the overall powers of management and associated representation before third parties, (ii) ensuring the adequacy of the organizational, administrative and accounting structure, as well as (iii) overseeing the functionality of the internal control system.

(2) as General Manager, in general the following falled within his purview: (i) implementation of the decisions of the management boards, (ii) overseeing all corporate offices and functions, and (iii) the power of hierarchical supremacy over all personnel, including the managers responsible for the corporate divisions.

The aforesaid powers had been conferred within a maximum limit of € 10 million in general, with the exception of certain types of action, for which lower limits are envisaged.

The CEO had also been appointed as executive director, responsible for overseeing the internal control system (mentioned below), and as the head of the Company's secondary offices.

The Company has established a system of managerial powers which (with the exception of specific cases that are governed individually) is structured as follows:

(i) powers whose exercise entails an expense for the Company and which may be exercised – for matters pertaining to the respective organizational functions – only through the joint signature of two managers, thereby ensuring a form of control over the exercise of delegated powers. There is also a mandatory and general expenditure limit on the exercise of said powers;

(ii) powers to represent the Company, which are to be exercised – again, within the context of the respective organizational functions – through the joint signature of two managers or, in limited and routine cases, through a single signature.

Independent directors

In 2007, the Board of Directors adopted a process for assessing the independence of its directors whereby said directors sign, at least once a year, a declaration (addressed to the Chairman of the Board of Directors and the Chairman of the Board of Statutory Auditors) of compliance with the independence requirements established by Article 3 of the Corporate Governance Code, with respect to the assessment criteria indicated in application criterion 3.C.1 of the Code.

On the basis of the information received, the Board has assessed whether each of its non-executive directors meets the independence requirements. As a result, it has confirmed that Lino Benassi, Maurizio Dallocchio and Alberto Giussani qualify as independent directors. The aforementioned directors also meet the independence requirements pursuant to Article 148, paragraph 3 of the Consolidated Finance Act.

Internal committees of the Board of Directors

In accordance with principle 5.P.1 and criterion 5.C.1 of the Corporate Governance Code, the Board of Directors has incorporated:

1 ▪ the Remuneration Committee and

2 ▪ the Internal Audit Committee,

to make suggestions and provide advice.

Both committees have three members. Their remits were established by the Board of Directors and can be supplemented or modified by a subsequent Board decision.

Remuneration Committee

The Board of Directors meeting held on April 9, 2009 after the Shareholders' Meeting following renewal of the company boards, appointed the following directors as members of the Remuneration Committee: Lino Benassi (Chairman), Dario Cossutta and Luigi Lanari. As previously mentioned, Mr Lanari tendered his resignation as director and, accordingly, as member of said Committee, on November 14.

As mentioned, on February 28, 2011 – in accordance with the Code's new criterion 7.C.5 – the Board of Directors assigned the Committee the task of:

- periodically assessing the adequacy, overall consistency and concrete application of the general policy adopted on the remuneration of executive directors, of other directors in specific jobs and of key management personnel, making use in this latter regard of the information provided by the managing directors; making suggestions on the matter to the Board of Directors;
- making suggestions to the Board of Directors on the remuneration of executive directors and other directors in specific jobs, as well as proposals on the setting of performance objectives relating to the variable component of said remuneration; monitoring application of Board decisions, checking in particular that performance objectives are actually met.

The Remuneration Committee met on three occasions in 2011.

Director compensation

As well as being reimbursed for the expenses they incur in carrying out their duties, directors are entitled to the annual compensation as established by the Shareholders' Meeting. This compensation can also include the remuneration for directors with specific jobs.

Pursuant to Article 2389, paragraph 3 of the Italian Civil Code, the remuneration of directors with specific jobs is decided by the Board of Directors, subject to the approval of the Board of Statutory Auditors.

Non-executive directors (whose remuneration is commensurate with the required commitment, while also taking into account membership of committees), are not eligible for share-based incentive schemes.

The Chairman's compensation is fixed, while a large portion of the CEO's compensation is variable.

The Shareholders' Meeting of April 9, 2009 resolved in particular to envisage an end-of-mandate indemnity for the CEO, mandating the Board of Directors to establish the terms and conditions of said indemnity.

The remuneration of senior managers has a variable component that is dependent on the results achieved in their respective sectors and on the basis of individual targets.

General remuneration policy

The general policy for the remuneration of the Chief Executive Officer, the General Manager and managers with strategic responsibility of SEAT Pagine Gialle S.p.A., as defined by the Board of Directors on the proposal of the Remuneration Committee pursuant to Article 7.P.4 and to criterion 7.C.1 of the Corporate Governance Code, is described in the abovementioned Report on Corporate Governance and Ownership Structure, to which the reader is necessarily referred.

Internal control system

1) Internal Audit Committee

The Internal Audit Committee, appointed at the meeting of the Board of Directors held on April 9, 2009 following the Shareholders' meeting upon renewal of the company boards, comprises directors Alberto Giussani (Chairman), Maurizio Dallocchio and Marco Tugnolo.

All Committee members are non-executive directors (the majority of them independent, pursuant to Article 8.P.4 of the Code) and endowed with appropriate accounting and financial experience (in accordance with Article 8.P.4 of the Code).

As well as the members of the Internal Audit Committee, meetings are attended by the Chairman of the Board of Statutory Auditors (or another statutory auditor designated by said Chairman) and by the head of the Internal Audit department. Depending on the items on the agenda, the meetings may also be attended by the CEO and by Independent Auditors and corporate management representatives.

At the aforementioned meeting of April 9, 2009, the Board of Directors resolved to assign to the Internal Audit Committee duties pursuant to Article 8.C.3 of the Corporate Governance Code. In line with the provisions of the Code, the regulations that govern the committee include rules on the appointment, composition and function thereof. More specifically, pursuant to these regulations, the committee:

1. assists the Board of Directors in drawing up guidelines and performing periodic checks on the adequacy and efficacy of the internal control system, with the aim of ensuring that the main business risks are identified, properly measured, managed and monitored;
2. examines the work plan drawn up by the head of Internal Control and the periodic reports received therefrom;
3. assesses the findings of reports by the head of Internal Control, the Board of Statutory Auditors and the Supervisory Board, and of external inspections;
4. gives its opinion on appointment and revocation proposals for the head of Internal Control, assesses the person's position within the organization and ensures his/her independence pursuant to Legislative Decree no. 231/2001 on corporate liability;
5. assesses, together with the Finance Manager and the auditors, the correct application of the accounting principles and their consistency for the purposes of preparing the consolidated financial statements;
6. examines: (i) the key accounting criteria for the correct representation of the Group's economic and financial position; (ii) the alternative accounting treatments envisaged by the generally-accepted accounting principles in relation to material issues discussed with management, with evidence of the consequences of using these alternative treatments and the relevant information, as well as the treatments deemed preferable by the auditor; (iii) the contents of any other written communication between the Independent Auditors and SEAT S.p.A. management and the Board of Statutory Auditors; and (iv) issues relating to the separate and consolidated financial statements of the main Group companies. To this end, it may meet with the person responsible for auditing the financial statements of SEAT S.p.A., SEAT S.p.A. management, as well as the senior administrators of the main Group companies together with the chairmen or other members of the respective boards of statutory auditors or other supervisory boards as well as the people responsible for auditing the financial statements of said companies;
7. examines and evaluates the results shown in the report and in any letter of suggestions issued by the Independent Auditors;
8. carries out any other duties that may be assigned to it by the Board of Directors;
9. assists the Board of Directors in preparing to assess the adequacy of the organizational, administrative and accounting structure of the internal control system;
10. reports on its activities at least twice a year to the Board of Directors, providing its assessments relating to its areas of responsibility.

The Internal Audit Committee met seven times in 2011 and once in the first few months of 2012. At these meetings, the committee carried out the following activities, among others:

- monitored the development of the organizational and operational model of the Internal Audit department;
- examined and assessed the progress of the activities envisaged in the audit plan prepared by the Internal Audit department for 2011 and the results of the measures taken;
- examined and approved the audit plan for 2012;
- met with the Finance Manager, senior Administration, Finance and Control department members, the Board of Statutory Auditors and the Partner of the Independent Auditors to examine the main points of the financial statements as at December 31, 2011, the correct application of the accounting principles and their consistency for the purposes of preparing the consolidated financial statements;
- met with the Partner of the Independent Auditors to examine the issues emerging in the course of the audit;
- met with corporate management to examine accounting issues with particular reference to the methods adopted in performing impairment tests, already being audited by the Independent Auditors, and the change in the accounting criteria adopted in recognising revenues from the sale of web and voice services;

- examined and assessed the results of the enterprise risk management (ERM) process aimed at defining an integrated approach to identifying, assessing, managing and monitoring corporate risk;
- examined the "document on the organizational, administrative and accounting structure" prepared by the competent company departments in order to contribute to the assessment of the Company's corporate governance system, of the Group structure and of the organizational, administrative and accounting structure of SEAT pursuant to Article 1.C.1 of the Corporate Governance Code.

2) Internal control system

2.1.) Role of the Board of Directors

Responsibility for the internal control system lies with the Board of Directors, which establishes internal control and corporate risk management guidelines and works with the Internal Audit Committee and the head of Internal Control to periodically check on the efficacy of the system.

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

Pursuant to Article 8.C.1 c) of the Corporate Governance Code, the Board of Directors has assessed the adequacy, efficacy and effectiveness of the internal control system: this assessment was carried out following a Board evaluation of the adequacy of the Company's corporate governance system, of the Group structure and of the Company's organizational, administrative and accounting structure.

2.2.) Executive Director responsible for overseeing the internal control system

In accordance with Article 8.C.5 of the Corporate Governance Code, the Board of Directors appointed the CEO to oversee the efficacy of the internal control system. Mr Cappellini is therefore responsible for implementing the guidelines drawn up by the Board of Directors, specifically:

- identifying the main corporate risks, taking into account the nature of the business conducted by the issuer and its subsidiaries and regularly submitting them for the Board's review;
- executing the guidelines established by the Board of Directors in relation to the design, creation and management of the internal control system, while constantly checking the overall adequacy, efficiency and effectiveness thereof; while also adapting this system to the evolving operating conditions and the legal and regulatory framework;
- proposing to the Board of Directors the appointment, revocation and remuneration of one or more heads of internal control.

2.3.) Head of Internal Control

The Company's Internal Audit department does not report to any particular operational manager, and it is structured to: (i) verify and ensure that the internal control system is efficient and effective, and (ii) check that this system provides reasonable guarantees that the Company can achieve its objectives economically and efficiently.

The head of the Internal Audit department, Francesco Nigri, is a member of the Supervisory Board envisaged by the organizational model pursuant to Legislative Decree no. 231/01 (mentioned below) and is also head of Internal Control.

In accordance with criterion 8.C.5 c) of the Corporate Governance Code, the head of Internal Control, who does not report to an operational area manager, was appointed by the Board of Directors on the recommendation of the director responsible for overseeing the efficacy of the internal control system (the aforementioned CEO), having consulted the Internal Audit Committee. The Board of Directors mandated the CEO to monitor the adequacy of the remuneration for the head of Internal Control, over time, in keeping with Company policy.

In compliance with Article 8.C.6 of the Corporate Governance Code, the head of internal control has been given the following duties:

- to check that the internal control system is always adequate and fully operational;
- to report on his activities to the Internal Audit Committee, to the Board of Statutory Auditors and to the Managing Director responsible for overseeing the efficacy of the internal control system. More specifically, he reports on the risk management methods and on compliance with the plans drawn up to mitigate these risks, and provides an assessment on the internal control system's suitability for achieving an acceptable overall risk profile.

The head of Internal Control has access to all the necessary information and resources for the purposes of carrying out his duties.

As well as managing the Internal Audit department, the head of Internal Control follows the action plan drawn up using risk-based methods and approved by the Internal Audit Committee. This action plan mainly includes activities relating to the risk assessment process pursuant to Legislative Decree no. 231/2001 and Law no. 262/2005, verification of specific processes, verification upon management instruction and monitoring of the execution of the recommendations made during previous interventions.

In 2011, the head of Internal Control:

- carried out the checks envisaged in the action plan for the year;
- periodically reported to the Managing Director responsible for overseeing the efficacy of the internal control system relating to the activities and the results of the interventions;
- attended all Internal Audit Committee meetings, presenting the results of the interventions and taking the minutes of the meetings;
- attended all Supervisory Board meetings, as a member, and meetings of the Board of Statutory Auditors upon request.

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

2.4.1) Introduction

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

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

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

The annual process uses self-assessment across the various departments and aims to identify the key activities and controls that can reduce the manifestation of identified risks and/or mitigate the relevant impact thereof. A calculation algorithm, which considers the initial measurement of risk and the effectiveness of the control system in place, gives a residual rating to each risk. Each year, the identified risks that have a high residual score rating are brought to the attention of the Executive Director responsible for overseeing the internal control system, the Internal Audit Committee, the Board of Statutory Auditors and the Board of Directors.

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

As regards the financial and reporting risks identified in the ERM process, the Company has had a specific process in place for several years which aims to ensure the credibility, accuracy, reliability and timeliness of financial disclosure pursuant to Law no. 262/05. These activities include among other things:
- defining the scope, i.e. quantitative analysis of the importance of the companies within the scope of consolidation. This analysis is carried out in the event of significant changes to the Group's structure or to the core business of each subsidiary. On the basis of scoping activities, it was verified that currently, in quantitative terms, the subsidiaries are not of a significant size (see, in this regard, what has been indicated above with regard to the Board's evaluation of the adequacy of the general organizational, administrative and accounting structure – Article 1 of the Code);
- identifying the main corporate processes and the risks arising from failing to meet control objectives. This involves quantitative and qualitative analysis of the processes in place and subsequent identification of those deemed most significant;
- evaluating the controls. The processes identified in the previous phase are subjected to specific analyses by preparing and/or updating the accounting and administrative procedure and in particular the flowchart and process narratives and control matrices. The latter identifies the main key controls and their characteristics: type (automatic or manual), frequency, person responsible for the process or sub-process, and person responsible for control;
- execution of tests on the key controls identified for the purposes of verifying observance of financial statement assertions (Completeness, Existence, Rights & obligations, Measurement, Recognition, Presentation, Disclosure);
- identifying any improvement to the current internal control system in order to ensure greater oversight of the areas and processes that are deemed relevant in terms of their impact on the financial disclosure.

The Internal Audit department carries out these activities on the basis of an annual action plan. The results and any remedial actions identified are brought to the attention of the Finance Manager, of the Internal Audit Committee and of the Board of Statutory Auditors.

As regards the foreign subsidiaries TDL and Telegate AG, special questionnaires are carried out on an annual basis to provide a qualitative assessment of entity-level controls for the high-level components of the internal control system in place at each subsidiary.

If required, the Internal Audit department checks the adequacy of the internal control system at the subsidiaries – as part of their administrative and accounting procedures – on the basis of information provided by the Company's management and supervisory boards.

2.5.) Organization, management and control model pursuant to Legislative Decree no. 231/2001 – Supervisory Board

Since 2004, the company has had an Organization, Management and Control Model defined pursuant to Legislative Decree no. 231/2001, on the subject of corporate liability for offences committed by individuals in a supervisory position and by those under their management or supervision. In this regard, the following documents have been drawn up, which highlight the procedures and controls in place to reduce the risk of the offences envisaged by said legislation from being committed: the "Group Code of Ethics", the "Principles and Guidelines of the Organization, Management and Control Model" and the "Organizational Model".

The Supervisory Board (set up pursuant to Legislative Decree no. 231/2001), which was appointed at the meeting of the Board of Directors held on April 9, 2009 after the Shareholders' Meeting upon renewal of the company boards, consists of Marco Reboa (a university professor of business and economics and a former independent director of the Company), Marco Beatrice (the head of SEAT's Corporate and Legal Affairs department) and Francesco Nigri (the head of SEAT's Internal Audit department). This setup is suitable for enforcing the guidelines contained in the report accompanying Legislative Decree no. 231/2001, giving the Supervisory Board the autonomy, independence, professionalism and continuity required to carry out its business effectively. The Board of Directors has resolved that the Supervisory Board's term of office shall expire at the Shareholders' Meeting called to approve the 2011 financial statements, and that a member of the statutory control body is invited to all meetings of the Supervisory Board.

The Supervisory Board is responsible for:

- implementing the model;
- monitoring the effectiveness of the model to ensure that conduct within the Company corresponds to the established organizational, management and control model;
- monitoring the effectiveness of the model by checking the suitability of the system designed to prevent the offences pursuant to the above legislation;
- updating the model to implement appropriate modifications following environmental and/or organizational changes within the Company;
- monitoring application of the Code of Ethics.

More specifically, Supervisory Board duties can be defined as follows:

- monitoring the effectiveness of the model by implementing the appropriate control procedures;
- monitoring how effectively unlawful behaviour is prevented;
- checking that the specific requirements remain in place by encouraging, where necessary, the updating thereof;
- encouraging and contributing, together with other relevant parties, to the continual updating and adaptation of the model and of the system for monitoring the implementation thereof;
- ensuring the relevant information flows;
- ensuring cooperation with the Supervisory Boards of the other subsidiaries;
- establishing a monitoring plan for the various business segments, in keeping with the principles of the model;
- ensuring implementation of scheduled and unscheduled control interventions;
- notifying the relevant departments of violations to the model and monitoring, together with the Human Resources department, the application of disciplinary sanctions.

When carrying out its duties, the Supervisory Board has unlimited access to company information for investigation, analysis and control activities.

During 2010, the Supervisory Board continued its ordinary activities. During the opening months of 2011, it updated the organizational Model and the Principles and Guidelines of the Model in light of regulatory changes concerning new crimes introduced to Legislative Decree no. 231/2001. These updates were brought to the attention of the Board of Directors for purposes of its subsequent decisions.

External Auditors

Pursuant to Article 159 of the Consolidated Act, the Ordinary Shareholders' Meeting of April 27, 2006 appointed the Independent Auditors, Reconta Ernst & Young S.p.A., to conduct the full audit of the Company's separate and consolidated financial statements for 2006-2011 and the limited audit of the half-yearly reports at June 30 for 2006-2011, and to verify that the Company's accounts are kept correctly and that the accounting entries accurately reflect operations in the said years.
It should be noted that at the meeting of February 28, 2011, the Board of Directors updated the procedure for the conferral of mandates to independent auditors (approved in 2005), for the purposes of its compliance with the provisions of Legislative Decree no. 39 of January 27, 2010 (published in the Official Gazette on March 23, 2010 and which came into force on April 7, 2010, implementing Directive 2006/43/EC on the auditing of annual and consolidated financial statements).
Lastly, it should be noted that the Shareholders' Meeting to be called for approval of the financial statements as at December 31, 2011 must also approve the conferral of the mandate for the auditing of the separate and consolidated financial statements of SEAT Pagine Gialle S.p.A. for the 2012-2020 financial years, pursuant to Legislative Decree no. 39/2010.

Manager responsible for the preparation of the financial statements (pursuant to Article 154-bis of the Consolidated Finance Act)

In accordance with Article 154-*bis* of Legislative Decree no. 58/98, which was introduced by the "Legge Risparmio" (Savings Law), the Extraordinary Shareholders' Meeting of April 19, 2007 resolved to modify Article 19 of the Articles of Association to give the Board of Directors (subject to the approval of the Board of Statutory Auditors) the power to appoint and revoke the manager responsible for the preparation of the financial statements (hereinafter the "Finance Manager") and to determine his term of office. Finance managers must have at least three years' experience in a position of adequate administrative and/or financial responsibility with the Company or with another company that is comparable in terms of size or organizational structure.
At the meeting of the Board of Directors held on 9 April 2009 following the Shareholders' Meeting on renewal of the company boards, Massimo Cristofori (head of the Company's Administration, Finance and Control department) was confirmed in the role of "Finance Manager" since his position fully complies with the technical and professional requirements pursuant to Article 154-bis no. 3 of the Consolidated Finance Act and to the final paragraph of Article 19 of the Articles of Association. The Board of Statutory Auditors approved Mr Cristofori's appointment. He shall remain in office until the Shareholders' Meeting called to approve the financial statements as at December 31, 2011.
The Board also resolved that the Finance Manager shall exercise the powers and have the resources to effectively perform his duties pursuant to the aforementioned Article 154-*bis* of Legislative Decree no. 58/98. The Finance Manager reports at least six-monthly on the methods used to manage and control the preparation of the financial statements, on any critical issues encountered in the reporting period and on the adequacy of the structure and of the resources made available.
The Finance Manager plays a crucial role in reinforcing the Company's internal control system, particularly with reference to the internal process for preparing the draft financial statements and, in general, the main documents disclosing information on the Company's financial position.

Board of Statutory Auditors

The Board of Statutory Auditors comprises three statutory auditors and two alternate auditors appointed by the Shareholders' Meeting, which also sets their remuneration (Article 22 of the Articles of Association).
As indicated above with reference to the Board of Directors, it should be noted that the Board meeting of October 19, 2010 approved changes to the Articles of Association to comply with the compulsory measures contained in Legislative Decree no. 27/10, which transposed into national law Directive 2007/36/EC (relating to the rights of the shareholders of listed companies).
In light of these changes, Article 22 of the Articles of Association now states that all statutory auditors must be entered in the Register of Statutory Auditors pursuant to chapter III of Legislative Decree no. 39[2] of January 27, 2010 and must have been a statutory auditor for at least three years.
Lists may be presented only by shareholders who individually or jointly hold shares with voting rights representing at least 2% of the voting capital in the Ordinary Shareholders' Meeting, which is the minimum established by Consob pursuant to Article 147-*ter* I C of Legislative Decree no. 58/1998.
Lists must be submitted to the Company's registered office at least 25 days before the Shareholders' Meeting called to appoint the Board of Statutory Auditors. In order to prove ownership of the aforementioned rights, copies of ownership certificates issued by authorised intermediaries must be submitted to the Company's registered office before the list publication deadline. Lists may not include candidates who do not fulfil the reputational and professional requirements established by law.
Outgoing statutory auditors may be re-elected.
Within the same deadline, each list must be accompanied by the CVs of nominees and personal statements in which each candidate accepts their nomination, declaring that they are eligible and suitable for election and that they fulfil the requirements of law and the Articles of Association to become a statutory auditor.
More information on the list vote used to appoint the Board of Statutory Auditors can be found in Article 22 of the Articles of Association and in the Report on Corporate Governance and Shareholder Structure (referred to in the introduction). This document provides information on the list presented upon renewal of the company boards.

List presented on occasion of the appointment of the Board of Statutory Auditors (information pursuant to Article 144-decies of the Consob Issuers' Regulation)
At the Ordinary Shareholders' Meeting of April 9, 2009, and in accordance with applicable legislation, information was provided and documentation was prepared pursuant to Article 144-*sexies*, paragraph 4 of the Consob Issuers' Regulation. As previously mentioned in relation to the Board of Directors, information on the shareholders who presented the list was also provided, as was their combined percentage shareholding (in this case, Sterling Sub Holdings S.A., which at the time – before completion of the aforementioned capital increase – held 6,089,855 ordinary shares with voting rights accounting for 14.837% of the ordinary share capital).
The Company promptly made information on the presented list available to the public on its website. With reference to the provisions of Article 144-*octies*, paragraph 2 of the Consob Issuers' Regulation, the Company disclosed that no minority shareholders' lists were submitted before the deadline for submitting lists for the appointment of the Board of Statutory Auditors (March 23, 2009). Pursuant to Article 144-sexies, paragraph 5 of said Issuers' Regulation, notice was given that additional lists for the appointment of the Board of Statutory Auditors could be submitted no later than March 30, 2009 and that the statutory shareholding threshold required to present a list had been decreased by half (thus to 1% of the voting share capital in the Ordinary Shareholders' Meeting).
Pursuant to Articles 14 and 22 of the Articles of Association, the shareholder Sterling Sub Holdings S.A. published a list of candidates for the Board of Directors and the Board of Statutory Auditors within the established timeframe.
The Shareholders' Meeting of April 9, 2009 appointed the Board of Statutory Auditors for the 2009-2011 three-year period, re-electing all previous members. The Shareholders' Meeting to be called to approve the separate financial statements as at December 31, 2011 will also replace the company boards.
Personal and professional information on the statutory auditors can be found on the Company's website and in the Report on Corporate Governance and Shareholder Structure (referred to in the Introduction).

[2] Among other things, Legislative Decree no. 39 of January 27, 2010 (which transposed EU Directive 2006/43/EC into national law) on statutory audits replaced the term *"controllo contabile"* ("auditing") with *"revisore legale dei conti"* ("statutory auditor"). As a result of this, the name of the Register was also changed.

Shareholders' Meeting

As previously mentioned with regard to the methods used to appoint the Board of Directors and the Board of Statutory Auditors (Shareholders' Rights), Legislative Decree no. 27 of January 27, 2010 transposed into national law EU Directive 2007/36/EC on the rights of shareholders of listed companies. The decree modified Articles 2366/2373 of the Italian Civil Code and brought about significant changes to Legislative Decree no. 58 of 2008 (Consolidated Finance Act), introducing important new measures for listed companies, particularly with regard to the activities of the shareholders' meetings.
In the light of this new legislation, the current wording of Article 8 of the Articles of Association, as amended by the Board Meeting held on October 19, 2010, envisages that those with voting rights, and who are eligible by law, may address the Shareholders' Meeting in accordance with the established methods and timeframes1. The Extraordinary Shareholders' Meeting held on April 20, 2011 resolved to amend Article 8 to bring it into line with the provisions of Article 135-novies of the Consolidated Finance Act, which provides for the possibility of conferring a proxy electronically. Each person with voting rights who is entitled to address the Shareholders' Meeting may be represented by written or electronic proxy in accordance with applicable law. The proxy may be issued to a natural or legal person. Electronic notification of the proxy may be made through the relevant section of the Company's website, as described in the notice of convocation, or by a certified email sent to the email address as stated from time to time in the notice of convocation.
Pursuant to Article 135-*undecies* of the Consolidated Finance Act as introduced by Legislative Decree no. 27/2010, companies with listed shares must designate an individual for each Shareholders' Meeting to whom shareholders may confer a proxy with voting instructions on all or some of the proposals on the agenda, under the terms and conditions as stipulated by the said law. The law applies furthermore unless provided otherwise in the Articles of Association. This having been said, the Board deemed it in the company's interest for it not to deprive itself altogether of the possibility of resorting, in special circumstances, to the designation of the individual mentioned by the abovementioned art. 135-undecies, paragraph 1 of the Consolidated Finance Act; for this reason, the Extraordinary Shareholders' Meeting of April 20, 2011 resolved to allow the Board the option, where it deems it advisable, to make the said designation, specifically announcing it in the notice of meeting for the respective Shareholders' Meeting.

In order to ensure the best possible management of the organization of shareholders' meeting, with regards to both technology and logistics, the Extraordinary Shareholders' Meeting of April 20, 2011 resolved to envisage that the location in which the shareholders' meetings are to be held is in the same municipality as the company's registered office or, where applicable, secondary office (Article 10 of the Articles of Association). Pursuant to art. 10 of the Articles of Association, as amended by the aforesaid Extraordinary Shareholders Meeting[3], the following is noted.
The Shareholders' Meeting is called by law in the same municipality as the registered office or, where applicable, secondary office, by a notice published in the manner and within the timeframes as envisaged by applicable regulations.
The Shareholders' Meeting for approval of the financial statements must be called within 180 days of the close of the financial year, observing the applicable legal provisions, since the company is required to prepare consolidated financial statements or, in any case, when special requirements relative to the company's structure and purpose so require.
The Shareholders' Meeting must also be called whenever the Board sees fit or when required by the law.
Ordinary Shareholders' Meetings and Extraordinary Shareholders' Meetings are normally convened on two or more calls. In that case, if the Extraordinary Shareholders' Meetings lacks quorum on second notice, it may meet on third notice.
Whenever it sees fit, the Board of Directors may stipulate that both Ordinary, as well as Extraordinary Shareholders' Meetings convene on a single call, providing that the majorities stipulated by law for the second call be applicable for ordinary shareholders' meetings and the majorities stipulated by law for all calls subsequent to the second call be applicable for extraordinary shareholders' meetings.
Pursuant to Article 11 of the Articles of Association, the quorums required for the Shareholders' Meeting and resolutions are envisaged by law in either a single or multiple call. The Directors will make every effort to facilitate shareholder attendance. Insofar as possible, all directors and statutory auditors (particularly those directors whose offices dictate that they can make a valuable contribution to discussions) attend the Shareholders' Meetings.
The documentation for the Shareholders' Meeting is sent to all shareholders requesting said documentation and can also be sent by email. Information can also be provided by phone.

[3] The new provisions state that persons who appear as shareholders seven days before the Shareholders' Meeting are entitled to vote at said meeting. Since ownership of the shares may change in the seven days leading up to the Shareholders' Meeting, it is not necessarily correct to speak of "shareholders"; such persons should therefore be referred to as "those with voting rights"

Shareholders' Meetings in 2011

As previously mentioned, the Ordinary and Extraordinary Shareholders' Meeting of SEAT Pagine Gialle S.p.A. met on April 20, 2011.
The ordinary portion of the meeting resolved the following:
- to approve the Management Report by the Board of Directors and the separate financial statements of SEAT Pagine Gialle S.p.A., recording a loss for the period of € 656,756,280.07;
- to partially cover the loss for the period in the amount of € 6,929,126.43 by full utilization of retained earnings;
- to carry over in full the uncovered residual loss of € 649,827,153.64.

The Extraordinary Shareholders' Meeting resolved the following:
- to amend the following articles of the Articles of Association: Article 1 (Name), Article 5 (Measurement of capital), Article 8 (Right of intervention), Article 10 (Notice of meeting), Article 11 (Ordinary and Extraordinary Shareholders' Meeting), Article 12 (Chairmanship and conducting activities), Article 19 (Powers of the Board of Directors - Delegations);
- to eliminate Article 27 (Transitory provisions) of the Articles of Association;
- to supplement the Articles of Association – subsequent to the amendments pursuant to 1 – with the new Article 23 (Related-party transactions) and renumber the following articles of the Articles of Association accordingly;
- to approve the new wording of the Articles of Association.

The Extraordinary Shareholders' Meeting of the Company held on October 6, 2011, which resolved to approve the statements of financial position of the Company as at June 30, 2011 (which recorded total net uncovered accumulated losses of € 923,212,083.69 and, consequently, equity reduced to € 201,516,209.46 compared to a share capital of € 450,265,793.58), and, as proposed by the Board of Directors, to defer adoption of the appropriate measures to cover the losses resulting from the aforementioned financial position to a date no later than the date of approval of the separate financial statements as at December 31, 2012, pursuant to Article 2446, paragraph 2 of the Italian Civil Code.

Shareholder relations (Article 11 of the Corporate Governance Code)

In accordance with the principles of Article 11 of the Corporate Governance Code, pursuant to which the Board of Directors promotes initiatives to encourage the maximum possible shareholder attendance at shareholders' meetings and to facilitate the exercise of shareholders' rights, it should be noted that, insofar as relates to the choice of location, shareholders' meetings are always held at the Company's secondary offices in Turin.
The documentation for shareholders' meetings, made available in accordance with current regulations, is sent to all shareholders requesting such documentation and can also be sent by email. Information can also be provided by phone.
With reference to the criteria for application of Article 11 of the Code, it should be noted that in 2011, in compliance with the "SEAT Pagine Gialle S.p.A. procedure for managing and disclosing privileged information to the market" (as referred to above), the company implemented accurate and timely disclosure with a view to ensuring the correct and transparent disclosure of its activities.
Dedicated company departments look after relations with the national and international financial community (Investor Relations) and with shareholders (Legal and Corporate Affairs).
In 2011, the Investor Relations department organised formal encounters with the market (analysts, institutional investors and representatives of the financial community) both through conference calls on quarterly results and through face-to-face meetings.
In order to further encourage dialogue with financial-market operators, the Company has made the following available on its website: all economic and financial documents (annual, half-yearly and quarterly reports); supporting documentation (presentations to the financial community); a special Corporate Governance section (including documents on the Company's governance system, information on company boards and reports and materials for shareholders' meetings); as well as Company press releases, all of which is available in Italian and English.
The website also has a section with general information for shareholders and real-time Group share prices.

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

With reference to shareholder agreements involving the company (and known to the company), the following agreements are known to date:

a) shareholder agreement of July 30, 2003 as amended with addendum dated March 24, 2004, with amendment dated December 21, 2006 and a further addendum dated September 13, 2007, between the closed-end investment funds indirectly investing in the ordinary share capital of SEAT Pagine Gialle S.p.A. (the "Funds"), each through their own special purpose entities under Luxembourg law. Among other things, this shareholder agreement makes provisions with respect to *(i)* the composition and the resolutions of the Board of Directors of SEAT Pagine Gialle S.p.A. and of the subsidiaries as well as the resolutions of the Shareholder's Meeting of SEAT Pagine Gialle S.p.A. and *(ii)* the creation of a restriction on the transfer of SEAT Pagine Gialle S.p.A. shares held by the Funds through their respective special purpose entities and on the shares held by the Funds in the entities themselves. On March 20, 2007, the shareholder agreement of July 30, 2003 was renewed, under the same terms and conditions. Therefore, as stipulated on March 20, 2007, this agreement should have ended on the first of the following dates: *(i)* on the third anniversary of March 20, 2007 (or on the fifth anniversary, where the Company's ordinary shares should no longer be listed after three years); or *(ii)* on the date in which the parties to the agreement sold their direct or indirect investment in the Company;

b) the agreement of December 23, 2008 between the Funds, with which they have agreed to carry out – subject to the conditions envisaged therein – a transaction aimed at achieving a restructuring of the investments held by the Funds in SEAT Pagine Gialle S.p.A. by selling the majority of the stake held by BCP Investors to Alfieri Associated Investors Servicos de Consultoria S.A. and CVC Silver Nominee Limited, with the subsequent withdrawal of BCP Investors from the current agreement;

c) the agreement of April 29, 2009 between the Funds (with the exception of BCP Investors) with which they changed the governance provisions in light of the withdrawal from the agreement of BCP Investors and the resulting reduction in their number from four to three, and agreed to renew, as of April 29, 2009, the shareholder agreement pursuant to point *(a)* until the first of the following dates: *(i)* the third anniversary of April 29, 2009 (or fifth anniversary should the Company's ordinary shares no longer be listed after three years); or *(ii)* the date on which the parties to the agreement sold their direct or indirect investment in the Company, renewed on April 26, 2012, as better specified under following point e).

d) the agreement of March 12, 2012 between the closed-end investments funds indirectly holding ordinary share capital of SEAT Pagine Gialle S.p.A. each through their own special purpose entity under Luxembourg law (the "Funds") (and specifically Alfieri Associated Servicos de Consultoria S.A., CVC Silver Nominee Limited, Cart Lux Sarl and Tarc Lux Sarl). This shareholder agreement, entered into within the context of the financial and equity restructuring of SEAT Pagine Gialle S.p.A. (the "Restructuring") will expire on the first of the following dates: *(i)* October 31, 2012 and *(ii)* the effective date of the Restructuring. The said agreement includes provisions, among other things, on *(i)* exercising voting rights during deliberations at Shareholders' Meetings of Seat Pagine Gialle S.p.A. in favour of resolutions aimed at implementing the Restructuring and *(ii)* the provision of a restriction on the transfer of Seat Pagine Gialle S.p.A. shares held by the Funds through their respective entities, as well as on the interest held by the Funds in the entities themselves until the said Restructuring is completed, except for the exceptions provided for in the financial documentation and notwithstanding that the party to which such shares come to be transferred must adhere to the said agreement and therefore be subject to the same obligations provided for therein.

e) agreement dated April 26, 2012, among the Funds (Alfieri Associated Servicos de Consultoria SA, CVC Silver Nominee Limited, Cart Lux Sarl e Tarc Lux Sarl), according to which the parties renewed the agreement dated April 29, 2009, which, therefore, will expire on the earlier of: *(i)* April 29, 2013; or *(ii)* the date on which the deed relating to the merger between Seat Pagine Gialle S.p.A. and Lighthouse International S.A. (to be implemented for the purposes of the Reorganization) has been filed with the competent Companies Register; or *(iii)* the date on which the Funds have completely divested their entire shareholding in Seat. Said agreement also provides for the Funds' rights and obligations in relation to the appointment of the company's board of directors and the managing director upon the first shareholders' meeting called for that purpose.

All of the above agreements are subject to regular disclosure pursuant to Article 122 of Legislative Decree no. 58/1998 and the respective provisions for implementation thereof, even via the publication of extracts, respectively *(i)* in "La Repubblica" on August 9, 2003 as relates to the shareholder agreement of July 30, 2003, *(ii)* in "La Repubblica" on March 30, 2004 as relates to the addendum of March 24, 2004, *(iii)* in "La Repubblica" on December 28, 2006 as relates to the amendment of December 21, 2006, *(iv)* in "La Repubblica" on March 23, 2007 as relates to the renewal of the shareholder agreement of March 20, 2007; *(v)* in "La Repubblica" on October 26, 2007 as relates to the addendum of September 13, 2007 ; *(vi)* in "La Repubblica" on December 31, 2008, as relates to the agreement of December 23, 2008; *(vii)* in "La Repubblica" on May 9, 2009 as relates to the agreement of April 29, 2009. In addition, another extract was published in "Il Sole 24 Ore" on December 17, 2004, providing notice of the completion of some corporate reorganization operations carried out in fulfilment of the abovementioned addendum of March 24, 2004.

The shareholder agreement of July 30, 2003 was filed at the Milan Companies Register Office on August 13, 2003. The addendum of March 24, 2004 was filed at the Milan Companies Register on April 1, 2004. The amendment of December 21, 2006 was filed at the Milan Companies Register on December 22, 2006. The renewal of the shareholder agreement dated March 20, 2007 was filed at the Milan Companies Register on March 21, 2007. The addendum of September 13, 2007 was filed at the Milan Companies Register on September 19, 2007. The agreement of December 23, 2008 was filed at the Milan Companies Register on January 7, 2009.

The agreement of April 29, 2009 was filed at the Milan Companies Register on May 14, 2009.

The agreement of March 12, 2012 was published in "Milano Finanza" on March 16, 2012, and was filed at the Milan Companies Register on the same date.

The agreement dated April 26, 2012 has been published in the "Milano Finanza" newspaper on April 27, 2012 and was filed with the Milan Register of Companies on the same date.

The company is not currently aware of any other agreements requiring disclosure pursuant to Article 122 of Legislative Decree no. 58/98.

Environmental sustainability

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 or complement campaigns online or in other media). It is aimed at advertising investment decision-makers in companies, media centres and advertising agencies. The multi-purpose campaign was launched in September 2010 and, thanks to the provision of free pages to all project members, it generated 250 publications in all of the major national and regional daily periodicals and in the main trade magazines, for an estimated value of € 1.5 million.
- "**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:
  - 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 both 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 2011 **Print Power Europe** commissioned a Synovate study involving more than four hundred advertising spending decision-makers in the five main countries participating in the project (France, Germany, Italy, Spain and the UK) to assess the effectiveness of the project.

Between 2010 (initials start-up of the communications campaign) and 2011 there was: *i)* a slight increase in the use of trade magazines and newspapers; *ii)* an increase in intended investments for the coming year in newspapers and magazines; and *iii)* a high level of intent to continue investing in printed materials in the coming two years. Furthermore, a study is in the execution phase, also on a European level, to survey a public perception of the print industry in terms of sustainability.

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®. In May 2011 the second phase of communications for the Two Sides project started with the press release "Natural Renewable Recyclable" which generated 110 publications in the national, local and periodical press for an estimated value of more than € 500,000. In parallel, an Italian version of the website (www.it.TwoSides.info) has been created, with links to social networks.

In addition, in 2011 the pages from the campaign in the Modena and Cuneo editions of PAGINEBIANCHE® were again published.

Lastly, in 2010, consistent with the commitments on sustainability, SEAT participated as a founding partner in the start-up of the "LOW IMPACT – be committed" Association. Low Impact is a non -profit association based on cooperation and involvement – using blogs and social media – by all shareholders interested in sustainability: businesses, institutions, associations and consumers. The organization envisages a high-profile Scientific Committee to ensure the quality and commitment of the association, also promoted by the drafting of industry guidelines that each partner must subscribe to (indicating a concrete level of commitment, whether current or in the near future, involving areas such as energy and water consumption, transportation, etc.). The official inauguration, with a press conference, was held on October 27, 2010.

In 2011, a dedicated website was developed (http://info.lowimpact.it/) with a community "You4Earth" section integrated into the website, and a Facebook page was created. In June 2011, in cooperation with the non-profit Erica organization, SEAT Pagine Gialle and Low Impact participated in the "Extensive Producer Responsibility" conference at the Rome Chamber of Deputies.

Social responsibility

SEAT Pagine Gialle S.p.A.: a leading operator and partner

As a European leader in multimedia telephone directory publishing and a major provider of online marketing services for companies, SEAT Pagine Gialle S.p.A. is a point of reference for Italy's social and economic fabric.

For more than 80 years, the Company has offered consumers and businesses tools for getting to know people and getting yourself known - products that create relationships between buyers and sellers. As a true driver of relationships that is able to meet the requirements of citizens and businesses alike, the Group believes innovation is strategic for sustainable growth. That is why SEAT Pagine Gialle S.p.A. has long been at the forefront of initiatives that promote technological innovation, culture, training and research, commitment and active participation in society. SEAT Pagine Gialle S.p.A. is aware of the importance of synergies between national institutions, local authorities and businesses, so in 2011 it continued to team up with public and private partners to promote projects and events ranging from art to tourism, and from scientific research to social solidarity.

More specifically, in 2011 SEAT Pagine Gialle S.p.A. entered into preferential agreements with leading industry associations and universities to ensure it is at the forefront of programmes to revitalise the economy. These initiatives include:

- **Partnership with the Unione Industriale di Torino (Employers' Association of Turin):** The agreement entered into in 2010 for the PMInt project, developed and coordinated by U.I. – Piccola Industria (Small Industry), was implemented in 2011. The pilot project had a duration of around nine months and used tutoring with other selected partners to encourage the internationalisation of the average food sector business in the Piedmont region. SEAT's contribution involved identifying the business communications strategy, including website development, with SEO, SEM and Lead Generation activities. The results achieved in the first six months following start-up of the project are very promising indeed and translated into doubling of the export turnover realised previously by the selected business. The appropriateness of starting up a second phase of the project in 2012 is currently under review, as it is an extremely effective method for sustaining and revitalising small and medium-sized businesses;
- **Partnership with Confindustria Vicenza:** In June, an agreement was initiated comprising various joint initiatives with SEAT Pagine Gialle. These included participation (as sponsor) in a delegation visit of Veneto entrepreneurs to the offices of Google Europe establishment in Dublin (of which SEAT is a major partner in Italy), and of Facebook; and also participation (as sponsor) in the Annual Meeting of the association held in Vicenza on July 4. Further forms of cooperation are in the determination phase;
- **Memorandum of understanding between SEAT Pagine Gialle S.p.A. and the Polytechnic University of Turin and the Ministry of Public Administration/Innovation:** On January 5, 2011 an agreement was entered into to create the mobile augmented-reality application "LIVE-ITALY". This project is in line with SEAT's strategy of promoting innovation by launching new services for small and medium-sized businesses and individuals linked to the new technologies and benefiting the transparency/simplification process for government authorities as well. The research activity will take place over a period of around eight months, with a mixed team of researchers from the Polytechnic University of Turin coordinated by a few managers from SEAT's Online&Mobile Business Unit, and envisages SEAT's disbursement of an academic scholarship.
- **Agreement with ConfCommercio:** On April 5, 2011, a memorandum was entered into as a result of the work initiated in July 2010 for the accreditation of SEAT as key partner for small and medium-sized businesses in all areas connected with the effective use of communications and the internet. The agreement envisages cooperation via the provision of some services and other initiatives in the territory with the involvement of SEAT sales networks and the local structures of the Association.
- **Assoimprese:** This agreement, reached in spring, envisages the presence of SEAT Pagine Gialle in twelve issues of their magazine. A SEAT desk for businesses has also been opened at the Association's offices.

SEAT Pagine Gialle outreach

The "Osservatori" ("Observatories") project, which began in 2005, continued in 2011 to share data held by SEAT Pagine Gialle S.p.A. with a wider audience, reinforcing the reputation and authority of the Company in the region with newspaper editors and opinion leaders. Using its privileged view of the trends underlying Italy's social and economic fabric, SEAT Pagine Gialle S.p.A. aims to spread "useful knowledge" among businesses and the public.
The main activities in 2011 were:

- *Furniture Observatory:* conducted in conjunction with the Milano Fiera furniture trade fair, this observatory analysed all searches in the furniture industry, from the most popular stores to design studios;
- *Mobile Consumption Observatory:* based on calls to the 89.24.24 Pronto PAGINEGIALLE® service, this observatory analysed the different types of request at certain times of the year, highlighting the most popular ones (e.g. restaurants, public utilities and supermarkets that are open on public holidays);
- *SMBs&Web Observatory:* created by a partnership between SEAT Pagine Gialle and Confcommercio, this questionnaire has the aim of surveying the dissemination of the digital culture at small and medium-sized businesses.

Passione Italia and ISCP award – New York

The **Passione Italia** project continued in 2011, the major national photography competition launched in 2010 celebrating 150 years since the unification of Italy, a project promoted by SEAT Pagine Gialle in cooperation with the Italia 150 Committee and in partnership with FIAF (the Italian Federation of Photographic Associations), Nital (the official Italian distributor of Nikon products) and Epson. This year as well the initiative was backed by the UPI (Italian Provincial Union) and received sponsorship from the culture, youth and tourism ministries, the prime minister's own technical committee on the unification anniversary celebrations and many other Italian provinces and municipalities (a full list can be found at www.passioneitalia.it).
This competition, created with the aim of presenting the places, people and trades that make our country one of the most fascinating in the world, taking advantage of the cultural heritage and rediscovering an Italian character in keeping with tradition but, at the same time, driven toward modernity, gathered more than 22,000 photos in the 2011 edition, added to the 28,000 of the 2010 edition. Two million users visited the website in 2010, with almost double that in 2011.
Passione Italia involved both amateur and professional photographers who captured a small piece of Italy and shared it online at www.passioneitalia.it. The winning photographs from the first edition were published on special-edition covers of the 53 million volumes of PagineBianche®, PagineGialle® and Tuttocittà® 2011, distributed throughout 2011 in all Italian provinces in the year celebrating 150 years of Italian unification, and were part of a dedicated catalogue. The winning photographs from this second edition will be published in volumes printed and distributed throughout 2012 and on the Tuttocittà website.
Within the Passione Italia project, SEAT Pagine Gialle, in cooperation with the Ministry of Cultural Heritage and Activities, the General Directorate for the Landscape, Fine Arts, Architecture, and Contemporary Art and GAI *(Associazione per il Circuito dei Giovani Artisti Italiani)*, and in confirmation of its commitment to supporting culture and creativity in young people, has again promoted the New York ISCP competition this year: more than 200 young talented Italian, aged between 20 and 35, who express themselves through photography competed for a six-month studio residency at the International Studio & Curatorial Program (*www.iscp-nyc.org*) in New York within the scope of the Visual Art Residency Programs.
In the six-month ISCP residency, the winner, who will be able to participate in international events alongside renowned artists and high-level professionals from around the world, will develop an arts project that will then be included in an exhibition in Italy curated by the Ministry of Cultural Heritage and Activities.

Ponchielli Award

In 2011, SEAT Pagine Gialle also confirmed its commitment to support the most prestigious of GRIN *(Gruppo Redattori Iconografici Nazionale)* initiatives, the Ponchielli Award, which aims to promote young artists and their best creative expressions, with the purchase of the winners' works, which are now part of SEAT Pagine Gialle's portfolio of assets.

Tuttocittà® for the promotion of Italy's cultural heritage

The incredible street-view technology of www.tuttocitta.it makes it possible to walk around more than 240 locations across Italy and discover our precious cultural and artistic heritage. The application was used for the Casa dei Gladiatori di Pompei (Pompeii Gladiators' House), meaning it is still possible to see the 12 kilometres of roads and monuments when they were still intact. You can also stroll through the centre of L'Aquila and see what the city was like before the terrible earthquake it suffered in 2009.

SEAT Pagine Gialle S.p.A. is always keen to promote Italian heritage, and it uses this technology to contribute to the conservation of a precious part of Italy's artistic and cultural heritage that people can continue to enjoy.

Tuttocittà will be restyled in 2012 to significantly increase its functionality and to add the newest graphics.

Social-solidarity initiatives

SEAT PAGINE GIALLE and Polytechnic for social cohesion

SEAT Pagine Gialle has been media partner of the Polytechnic University of Turin in the launch of a fundraising initiative inviting people to make a 5 *per mille* contribution to the research projects of students studying at the university, whose objective is that of social cohesion, with positive impacts throughout Italy and its population. The partnership is part of broader cooperation with the polytechnic that includes, among other things, a significant augmented reality research project and a competition between the best business projects developed by the three universities in Piedmont, developed to promote the creation of innovative businesses to the benefit of the territory, the winners of which will compete for the national prize. Campaign banners were made available on the *www.paginegialle.it* and *www.paginebianche.it* search engines, and on the *www.seat.it* corporate website. The Polytechnic has also opened up its institutional website to gather recommendations from people as to the needs of the segments of the population most at risk.

SEAT PAGINE GIALLE supporting communities affected by natural disasters

SEAT Pagine Gialle encouraged its employees to raise funds to help communities in the Liguria and Tuscany regions affected by the November floods. The € 5,000 raised was donated to the Italian Red Cross. SEAT also supported Red Cross fundraising on its website, hosting the dedicated banner in the home page of the *www.seat.it* corporate website, on the *www.passioneitalia.it* website and on the *www.seatconvoi.it* portal.

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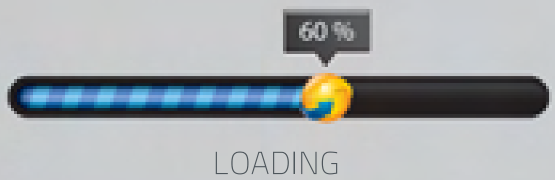
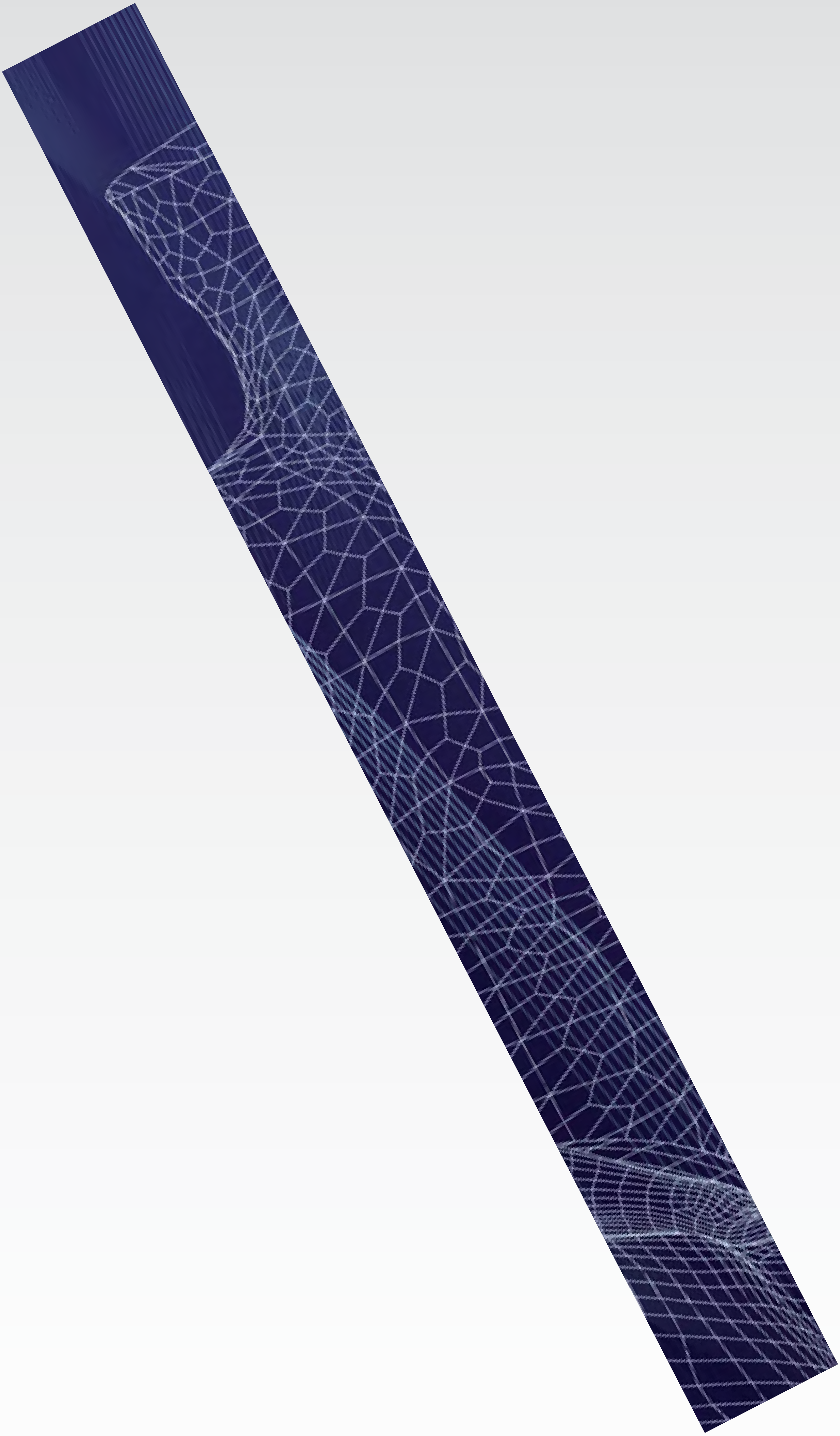
Consolidated financial statements of the SEAT Pagine Gialle group





Introduction

Facts regarding the financial restructuring

A. The initial steps in the financial restructuring process

As you will be aware, the Company began researching possible options for stabilising the Group's long-term financial structure in March 2011 with the assistance of its advisors.

Although analysis activities initially entailed technical and market analysis of the potentially available options, by the date of approval of the half-yearly report as at June 30, 2011, the Company had focused its attention on the equitisation option (i.e. the conversion into equity of a significant portion of the Company's subordinated debt arising from the "Proceeds Loan", in the amount of € 1,300 million, in place between the Company and Lighthouse International Company S.A. – "**Lighthouse**").

In this context, before implementing activities likely to be outwardly noteworthy, the Company formalised a technical waiver with the Senior Creditor, The Royal Bank of Scotland (the "**Senior Creditor**"), on a provision of the "Senior" loan agreement with the objective of allowing the Company to begin discussions with its financial creditors (other than The Royal Bank of Scotland) as part of the activities aimed at identifying and implementing a possible financial option. Once the consent of the Senior Creditor was obtained on June 30, 2011, the Company progressively entered into negotiations with the various creditor classes.

As is the practice in financial restructurings of this extent and complexity, three different creditor committees were immediately set up as the initial "interface" for negotiations with the Company:

(i) the committee comprising the Senior Creditor and certain credit support providers, holders of a derivative exposure on the Senior Creditor's debt (and thus with a position homogenous thereto) (the "**Coordination Committee**");

(ii) the committee comprising bondholder representatives (the "**Bondholders**") holding Lighthouse bonds with nominal value of € 1,300 million (the "**Lighthouse Bondholders**") and subordinated creditors (the "**Bondholders' Committee**");

(iii) the committee comprising bondholder representatives (the "**SSBs**") holding credits arising from the Senior Secured Bond issue (in two tranches) (the "**SSB Committee**").

The shareholders bound by the shareholders' agreement which groups together 49.6% of the Company's share capital (CVC, Alfieri Associati Investors Servicos De Consultoria S.A. and CART Lux S.à r.l. and TARC Lux S.à r.l. - the "**Leading Shareholders**") also immediately took part in the complex negotiations phase.

B. The initial fundamental focal point of the negotiations: the Bondholders declare themselves willing to convert into equity

Since August 2011, negotiations between the Company and the Bondholders' Committee intensified to such an extent as to entail a significant initial negotiating signal on the part of the Bondholders.

In particular, at the end of August 2011, the Company received the first written proposal from the Bondholders' Committee for a voluntary restructuring transaction, with a term sheet attached containing the general economic terms for the possible equitisation.

Although clearly not a binding proposal, entirely based on publicly available information and subject to a number of conditions, the Company received for the first time written confirmation of the actual willingness of the Bondholders' Committee to convert a significant amount of the credit (€ 1 billion of the € 1.3 billion overall nominal value of the Lighthouse Bonds) into equity.

This proposal was followed by a number of negotiations between the various parties involved, in which the Company participated with a view to finding a mediation position for the various interests.

This involved, among other things:

(a) an initial mediation proposal by the Company, approved by the Board of Directors on September 26, 2011; (b) the written proposals of the Leading Shareholders and the Coordination Committee in early October 2011; (c) a second mediation proposal by the Company dated 14 October 2011; and lastly (d) a new proposal by the Bondholders' Committee dated October 27, 2011.

The Company has always disclosed such events to the market in a timely manner with specific press releases.

Moreover, in the context of negotiations, it should be noted that the Company made available the IBR (independent business review, or independent consultant's review of the plan) on October 27, 2011. This final report essentially confirmed the validity of the business plan prepared by the Company.

C. The emergence of diverging positions among creditor classes and the consequent extension of negotiations

The new proposal by the Bondholders' Committee dated October 27, 2011, expiring on November 30, 2011 (which provided, among other things, for the equitisation of a larger amount than proposed in August 2011, i.e. € 1.2 billion of Lighthouse Bonds of the € 1.3 billion in exchange for 90% of the Company's share capital with voting rights), was subject to the due payment of the coupon on October 31, 2011 by

Lighthouse (and thus, for all practical purposes, to payment of the corresponding amount by SEAT to Lighthouse).

Based on this latter Bondholder proposal, November 2011 was dedicated to intense negotiations between the Bondholders' Committee, the Coordination Committee and the Leading Shareholders with a view to coming to a possible agreement for those issues on which positions continued to diverge.

The main topics of discussion focused on the quantity and on the senior or subordinated nature of the portion of bonds held by the Bondholders that were not subject to conversion into equity.

The joint efforts of the consultants of the various parties finally led to the definition of a commercial agreement on November 24, 2011 on the main economic terms for a voluntary restructuring of the Company's financial debt, shared with the Bondholders' Committee (and included in a term sheet disseminated by the Company on the same date).

Once again, the Bondholders made their acceptance of the proposal conditional on payment of the October 31, 2011 coupon by November 30, 2011 (or by expiry of the "grace period" granted by the relevant contractual provision).

The Company highlighted how payment of the coupon would require the pre-existence of elements from which a high degree of certainty could be assumed in the finalisation of the restructuring agreement. In this context, one of the decisive elements was achieving a high percentage of consent from the financial creditors.

The relevant term sheet provided, among other things, that the Senior Creditor and at least 75% of Bondholders enter into, by November 28, 2011, a lock-up agreement (i.e. an agreement involving a commitment, on the one hand, not to transfer their debt and/or shareholding positions relating to the Company and, on the other hand, to take any necessary and/or suitable action aimed at finalising the restructuring).

At the same time, two of the Leading Shareholders and the Bondholders' Committee formalised an agreement on the allocation of equity resulting from the Company's voluntary financial restructuring, as confirmed in the press release dated November 29, 2011.

The challenging timeframes defined during negotiations did not allow the parties to achieve the completion of all the provisions of the lock-up agreement in the timeframes provided.

In view of the failure to finalise the agreement in the timeframes provided, the Company therefore decided not to pay the coupon by November 30, 2011, despite the existence of sufficient financial resources to make the payment.

Nevertheless, the Company's Board of Directors resolved, while taking into account the request of the Senior Creditor, to extend the deadline for acceptance of the abovementioned commercial agreement to December 14, 2011 and then until January 16, 2012. Meanwhile, as confirmed in the press release of December 27, 2011, in accordance with the previous resolutions passed regarding the abovementioned coupon, the Company decided – after nevertheless having noted the availability of sufficient financial resources – not to implement the loans and/or payments relating to the debt maturity dates under the existing loan agreements, amounting to overall principal and interest of approximately € 55 million.

D. Lastly, creditor acceptance of the Company's final proposal

On January 16-17, 2012, the Company was again forced to acknowledge that the Senior Creditor had not received sufficient support for the terms of the voluntary restructuring, from the members of the Coordination Committee, to allow it to enter into the agreement.

This having been said, the Company decided, on the one hand, to continue mediation for Senior Creditor requests and, on the other hand, deemed it advisable to extend the scope of negotiations of its negotiating partners to the SSBs and to the respective SSB Committee.

After completing a few checks aimed at examining the now few aspects on which a consensus had yet been reached, the Company finally formulated and approved a final proposal on January 31, 2012 for the voluntary financial restructuring (the "Final Proposal"), the terms of which were indicated in the relevant term sheet attached to the press release issued on that date.

The Final Proposal provided, among other things, that:

(i) the debt arising from the Proceed Loan and the amount of the Lighthouse Bonds be reduced by the issue of ordinary SEAT shares to Bondholders (equitisation), except for a residual principal amount of € 65 million, to be exchanged or replaced with new debt securities (the "**Residual Debt**"). No interest is to accrue on the Lighthouse Bonds or on the Proceed Loan after December 31, 2011;

(ii) with reference to the Residual Debt of € 65 million, Bondholders will receive, in exchange for the Lighthouse Bonds, new bonds that will have the same terms and conditions as the Senior Secured Bonds, except as relates to the issue date (the "**Stub Bond**");

(iii) the two fixed-term credit lines that make up the loan pursuant to the Senior Facilities Agreement of May 25, 2005 (as amended) (the "**Loan Agreement**") be consolidated into a single fixed-term credit line of €596.1 million with a final maturity of June 30, 2016, and the revolving credit line of € 90 million be reconfirmed pursuant to the new loan agreement to be entered into by and between the Company and the Senior Creditor, among others;

(iv) Bondholders receive 90% of the Company's share capital, while existing SEAT shareholders retain 10% of the Company's share capital on finalisation of the financial restructuring. Existing shareholders will also receive two tranches of warrants, granting them the right to subscribe new shares: (a) the first tranche of warrants will be exercisable, with no conditions attached, within 30 days of the effective date of the restructuring at a virtually symbolic strike price, which will allow the acquisition of 2% of the post-restructuring share capital (essentially tantamount to an initial allocation of 88% of the share capital to the Bondholders); (b) the second tranche of warrants will only be exercisable if certain economic conditions are met, at a virtually symbolic strike price, within two years of the effective date of the restructuring, and will allow the acquisition of 3% of the post-restructuring share capital;

(v) SEAT essentially allocates all of its assets and liabilities to a wholly-owned Company ("**OpCo**"), which will become co-obligor (a) pursuant to the new loan agreement; (b) as co-issuer of the Senior Secured Bonds; and (c) as co-issuer of the Stub Bond, pursuant to and in accordance with Article 2560 of the Italian Civil Code. SEAT will grant a pledge on all the shares of OpCo with a view to securing the aforementioned bonds pursuant to (a), (b) and (c) above. The business contribution will also be implemented in light of the granting of the existing pledge on approximately 49.6% of the Company's shares.

The Company has set a deadline for acceptance of the Final Proposal of February 28, 2012 (envisaging economic incentives in the form of consent fees in the event of acceptance before or by the deadline).

At the same time, in line with the decisions already adopted on payment of the principal and/or interest of the amounts falling due to the financial creditors, the Company's Board of Directors resolved – after having however acknowledged the availability of sufficient financial resources – not to pay the coupon due on January 31, 2012 on the Senior Secured Bonds held by the SSBs; this payment was conditional on the successful outcome of the restructuring.

On February 1, 2012, the Company provided some clarifications on the Final Proposal and published a revised term sheet.

On February 22, 2012, the Company announced that it had received positive responses on the Final Proposal from the various financial creditors, together with a request for the extension of the deadline for the acceptance thereof. In this context, certain details and additions to the Final Proposal were clarified, while at the same time extending the deadline for acceptance of the proposal to March 2, 2012.

Following further requests from the creditors, the deadline was finally extended until March 7, 2012. After disclosure of the Final Proposal by the Company:

(i) SEAT started the consent solicitation procedure, with a view to obtaining consent for amendments to documentation underlying the Senior Secured Bonds, necessary for the purposes of implementing the Final Proposal;

(ii) Lighthouse began the consent solicitation procedure for the purposes of requesting the signing of the lock-up agreement on the terms proposed to the Company by the Bondholders;

(iii) the Senior Creditor and the Coordination Committee launched their own internal consent-gathering procedures.

On March 7, 2012, the Company ascertained full acceptance of the Final Proposal by all classes of financial creditors (i.e. Bondholders, Senior Creditor and SSBs) in a measure significantly greater than the necessary threshold (greater than 90% for the Bondholders and greater than 98% for the SSBs). The Leading Shareholders also expressed a favourable opinion as regards said proposal.

Creditor acceptance of the Company's proposal certainly attests, firstly, to the intrinsic business value that the SEAT Group has been able to retain intact albeit in a particularly complex context both in terms of financial tension and in terms of the radical change that the directories sector has seen in recent years.

E. The signing of the initial agreements

Almost simultaneously with the acceptance of the Final Proposal, the Company signed the appropriate lock-up agreements with the Bondholders and the Leading Shareholders. In addition, the Company signed an additional agreement with the Leading Shareholders, disclosed by law, concerning the latter's commitment to vote in favour of shareholders' meeting resolutions on the execution of the restructuring envisaged in the term sheet.

The consent of the SSBs was also confirmed subsequently with a vote in favour at the bondholders' meetings, both held (on second call) on March 30, 2012, for the acknowledgment and, as necessary and within its remit, for approval pursuant to the provisions of Article 2415 of the Italian Civil Code of the amendments to the terms and conditions and to the contractual documentation for the bond issues pursuant to the consent solicitation procedure.

On April 11, 2012 the SSBs and the Company signed the amendments to the two SSB bond issues (i.e. supplemental indenture) in line with the current restructuring process.

It should also be noted that as confirmed in the March 23, 2012 press release, the Company received positive certification of the reasonableness of the reorganization plan underlying the Final Proposal by an independent expert (meeting the requirements referred to in Article 28, letters (a) and (b) of the Bankruptcy Law) as stipulated in Article 67, paragraph 3, letter d) of the Bankruptcy Law.

F. The main phases of the transaction

The Company is now strongly committed to implementing the legal, tax and accounting aspects of the complex restructuring transaction underlying the commercial agreement reached.

In the course of the 2012 financial year, many technical and contractual steps must therefore be implemented (including some governed by foreign laws), as well as many corporate obligations, the broad outlines of which are summarised below:

(i) presentation of the scheme of arrangement[1] by the Company;

(ii) equitisation of the Lighthouse Bonds into Lighthouse shares; after seeking admission to the procedure known as the Administration under the Insolvency Act 1986;

(iii) merger by acquisition of Lighthouse into SEAT and granting warrants to existing shareholders;

(iv) issue of the Stub Bond and exchange with the Residual Debt, with simultaneous extinguishment of the Proceed Loan;

(v) allocation of essentially all of the Company's assets and liabilities to OpCo;

(vi) signing and disbursement of the new loan agreement by the Senior Creditor in replacement of the Loan Agreement, cancellation of the existing guarantees and granting of the new guarantees.

[1] The scheme of arrangement, envisaged by English law and, in particular by Section 895, Part 26 of the Companies Act 2006, is essentially an agreement between a company ("*liable to be wound up*" pursuant to the Insolvency Act 1986), and its creditors or partners, or a class of its creditors or partners, which is deemed as having been reached and binding, as well as vis-à-vis those creditors or partners (of the class) that have not given their consent to the agreement, when the proposed agreement, formulated in the context of a procedure under the supervision of the English Court, has the consent of creditors or partners representing at least 75% of the amount of the credits or interests to which the proposal refers. The abovementioned procedure can be essentially broken down into the following steps: (i) request for the launch of the procedure before the competent English Court; (ii) Court issuance of an order calling a meeting of creditors or partners to which the scheme of arrangement refers; (iii) preparation of a document describing the proposed agreement which is transmitted (or made available) to the creditors or partners; (iv) meeting of creditors or partners involved, to express their opinion on the proposal; (v) where the proposal should be approved by virtue of the aforementioned consent, the issue of an order pursuant to Section 899 (1), Part 26 of the Companies Act 2006 by the English Court and the recording thereof with the formalities required by English law, after which the scheme of arrangement comes into effect vis-à-vis all creditors or partners (of the class) to which it refers, even if absent from the meeting or dissenting the proposal.

Change in accounting policies

It should be noted that, starting with the Interim condensed financial statements as at June 30, 2011, the Seat Group modifies its policies for determining the revenues and costs form the provision of online and onvoice services. See point 5 of the Explanatory Notes for a more detailed description.

Consolidated statements of financial position as at December 31, 2011

Assets

(euro/thousand)		As at 12.31.2011	As at 12.31.2010 restated	Change	Notes
Non-current assets					
Intangible assets with indefinite useful life		1,940,373	2,637,197	(696,824)	(6)
Intangible assets with finite useful life		78,591	91,240	(12,649)	(8)
Property, plant and equipment		31,725	32,217	(492)	(9)
Leased assets		52,821	56,445	(3,624)	(10)
Investments in associates and joint ventures		-	378	(378)	(11)
Other non-current financial assets		2,414	2,284	130	(12)
Deferred tax assets, net		22,800	74,934	(52,134)	(32)
Other non-current assets		676	746	(70)	(15)
Total non-current assets	(A)	2,129,400	2,895,441	(766,041)	
Current assets					
Inventories		10,409	10,399	10	(13)
Trade receivables		520,797	613,088	(92,291)	(14)
Current tax assets		27,237	4,300	22,937	(32)
Other current assets		62,080	75,270	(13,190)	(15)
Current financial assets		3,486	1,498	1,988	(19)
Cash and cash equivalents		172,732	241,728	(68,996)	(19)
Total current assets	(B)	796,741	946,283	(149,542)	
Non-current assets held for sale and discontinued operations	(C)	602	-	602	(33)
Total assets	(A+B+C)	2,926,743	3,841,724	(914,981)	

Liabilities

(euro/thousand)		As at 12.31.2011	As at 12.31.2010 restated	Change	Notes
Equity of the Group					
Share capital		450,266	450,266	-	(16)
Additional paid-in capital		466,847	466,843	4	(16)
Reserve for foreign exchange adjustments		(39,075)	(38,937)	(138)	(16)
Reserve for "cash flow hedge" instruments		(1,561)	(12,608)	11,047	(16)
Reserve for actuarial gains (losses)		(21,278)	(18,578)	(2,700)	(16)
Other reserves		(634,208)	84,751	(718,959)	(16)
Profit (loss) for the year		(789,750)	(718,147)	(71,603)	
Total equity of the Group	(A)	(568,759)	213,590	(782,349)	(16)
Non-controlling interests					
Share capital and reserves		12,899	13,517	(618)	
Profit (loss) for the year		782	1,547	(765)	
Total non-controlling interests	(B)	13,681	15,064	(1,383)	(16)
Total equity	(A+B)	(555,078)	228,654	(783,732)	
Non-current liabilities					
Non-current financial debts to third parties		750,661	1,327,196	(576,535)	(19)
Non-current financial debts to associates		-	1,276,023	(1,276,023)	(19)
Non-current reserves to employees		27,832	38,641	(10,809)	(22)
Deferred tax liabilities, net		5,977	7,498	(1,521)	(31)
Other non-current liabilities		24,721	36,579	(11,858)	(24)
Total non-current liabilities	(C)	809,191	2,685,937	(1,876,746)	
Current liabilities					
Current financial debts to third parties		760,981	308,789	452,192	(19)
Current financial debts to associates		1,369,500	17,375	1,352,125	(19)
Trade payables		192,608	207,593	(14,985)	(26)
Reserve for current risks and charges		279,526	296,836	(17,310)	(26)
Current tax payables		51,113	45,637	5,476	(25)
Payables for services to be rendered and other current liabilities		17,995	50,653	(32,658)	(31)
Total current liabilities	(D)	2,671,723	926,883	1,744,840	
Liabilities directly associated with non-current assets held for sale and discontinued operations	(E)	907	250	657	(32)
Total liabilities	(C+D+E)	3,481,821	3,613,070	(131,249)	
Total liabilities and equity	(A+B+C+D+E)	2,926,743	3,841,724	(914,981)	

Consolidated statements of operations for 2011

(euro/thousand)	Year 2011	Year 2010 restated	Change Absolute	%	Notes
Sales of goods	17,873	19,934	(2,061)	(10.3)	(28)
Rendering of services	938,855	1,014,420	(75,565)	(7.4)	(28)
Revenues from sales and services	956,728	1,034,354	(77,626)	(7.5)	(28)
Other income	5,064	4,860	204	4.2	(29)
Total revenues	961,792	1,039,214	(77,422)	(7.5)	
Costs of materials	(29,634)	(37,423)	7,789	20.8	(29)
Costs of external services	(336,946)	(343,660)	6,714	2.0	(29)
Salaries, wages and employee benefits	(181,607)	(199,490)	17,883	9.0	(29)
Other valuation adjustments	(25,768)	(35,722)	9,954	27.9	(14)
Provisions to reserves for risks and charges, net	(12,751)	(2,666)	(10,085)	n.s.	(24;25)
Other operating expenses	(4,449)	(3,757)	(692)	(18.4)	(29)
Operating income before amortization, depreciation, non-recurring and restructuring costs, net	370,637	416,496	(45,859)	(11.0)	
Amortization, depreciation and write-downs	(761,253)	(750,637)	(10,616)	(1.4)	(6-10)
Non-recurring costs, net	(29,809)	(9,187)	(20,622)	n.s.	(29)
Restructuring costs, net	(12,594)	(31,517)	18,923	60.0	(29)
Operating result	(433,019)	(374,845)	(58,174)	(15.5)	
Interest expense	(284,428)	(270,527)	(13,901)	(5.1)	(30)
Interest income	16,041	16,568	(527)	(3.2)	(30)
Gains (losses) on investments accounted for at equity					
Gains (losses) on disposal of investments	(378)	35	(413)	n.s.	
Profit (loss) before income taxes	(701,784)	(628,769)	(73,015)	(11.6)	
Income taxes for the year	(87,184)	(87,938)	754	0.9	(32)
Profit (loss) on continuing operations	(788,968)	(716,707)	(72,261)	(10.1)	
Profit (loss) from non-current assets held for sale and discontinued operations	-	(240)	240	100.0	(33)
Profit (loss) for the year	(788,968)	(716,947)	(72,021)	(10.0)	
of which pertaining to the Group	(789,750)	(718,147)	(71,603)	(10.0)	
of which non-controlling interests	782	1,200	(418)	(34.8)	

		As at 12.31.2011	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	*n.*	*1,927,027,333*	*1,927,027,333*
- savings shares	*n.*	*680,373*	*680,373*
Profit (loss) for the year	€/thousand	(789,750)	(718,147)
Profit (loss) par share	€	(0.410)	(0.373)

Consolidated statements of comprehensive income for 2011

(euro/thousand)		Year 2011	Year 2010 restated	Notes
Profit (loss) for the year	(A)	(788,968)	(716,947)	
Profit (loss) for "cash flow hedge" instruments		11,047	9,606	(16)
Profit (loss) for foreign exchange adjustments		(138)	(434)	(16)
Actuarial gain (loss) recognised to equity		(2,700)	(1,247)	
Total other comprehensive profit (loss) for the year, net of tax effect	(B)	8,209	7,925	
Total comprehensive profit (loss) for the year	(A+B)	(780,759)	(709,022)	
- of which pertaining to the Group		(781,541)	(710,222)	
- of which non-controlling interests		782	1,200	

Consolidated statements of cash flows for 2011

(euro/thousand)		Year 2011	Year 2010 restated	Change
Cash inflow (outflow) from operating activities				
Operating result		(433,019)	(374,845)	(58,174)
Amortization, depreciation and write-downs		761,253	750,637	10,616
Cost for stock options		-	60	(60)
(Gains) losses on disposal of non-current assets		60	(845)	905
Change in working capital		61,634	42,112	19,522
Income taxes paid		(94,035)	(85,362)	(8,673)
Change in non-current liabilities		(14,258)	2,752	(17,010)
Foreign exchange adjustments and other movements		4,312	(542)	4,854
Cash inflow (outflow) from operating activities	(A)	285,947	333,967	(48,020)
Cash inflow (outflow) for investments				
Purchase of intangible assets with finite useful life		(38,427)	(34,131)	(4,296)
Purchase of property, plant and equipment		(9,668)	(6,213)	(3,455)
Other investments		(116)	(193)	77
Proceeds from disposal of non-current assets		296	1,425	(1,129)
Cash inflow (outflow) for investments	(B)	(47,915)	(39,112)	(8,803)
Cash inflow (outflow) for financing				
Proceeds from non-current loans		-	716,799	(716,799)
Working capital facilities with The Royal Bank		90,000		90,000
Repayment of non-current costs		(228,633)	(819,245)	590,612
Payment of transaction financial costs		-	(26,557)	26,557
Paid interest expense, net		(162,943)	(196,436)	33,493
Change in financial assets and liabilities		(3,289)	(12,710)	9,421
Distribution of dividends		(2,163)	(3,365)	1,202
Share buy-back by Telegate AG		-	(3,364)	3,364
Cash inflow (outflow) for financing	(C)	(307,028)	(344,878)	37,850
Cash inflow (outflow) from non-current assets held for sale and discontinued operations	(D)	-	(240)	240
Increase (decrease) in cash and cash equivalents in the year	(A+B+C+D)	(68,996)	(50,263)	(18,733)
Cash and cash equivalents at beginning of the year		241,728	291,991	(50,263)
Cash and cash equivalents at end of the year		172,732	241,728	(68,996)

Statement of changes in consolidated equity for 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 year	Total	Non-controlling interests	Total
As at December 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 polices	-	-	(354)	-	-	(93,115)	(50,781)	(144,250)	(1,803)	(146,053)
As at December 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	-	-	-
Distribution of dividends	-	-	-	-	-	-	-	-	(2,163)	(2,163)
Other comprehensive profit (loss) for the year	-	-	(136)	11,047	(2,700)	-	(789,750)	(781,539)	782	(780,757)
Other movements	-	4	(2)	-	-	(812)	-	(810)	(2)	(812)
As at December 31, 2011	450,266	466,847	(39,075)	(1,561)	(21,278)	(634,208)	(789,750)	(568,759)	13,681	(555,078)

Statement of changes in consolidated equity for 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 year	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 polices	-	-	(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	-	-	-	-	-	46	-	46	14	60
Other comprehensive profit (loss) for the year	-	-	(434)	9,606	(1,247)	-	(718,147)	(710,222)	1,200	(709,022)
Share buy-back by Telegate AG	-	-	-	-	-	-	-	-	(3,364)	(3,364)
Other movements	-	-	-	-	-	(413)	-	(413)	327	(86)
As at December 31, 2010 restated	450,266	466,843	(38,937)	(12,608)	(18,578)	84,751	(718,147)	213,590	15,064	228,654

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 specialises 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 consolidated financial statements have been prepared in accordance with the provisions of Legislative Decree no. 38 of February 28, 2005, applying the international accounting standards (IAS/IFRS) issued by the International Accounting Standards Board and approved by the European Union, including all interpretations of the Financial Reporting Interpretations Committee (IFRIC), previously known as the Standing Interpretations Committee (SIC), and in compliance with the applicable Consob regulations.
The SEAT Pagine Gialle group adopted IAS/IFRS on January 1, 2005 after Regulation (EC) No 1606 entered into force on July 19, 2002.
The 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* were 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 those income and expense items which, by their very nature, do not occur continuously in the normal course of operations, such as:
  - corporate restructuring costs;
  - stock option plan costs;
  - consultancy of an extremely strategic and non-recurring nature (primarily consulting on activities aimed at identifying and implementing financial options for the long-term stabilisation of the financial structure via renegotiation of the existing debt);
  - costs linked to director and department manager severance pay;
- *the consolidated statements of comprehensive income* show the cost and/or revenue items not yet recognised in the statements of operations with an impact on Group equity as at the end of the year;
- *the consolidated statements of cash flows* were prepared by recording cash flows on operating activities according to the "indirect method", as allowed by IAS 7, showing cash flows on operating, investment and financial activities separately from those on non-current assets held for sale and discontinued operations.
  The cash and cash equivalents recorded in the financial statements include cash, cheques, bank overdrafts and short-term securities that are quickly convertible into cash.
  Cash flows on operating activities were recorded by adjusting the operating result for the year to take into account the effects of non-monetary transactions, any deferment or setting aside of previous or future operating collections or payments, and revenue or cost items connected with cash flows on investing activities, financial activities or relating to non-current assets held for sale and discontinued operations;
- *the statements of changes in equity* show the changes that took place in equity items in relation to:
  - distribution of the profit of the Parent Company and of the subsidiaries to minority interests;
  - breakdown of the total profit (loss);
  - effect of any errors or changes in accounting standards.

The data is presented in euros and all figures have been rounded off to the nearest thousand, unless otherwise indicated.

2.1 Going concern evaluation

The SEAT Pagine Gialle Group recorded a loss of €789,750 thousand and a negative consolidated shareholders' equity of € 568,759 thousand at the 2011 year-end.

The Parent Company SEAT PG S.p.A, on a stand-alone basis, recorded a loss of € 817,856 thousand and a negative shareholders'equity of € 557,111 thousand.

For the Company, already in the situation pursuant to Article 2446 of the Italian Civil Code, this result has entailed the case envisaged by Article 2447 of the Italian Civil Code, for which the appropriate measures must be adopted.

It should be noted that this operating loss does not derive from ordinary operating activities, but from € 733,606 thousand (€ 696,284 thousand at Group level) impairment of goodwill, write down of investments and of financial receivables from subsidiaries as a result of the impairment test described and discussed in greater detail under point 7 of the notes to the 2011 consolidated and separate financial statements.

Compared to the situation described in the half-yearly report at June 30, 2011 and the Consob's consequent decision to include the Company in the "black list", the progress in negotiating the Company's long-term financial reorganization has led to a result which, albeit still interim in terms of implementation of the transaction, allows those uncertainties relating to the going concern opinion which the Board of Directors had duly noted in the half-yearly report in line with the status of the negotiations on that date.

As disclosed to the public and as confirmed in other sections of these separate financial statements, the commercial agreement between the Company and the various negotiating partners was finally reached. By way of example, the following events are noted:

- full acceptance on March 7, 2012 of the Company's Final Proposal by all classes of financial creditors (i.e. Bondholders, Senior Creditor and SSBs) in a significantly greater measure than the necessary threshold (greater than 90% for Bondholders and greater than 98% for SSBs), together with the favourable opinion of the Leading Shareholders;
- the signing of the appropriate lock-up agreements with the Bondholders and the Leading Shareholders and the signing of an additional agreement with the Leading Shareholders, disclosed by law, involving the latter's commitment to vote in favour of shareholders' meeting resolutions on the execution of the restructuring envisaged in the relevant term sheet;
- the signing of amendments to the two SSB bond issues (supplemental indentures) in line with the current restructuring process.

Within this framework, it is reasonable to believe that all conditions for completion of the restructuring transaction that is the subject of the abovementioned commercial agreements have been met.

Currently, no hindrances have emerged that could compromise the successful outcome of the transaction.

A prudent approach by the Board of Directors nevertheless requires that the existence of the following circumstances be highlighted: (a) the fact that the finalisation of the transaction requires several complex corporate steps to be carried out in different jurisdictions; (b) the applicability of the circumstances pursuant to Article 2447 of the Italian Civil Code; and (c) the requirement that none of the conditions likely to give rise to termination of or withdrawal from the commercial agreements reached should occur.

With reference to the abovementioned aspects, the Board notes the following:

- insofar as the complexity of the transaction, the Company's Board of Directors notes that said transaction has been prepared, analysed and evaluated from the different legal, financial and accounting standpoints with the assistance of authoritative consultants operating in the various jurisdictions concerned, who have submitted written opinions and advice on significant aspects for such purposes. In light of the foregoing, it is believed that the only unforeseeable risk derives from the actual implementation phase, the outcome of which cannot be determined ex ante;
- as far as the applicability of the circumstances pursuant to Article 2447 of the Italian Civil Code, the Board of Directors, relying on economic and accounting, as well as legal analyses, believes that the implementation of the equitisation transaction and the subsequent merger of Lighthouse into SEAT will be effective in remedying the situation pursuant to Article 2447 of the Italian Civil Code and will enable the Company, once restructured, to engage in its activities as a going concern;
- lastly, it should be noted that no events or circumstances are known to the Company's Board of Directors that could entail the termination of and/or withdrawal from the commercial agreements, and further reassurance is to be had from the fact that all of the negotiating partners are working tirelessly to implement the current transaction.

After having carried out the necessary checks and in light of the foregoing, the Board of Directors has therefore acquired the reasonable expectation that the current restructuring transaction is likely to be completed in a reasonable timeframe such as to allow for the long-term financial stabilisation.

The assumption of a going concern thus continues to be adopted in preparing this report on operations.

2.2 Consolidation principles

The consolidated financial statements include the separate financial statements of SEAT Pagine Gialle S.p.A. and its subsidiaries. Where necessary, these financial statements have been amended to bring them into line with the assessment criteria adopted by the Parent Company.

The subsidiaries were consolidated using the full consolidation 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 out of the Group. Furthermore, special-purpose entities (SPEs) are fully consolidated if the risks and rewards of ownership are substantially attributable to the Group, regardless of the share of equity held. Consequently, SEAT Servizi per le Aziende S.r.l. (formerly Meliadi Finance S.r.l.), (the ad hoc SPE created for the securitization of trade receivables) was fully consolidated, up to the first half of 2011, 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 recognising to minority interests, under the relevant items, their share of equity and of profit (loss) for the year;
- elimination of receivables and payables, as well as costs and revenues with respect to intra-group transactions;
- elimination of intra-group dividends.

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

Associate companies and joint ventures were consolidated using the equity method.

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.

2.3 Accounting estimates and assumptions

Pursuant to IAS/IFRS, when preparing consolidated financial statements and corresponding explanatory notes, management must make estimates and assumptions that affect revenue, cost, and asset and liability figures in the financial statements, as well as the information on contingent assets and liabilities as at the reporting date. The results produced may differ from these estimates.

The estimates are used to measure provisions for doubtful debts 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 standards and interpretations issued by the IASB/IFRIC

3.1 Accounting standards, 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", which 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 Regulation (EC) No 632/2010 of the European Commission on July 19, 2010. The standard, 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 statement of financial position items and has limited effects on the disclosure of related-party transactions supplied in these interim condensed financial statements under point 34.

Accounting standards, 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;
- IFRIC 19 "Extinguishing Financial liabilities with Equity Instruments";
- Improvements to IAS/IFRS (2010).

3.2 Accounting standards, amendments and interpretations not yet applicable and not adopted in advance by the Group

On the date of these financial statements, the competent bodies of the European Union have not yet completed the necessary approval process for adoption of the below-described amendments and standards, except for the amendments of 7 October 2010 to IFRS 7 – *Financial instruments: disclosures*.

On November 12, 2009, the IASB published the standard IFRS 9 – *Financial instruments*; this standard was then amended. The standard, applicable retroactively from January 1, 2015, represents the initial classification and valuation of financial assets and liabilities. In particular, for financial assets, the new standard uses a single approach based on the methods used to manage financial instruments and on the features of the contractual cash flows of the financial assets in order to determine the measurement criteria, replacing the various rules provided for under IAS 39. On the other hand, as far as financial liabilities are concerned, the main change that has taken place involves the accounting methods for the fair value measurement of a financial liability, designated as a financial liability measured at fair value through the statements of operations, if these should result from a change in the creditworthiness of the liability. According to the new standard, such changes should be recorded under "Other profits/(losses)" and will no longer pass through the statements of operations.

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 therein and described as the IFRS transition date, 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 measure deferred taxes arising from an asset depending on the method by 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 standard moves away from existing standards, 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 ultimate parent. It also provides a guide for determining the existence of control where this is difficult to ascertain. The standard 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 standard 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 standard 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 standard 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 standard 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 statements of operations, and the recording of actuarial gains and losses which are deriving from the re-measurement 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.

On December 16, 2011, the IASB issued some amendments to IAS 32 – *Financial Statements: presentation in the financial statements*, to clarify the application of certain financial asset and liability offsetting criteria present in IAS 32. The amendments must be applied retroactively for reporting periods commencing on or after January 1, 2014.

On December 16, 2011, the IASB published several amendments to IFRS 7 – *Financial instruments: disclosures*. The amendment requires some information on the effects or potential effects of financial asset and liability offsetting contracts on the equity and financial position. The amendments must be applied for reporting periods commencing on or after January 1, 2013 and for interim periods after that date. The information must be provided retroactively.

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

4. Measurement criteria

Intangible assets

Intangible assets acquired separately are initially capitalised at cost, while those acquired as part of a business combination are capitalised at fair value on the date of acquisition. After their initial recognition, intangible assets are recorded at cost, net of amortization and accumulated impairment losses. Internally generated intangible assets, excluding development costs, are not capitalised and are recorded in the statements of operations for the financial year in which they are incurred. The useful life of intangible assets is recognised as finite or indefinite.

Intangible assets with a finite useful life are amortised over their useful life and are subject to impairment tests whenever events or changes in circumstances indicate that impairment losses may be incurred. The amortization period and method applied are reviewed at the end of each financial year, or as often as necessary.

The amortization methods applied are as follows:

- *industrial patent and intellectual property rights*: amortised in relation to their expected useful life. Customer databases, which are recorded following the partial allocation of merger deficits or the difference between the price paid and the share of equity acquired, are amortised on a straight-line basis over a period of six to ten years, taking into account their useful life;
- *concessions, licences, trademarks and similar rights:* amortised in relation to their expected useful life;
- *acquisition costs of software applications*: amortised over a three-year period;
- *other capitalised costs*: amortised over a period of three to five years.

Gains or losses on the disposal of an intangible asset are calculated as the difference between the divestment value and the book value of the asset and are recorded in the statements of operations at the time of disposal.

Research costs are allocated to the statements of operations at the time they are incurred.

Development costs incurred in relation to a specific project are capitalised only when the company can demonstrate its ability and intention to complete the intangible asset to make it available for use or sale. The company must also be able to demonstrate how the asset will generate probable future economic benefits, the availability of technical, financial or other resources to complete its development, and its ability to reliably assess the cost attributable to the asset during its development. After their initial recognition, development costs are measured at cost, net of any amortization or accumulated impairment losses. Any development costs capitalised are amortised in relation to the period in which the relevant project is expected to generate revenues.

The carrying value of development costs is reviewed annually for the purposes of recording any impairment losses when the asset is not yet in use, or more frequently whenever events or changes in circumstance indicate that impairment losses may be incurred in the financial year.

Intangible assets with an indefinite useful life refer to goodwill. Goodwill arising from an acquisition or merger is initially measured at cost, since it represents the excess of the acquisition cost over the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities.

After its initial recognition, goodwill is measured at cost, net of any accumulated impairment losses. Pursuant to the provisions of IAS 36 (Impairment of assets), goodwill is subject to impairment tests annually, or more frequently if specific events or changes in circumstance indicate that impairment losses may have been incurred (impairment test).

On the date of its initial recognition, goodwill is allocated to each of the cash generating units expected to benefit from the synergies of the acquisition. Any impairment losses are identified through assessments based on the ability of each unit to generate sufficient cash to recover the portion of goodwill allocated to it.

If the value recoverable by the cash generating unit is lower than the book value attributed to the relevant portion of goodwill, an impairment loss is recorded. If the goodwill is attributed to a cash generating unit whose assets are partially disposed of, the goodwill associated with the assets sold is taken into consideration for the purposes of calculating any capital gains (losses) on the transaction. In such circumstances, the goodwill sold is measured in relation to the assets disposed of by the cash generating unit as a proportion of the assets it still owns.

Property, plant and equipment

Property, plant and equipment are recorded at acquisition cost, including directly attributable additional costs, and are displayed net of depreciation and accumulated impairment losses.

Costs incurred after the acquisition are capitalised only if they increase the future economic benefits of the asset to which they refer. All other costs are recognised in the statements of operations at the time they are incurred.

Costs incurred to maintain the efficiency of an asset are recorded in the financial year they are incurred.
Land, including that pertaining to company buildings, is not depreciated.
Depreciation is calculated systematically based on rates considered to represent an appropriate distribution of the book value of the tangible fixed assets, according to their residual useful life.
With regard to assets disposed of during the financial year, depreciation is calculated for the portion relating to the period of availability of the assets in question, except for assets acquired during the financial year.

Leased assets

Assets held via financial leasing contracts, pursuant to which all risks and benefits relating to ownership of the asset are essentially transferred to the Group, are recorded as assets at their fair value or, if lower, the current value of all minimum payments due pursuant to the lease, including any sums to be paid for exercising a call option. The corresponding liability due to the lessor is recorded in the financial statements under financial debts. Expense is allocated directly to the statements of operations.
With regard to the Turin property complex, the assets under financial leasing are depreciated over a period that reflects their useful life, since there is a reasonable certainty that the assets will be acquired at the end of the lease term. However, if there is not a reasonable certainty that the asset in question will be acquired at the end of the lease term, assets under financial leasing are depreciated over a period equal to the shorter of the term of the leasing contract or the useful life of the asset in question.
Leases pursuant to which the lessor essentially retains all risks and benefits relating to ownership of the assets are classified as operational leases. Operational lease payments are recorded in the statements of operations on a straight-line basis for each financial year of the term of the lease.

Asset impairment

At the end of each financial year, the SEAT Pagine Gialle group assesses the existence of impairment indicators. In this case, or if an annual impairment test is required, the Group estimates the recoverable amount of the asset in question. The recoverable amount is the greater of the fair value of an asset or cash generating unit, net of sale costs, or its value in use, and is calculated for each individual asset, except when the asset in question does not generate cash that is completely independent of that generated by other assets or groups of assets. If the carrying value of an asset is greater than its recoverable amount, the asset has been impaired and is consequently written down to its recoverable amount. When calculating an asset's value in use, the SEAT Pagine Gialle group discounts estimated future cash flows to their present value using a discount rate that reflects market valuations of the time value of money and the specific risks of the asset. Impairment losses on continuing operations are recorded in the statements of operations under the cost category relating to the function of the impaired asset.

Equity investments

The equity investments of the SEAT Pagine Gialle group in associate companies and joint ventures are measured using the net equity method. An associate company is a company over which the Group exerts considerable influence and which cannot be classified as a subsidiary.
Under the net equity method, the equity investment is recorded in the statements of financial position at cost, plus any changes (subsequent to the acquisition) in the share of the net assets of the associate company or joint venture pertaining to the Group. The goodwill relating to the associate company or joint venture is included in the carrying value of the equity investment and is not subject to amortization. After the initial recognition of an equity investment, the Group determines whether it is necessary to record any impairment losses. The statements of operations reflect the share of the associate company or joint venture's profit for the financial year pertaining to the Group. If an associate company or joint venture records adjustments directly attributable to equity, the Group records the share of the adjustments that pertains to it and, where applicable, recognises this in the statement of changes in equity.
The reporting date of the financial year for associate companies and joint ventures is the same as that of the SEAT Pagine Gialle group. The accounting standards used are those used by the Group for transactions and events of the same nature and in similar circumstances.

Effects of changes in exchange rates

Financial statements of subsidiaries that are not euro-denominated are translated into euros by applying year-end exchange rates (current exchange-rate method) to statement of financial position items and year-average exchange rates to statements of operations items. Translation differences arising from the conversion of opening equity and closing profit/loss are recognised in equity until disposal of the equity investment concerned. The consolidated statements of cash flows apply year-average exchange rates to the conversion of the cash flows of foreign subsidiaries.

Transactions in foreign currency are initially recorded at the existing exchange rate (relating to the functional currency) on the transition date. Monetary assets and liabilities denominated in foreign currency are reconverted into the functional currency at the existing exchange rate on the reporting date of the financial year. All foreign-exchange differences are recorded in the statements of operations. Non-monetary items measured at historical cost in foreign currency are converted using the exchange rates in force on the date the transaction is initially recognised. Non-monetary items recorded at fair value in foreign currency are converted using the exchange rate in force on the date this value is determined.

The exchange rates used are as follows

Currency/euro	Average exchange rate for the year 2011	Exchange rate at December 31, 2011	Average exchange rate for the year 2010	Exchange rate at December 31, 2010
Pound sterling	1.1522	1.1972	1.1657	1.1618

Financial assets

IAS 39 provides for the following types of financial instruments: financial assets at fair value with changes attributed to the statements of operations, loans and receivables, held to maturity investments and assets available for sale. Initially all financial assets are recorded at fair value, plus any additional costs.

The SEAT Pagine Gialle group determines how to classify its financial assets after their initial recognition and, where appropriate and allowed, reviews this classification at the end of each year.

All standardised acquisitions and sales of financial assets (acquisitions and sales of assets with delivery in the period generally provided for by the regulations and market conventions in which the exchange takes place) are recorded in the transaction date, or on the date the Group undertakes to acquire such assets.

Financial assets include:

- among the *financial assets at fair value posted in the statements of operation*, the category of *financial assets held for trading*, which includes financial assets acquired for the purposes of sale on the short term. These assets are measured at fair value. Gains or losses on assets held for trading are recognised in the statements of operations. These assets are included in "net financial debt";
- *held to maturity investments*: non-derivative financial assets with fixed or determinable payments and a fixed maturity where an entity intends and is able to hold to maturity. They are recorded at fair value and subsequently measured at amortised cost, using the effective interest rate method. Gains and losses are recognised in the statements of operations when the investment is eliminated or impaired, and through the amortization process;
- *loans and receivables*: non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These assets are measured at amortised cost, using the effective interest rate method. Gains and losses are recognised in the statements of operations when the loans and receivables are eliminated or impaired, and through the amortization process. Loans and receivables are included in "net financial debt";
- *financial assets available for sale*: non-derivative financial assets designated as such or not classified in any of the previous categories. This category includes equity investments in companies other than subsidiaries, associates and joint ventures. They are measured at fair value based on internal estimates, and the corresponding gains and losses are recorded in a separate item under equity until such activities are eliminated or impaired. In either of these cases, the gains or losses accumulated up to that time in equity are allocated to the statements of operations.

Tests are frequently carried out to find objective evidence of impairment of a financial asset or group of assets. If there is objective evidence, the impairment is recorded as a cost in the statements of operations for the financial year.

Cash and cash equivalents

Cash and cash equivalents include cash and on-demand and short-term bank deposits with an original maturity of three months or less.

Financial debts

Financial debts are recorded at amortised cost.
Medium- and long-term loans are recorded net of additional transaction costs incurred.

Derivatives

The SEAT Pagine Gialle group uses derivatives exclusively to hedge interest and exchange-rate risk.
In accordance with the provisions of IAS 39, derivatives are accounted for using hedge accounting only if, at the inception of the hedge, the derivative is formally designated as such, and the hedge is highly effective and this effectiveness can be reliably measured. All derivatives are measured at market value.
When derivatives meet the necessary criteria for hedge accounting, the following accounting treatment is applied:

- *fair value hedge*: if the derivative is designated as a hedge against exposure to changes in the current value of an asset or liability recorded in the statements of financial position attributable to a particular risk that may have an effect on the statements of operations, the gain or loss arising from subsequent valuations of the current value of the hedge are recorded in the statements of operations. Gains or losses on the hedged item that are attributable to the hedged risk change the book value of this item and are recorded in the statements of operations;
- *cash flow hedge*: if a financial instrument is designated as a hedge against exposure to changes in the cash flows of an asset or liability recorded in the statements of financial position or a highly probable transaction that may have an impact on the statements of operations, the effective portion of the gains or losses on the financial instrument is recorded in the corresponding reserve under equity. The accumulated gains or losses are removed from this reserve and recognised in the statements of operations in the period in which the hedged transaction is recorded. The gains or losses associated with a hedge or the ineffective portion of the hedge are immediately recorded in the statements of operations.

Inventories

Inventories are measured at the lesser of the acquisition or production cost or the value inferred from market trends.
More specifically, they include:

- *raw materials*, which are measured at acquisition cost, including additional costs, calculated using the progressive weighted average cost method;
- *work in progress*, which is valued based on directly attributable costs, taking into account auxiliary production costs and the depreciation and amortization of assets used;
- *contract work in progress*, comprising services not yet completed at the end of the financial year in relation to contracts for inseparable services that will be completed in the next 12 months, which are measured at production cost;
- *finished products*, comprising telephone directory products, which are measured at production cost and may be adjusted via a corresponding write-down in relation to the period of publication;
- *goods*, relating to the merchandising of products acquired for resale, which are measured at acquisition cost.

Trade and other receivables

Trade receivables arising from the sale of goods or services produced or marketed by the Group, including those with a maturity of greater than 12 months, are included in current assets. They are recognised at the nominal invoice amount, net of provision for doubtful receivables, which is set aside based on estimates of the risk of existing receivables being irrecoverable at the end of the financial year.

Reserves for risks and charges

These reserves are recorded when, pursuant to a legal or implicit obligation to a third party, it is likely that the company will have to use financial resources to fulfil its obligation, and when the value of the obligation can be reliably estimated.
Changes in the estimate are reflected in the statements of operations in the financial year they take place.
In the case of reserves for future risks (beyond 12 months), the liability, if significant, is discounted at a pre-tax discount rate that reflects the current market valuation of the cost of money over time. The increase in the reserves due to the passage of time is recognised as financial expense.
They can be broken down into:

- *reserve for taxes*: this includes a provision that corresponds to a prudential assessment of fiscal risks;
- *reserve for sale agents' termination indemnities*: this represents the debt due at the end of the financial year to active sales agents for the indemnities owed to them in the event of termination of the agency contract, based on the Collective Economic Agreement;

- *reserve for commercial and contractual risks and other charges*: this is designed to cover risks associated with the execution of contractual commitments and legal disputes in progress, as well as any other contingent liabilities;
- *reserve for risks and charges relating to equity investments*: this is designed to cover statements of financial position deficits incurred by subsidiaries, associates and joint ventures in excess of the direct write-down recorded in relation to these companies; the provision also covers the risks and contingent liabilities arising from the restructuring of equity investments held for sale or liquidation;
- *reserve for restructuring*: this is designed to cover the risks connected with the implementation of a programme planned and controlled by the management that significantly changes the scope of action for an activity undertaken by a company or the manner in which the company is managed.

Employee benefits

Pension plans

The SEAT Pagine Gialle group operates various types of defined-benefit and defined-contribution pension plans, in accordance with the conditions and local practices of the countries in which it operates. Defined-benefit pension plans are based on the expected remaining average working life of the employees paying into the plans and the remuneration they receive throughout a predetermined period of service.

Assets intended to fund the provisions for defined-benefit pension plans and the relevant annual cost recorded in the statements of operations are valued by independent actuaries using the projected unit credit method.

Actuarial gains and losses are immediately recognised on the statements of financial position in the year they occur, with a counter-entry made in "Provisions for actuarial gains (losses)" under shareholders' equity.

Accrued liabilities are recorded net of assets intended to fund their future extinction.

Defined-contribution pension plan payments are recorded in the statements of operations as a cost, where applicable.

Severance indemnity

The severance indemnity fund held by Italian companies, insofar as it continues to represent an obligation for the Company, is considered to be a defined-benefit plan and is accounted for in the same way as other defined-benefit plans.

Share-based payments

The SEAT Pagine Gialle group grants additional benefits to specific categories of Parent Company and subsidiary employees considered to be "key", due to their responsibilities and/or skills, through stock option plans. Pursuant to the provisions of IFRS 2 (*Share-based payment*), the total amount of the fair value of the stock options on the grant date is recognised in the statements of operations as a cost during the vesting period in equal monthly instalments, with a counter-entry made in a dedicated provision under equity. The fair value is calculated by an external valuer using a lattice model, which does not take into account conditions relating to the achievement of objectives (*performance*), but does consider conditions that influence the SEAT Pagine Gialle group's share price (*market conditions*). Changes in the fair value after the grant date do not have an impact on the initial valuation. The accumulated costs recorded in the reporting date of each financial year are based on the best available estimate of the number of equity instruments that will actually come to maturity. The cost in the statements of operations for the financial year represents the change in the accumulated cost recorded at the beginning and end of the year. The dilutive effect of options not yet exercised is reflected in the calculation of dilution of profit per share.

Non-current assets held for sale and discontinued operations – disposal groups

Non-current assets held for sale and discontinued operations – disposal groups refer to assets (or groups of assets) sold or being disposed of whose carrying value has been or will be recovered mainly through the sale thereof, rather than through continued use. Non-current assets held for sale and discontinued operations are measured at the lesser of net carrying value or fair value, net of sale costs. In accordance with IFRS, the data is presented as follows:

- in two specific statement of financial position items: "Non-current assets held for sale and discontinued operations"/"Liabilities directly relating to non-current assets held for sale and discontinued operations";
- in a specific statements of operations item: "Net gain (loss) on non-current assets held for sale and discontinued operations".

Recognition of revenues

Revenues are recognised to the extent that the corresponding economic benefits are likely to be achieved by the Group and the amount in question may be reliably calculated. The following criteria must be met when allocating revenues to the statements of operations:

- *sale of assets*: the revenue is recognised when the company has transferred all significant risks and benefits associated with ownership of the asset to the acquirer;
- *provision of services*: print revenues, involving the publication of the print directories, are recognised in full at the time when the service is activated, while on-line and on-voice revenues are recognised at constant rates throughout the term of the contract. Consequently, the amount relating to advertising services already invoiced that will be executed after the reporting date of the financial year is recorded under liabilities in the statements of financial position, under the item "Payables for services to be provided". For further details see point 5, "Changes in accounting policies" in these Notes;
- *interest*: this is recorded as financial income following an assessment of relevant interest income using the effective interest rate method;
- *dividends*: these are recognised when the shareholders are entitled to receive the payment.

Public contributions

Public contributions are recognised when there is a reasonable certainty that they will be received and all the conditions relating thereto are met. When contributions relate to cost components they are recognised as revenues, but are systematically distributed between several financial years so as to be proportionate to the costs they are intended to offset. If contributions are relating to an asset, their fair value is recorded in the statements of financial position as an adjustment to the carrying value of the asset.

Income taxes

Current taxes

Current income taxes, which are recognised in the statements of operations, are accounted for based on the rates in force on the reporting date in the various countries in which the SEAT Pagine Gialle group operates.

Income taxes relating to items recognised directly in equity are allocated directly to equity and are accounted for using the tax rates in force.

Taxes not relating to income, such as property and capital taxes, are included in other operating expenses.

Deferred taxes

Deferred taxes are calculated at the end of each financial year, using the liability method, on temporary differences on the reporting date between the tax bases of assets and liabilities and their carrying amounts in the financial statements at the end of the previous year.

Deferred tax liabilities are recognised for all taxable temporary differences on the most recent reporting date between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax assets are recognised for all deductible temporary differences and for tax assets and liabilities carried forward to the extent that they are likely to be able to be recovered against future taxable income. An exception is made for the following:

- deferred taxes arising from the initial recognition of goodwill or of an asset or liability in a non-business-combination transaction that does not have an impact on either the result for the financial year calculated for the financial statements or the result for the financial year calculated for tax purposes;
- taxable temporary differences associated with equity investments in subsidiaries and associates if the reversal of such differences can be controlled and it is likely that this will not take place in the foreseeable future.

The value of deferred tax assets recorded at the beginning of the financial year is reviewed at the end of the year and reduced to the extent that it is no longer likely that the asset will be used in future. Deferred tax assets not recorded are reviewed annually and recorded to the extent that it becomes likely that they will be used in future.

Deferred tax assets and liabilities are calculated using the tax rates expected to be applicable, pursuant to the respective regulations of the countries in which the SEAT Pagine Gialle group operates, in the financial years in which the temporary differences will be realised or eliminated.

Current and deferred tax assets and liabilities are offset if the entity has a legally enforceable right to offset current tax assets with current tax liabilities and the deferred taxes relate to the same tax entity and the same tax authority.

Value-added tax

Revenues, costs, and intangible and tangible assets are recognised net of value-added tax, except where such tax applied to the acquisition of goods or services:

- is not deductible, in which case it is recognised as part of the acquisition cost of the intangible or tangible asset or part of the cost item recognised in the statements of operations;
- relates to receivables and/or payables recorded gross of the amount of the tax.

The net amount of value-added tax is included on the statements of financial position under tax receivables or payables, depending on whether it is to be recovered or paid to the Treasury.

Profit (loss) per share

Profit (loss) per ordinary share is calculated by dividing the Group's profit or loss by the average number of ordinary shares in circulation during the financial year.

5. Changes in accounting policies

It should be noted that starting from the interim condensed financial statements as at June 30, 2011, the 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 recognised 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 behaviour, 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 also have the opportunity of purchasing a series of additional services aimed at increasing the visibility of the website by enriching the online advertisement with the inclusion of 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 website modifications 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. Indeed, 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 advertising space (and is therefore inseparable from it). In addition, the life of these complementary products cannot exceed the life of the main underlying product.

These modifications in the method of providing services to customers result from the ever-increasing importance of the internet and mobile communications, and the Group strategy aimed at capturing the business opportunities connected with these developments. Traditional on-line directory services have thus become the basis on which the Group has gradually built itself up so that it can offer the customer innovative services, and its underlying existence represents both a facilitating factor and a generator of opportunities. The service provided by the SEAT group thus no longer ends with the sale of on-line (or even on-voice) advertising space but, rather, has taken on the economic and substantive significance of an ongoing on-line (or even on-voice) service throughout the period contractually provided for. Over time, the operational commitment of the business during the lifetime of a contract has become just as if not more important than its commitment in view of the on-line activation of the basic service. This development is also reflected in the growth trends of the "web marketing and others" component of innovative services, the total effect of which on the online revenues has gone from about 3% in 2007 (year when they were introduced) to about 48% at the end of 2010, clearly representing the revenues component with the greatest growth in the period under consideration.

Considering the fact that, unlike the traditional business involving the publication of adverts in print directories, for the new online and voice products the service provided to customers no longer ends with the sale of advertising space but, rather, represents a vehicle for a subsequent offering of additional services to be provided during the ongoing period (on-line and on-voice) contractually provided for, on the basis of the interim condensed financial statements as at June 30, 2011, the Company has decided to recognise revenues at constant rates throughout said period (contractually 12 months). For contracts in which payment is quantified on a predetermined performance value (performance contracts), revenues will be recognised depending on performance rather than on a straight-line basis.

More specifically, given the changes that have affected the composition of its commercial products, briefly described earlier, and the economic content of the services it renders, the Company believes that all revenue deriving from online and voice products and services (including those relating to traditional products), since they represent items of service rendered throughout the contractual period, should be recognised on the basis of contractual duration in accordance with IAS 18, paragraph 13, which provides that when two or more transactions are closely linked, the commercial effect must be understood by referring to the various transactions as a complete set.

The change in question also involves recognition of the costs incurred in the providing of such services (including, mainly, commissions accrued in favour of the sales force), which will be attributed to the statements of operations in the proportion of the corresponding revenues.

As this involves a change in the accounting policy for revenues, without any impact on the invoicing and collection terms of 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 result in a better accounting representation than the one that would result from application of the previous recognition criteria as it provides a better view of the changed economic content of the services rendered and of the continuing activities occurring throughout the period of the on-line and on-voice contract thanks to innovative services embodied within the more traditional on-line and on-voice directory component. This change is therefore considered as a change in accounting policies within the meaning of IAS 8.14, letter b).

In line with the requirements of IAS 8.19, letter b), the Company has completed the retrospective restatement, as it is in possession of the information which 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, September 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.

6. Intangible assets with an indefinite useful life

Intangible assets with an indefinite useful life totalled € 1,940,373 thousand as at December 31, 2011 (€ 2,637,197 thousand as at December 31, 2010) and can be analysed as follows

(euro/thousand)	As at 12.31.2011	As at 12.31.2010
Balance at beginning of the year	2,637,197	3,309,436
Foreign exchange adjustments	219	1,577
Impairment	(696,284)	(673,816)
Transfers to non-current assets held for sale	(759)	
Balance at end of the year	1,940,373	2,637,197

More specifically:
- € 1,869,542 thousand as at December 31, 2011 (€ 2,532,337 thousand as at December 31,2010) relating mainly to merger deficits arising from transactions carried out in previous periods by the Parent Company, SEAT Pagine Gialle S.p.A. A write-down of € 662,795 thousand was made on December 31, 2011 in relation to the Parent Company following an impairment test (more details can be found under point 7 of these Notes);
- € 70,831 thousand as at December 31, 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 by € 33.489 thousand over the financial year due a write-down from the impairment tests carried out on the TDL Infomedia group of € 21,286 thousand (€ 15,173 thousand as at December 31, 2010), on the Telegate group for € 12,203 thousand (€ 8,095 thousand as at December 31, 2010). For more details on this, see point 7 of these Notes.

7. Impairment test

The goodwill acquired through the business combinations had 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 12.31.2011	As at 12.31.2010
SEAT Pagine Gialle S.p.A.	1,866,932	2,529,727
Telegate Group	57,461	70,423
TDL Infomedia Group	13,370	34,437
Consodata S.p.A.	2,610	2,610
Total	1,940,373	2,637,197

Impairment test and the results obtained
The impairment test was 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 criterion. This criterion 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.
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 necessary for the purposes of estimating the cash flows of each CGU (EBITDA, capex, investment/disinvestment in net working capital and "operating" taxes) were obtained from the update of 2011-2013 Strategic guidelines and projections to 2015, prepared by management with the assistance of their advisors (Rothschild e Bain & Company) and approved by the Board of Directors on January 2012; these perspective figures are consistent with the provisions of IAS 36, insofar as they express an "average representative" scenario and do not include the effects of future restructuring, improvements or optimisation of the Group. The terminal value is calculated by capitalising 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 discount rate (WACC) is calculated using an average representative financial structure for the industry; as provided for by IAS 36, the WACC rate 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.	10.40%	0.00%
TDL Infomedia Group	8.63%	0.00%
Telegate Group	8.66%	0.00%
Consodata S.p.A.	10.40%	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 (10.40%) is of 15.20%;
- The WACC used (10.40%) is in line with the maximum value of the discount rates recently estimated by analysts who follow the SEAT share, and is consistent with the WACC used by comparable companies; it is significantly higher than the WACC used in the impairment tests performed at June 30, 2011 (8.11%) in that it reflects the worsening of the (risk free) rates seen in December 2011 compared to June 2011 using the marginal cost of debt of SEAT for determining the cost of debt, taking into account the financial structure of the Company characterized by a significantly higher level of indebtedness than the normal or target.
- with reference to the terminal value, the expected available cash flow in the year subsequent to the last year of the plan was assumed as equal to the average of the corresponding flows for the 2013-2015 two-year period, in order to incorporate the uncertainties inherent in long-term macroeconomic and business data forecasts.

The results of the impairment tests performed on the various CGUs are summarised in the table below

(euro/thousand)	Write-down 2011	Write-down 2010
SEAT Pagine Gialle S.p.A.	(662,795)	(650,447)
TDL Infomedia Ltd.	(21,286)	(15,173)
Telegate Group	(12,203)	(8,095)
Prontoseat S.r.l.	-	(101)
Total	(696,284)	(673,816)

The causes of the impairment loss are essentially due to the change in financial market rates, reflected in an increase in the WACC used and, to a lesser extent, to expected cash flow trends.
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 growth rate in value.

Sensitivity analysis
Given the inevitable margins of subjectivity in company evaluations, it was deemed appropriate 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, the long-term "g" growth flow rate and the terminal value amount were subjected to sensitivity analyses. More specifically, with respect to:
- the base discount rate, the analysis was conducted in a range of 10.10%-10.90%;
- the maximum variation in the "g" growth rate was assumed as a 50 b.p. increase or decrease;
- the terminal value, the analysis was performed with a 5% decrease in all expected cash flows.

The sensitivity analysis performed on the variation in the abovementioned parameters shows that a variation with a combined worsening of the WACC, of the "g" and of the expected cash flows would lead to the need for a further impairment of approximately €250 million.

8. Intangible assets with a finite useful life

Intangible assets with a finite useful life totalled € 78,591 thousand as at December 31, 2011 (€ 91,240 thousand as at December 31, 2010) and can be analysed as follows

	Year 2011					Year 2010
(euro/thousand)	Customer Database	Software	Patents, concessions, brands 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 beginning of the year	14,058	62,720	5,354	9,108	91,240	119,169
- Investments	-	31,304	900	6,223	38,427	34,131
- Amortization	(2,574)	(43,873)	(2,973)	(1,632)	(51,052)	(53,417)
- Write-downs	-	(109)	-	-	(109)	(8,829)
- Exchange adjustments and other movements	-	4,625	106	(4,646)	85	189
Cost	1,003,698	268,728	29,918	24,028	1,326,372	1,345,815
Accrued amortization	(992,214)	(214,061)	(26,531)	(14,975)	(1,247,781)	(1,254,575)
Balance at end of the year	11,484	54,667	3,387	9,053	78,591	91,240

Intangible assets with a finite useful life can be broken down as follows:

- *customer databases*, which totalled € 11,484 thousand as at December 31, 2011 (€ 14,058 thousand as at December 31, 2010). This item decreased by € 2,574 thousand in the year, as a result of amortization for the period (€ 3,130 thousand as at December 31, 2010);
- *software* totalled € 54,667 thousand as at December 31, 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 licence, particularly in the commercial, publishing and administrative areas. This rose to € 31,304 thousand in the period, from investments particularly aimed at supporting the new products on online&mobile platforms and to improve the management platforms (SAP/front-end CRM) at SEAT Pagine Gialle S.p.A.;
- *patents, concessions, trademarks and licences*, which totalled € 3,387 thousand as at December 31, 2011 (€ 5,354 thousand as at December 31, 2010), referring mainly to Telegate group licences relating to voice portals and PAGINEGIALLE.it® video rights held by SEAT Pagine Gialle S.p.A.;
- *other intangible assets* totalled € 9,053 thousand as at December 31, 2011, (€ 9,108 thousand as at December 31, 2010), referring mainly to software designs in progress.

Investments of 2011 totalled € 38,427 thousand (€ 34,131 thousand in 2010). To be specific, investments were made in the following business areas:

- for the Parent Company (€ 30,186 thousand; € 27,967 thousand in 2010):
  - a review of administrative processes and managerial reporting through the use of a single corporate performance management application interfaced with the Company's data warehouse (DWH);
  - a review of the main software processes with a view to developing products from a customer-centric perspective by using the release of the new management platforms (SAP/front-end CRM) to adopt a single-contract approach;
  - improvements to IT systems to meet the new requirements of marketing plans, with the launch of new products and improvements made to SEAT's existing platforms (print-online&mobile-voice). More specifically: i) the PagineGialle e-book and PagineBianche e-book applications have been launched at the Apple Store; ii) development of the PagineBianche Web Browser has been initiated for supplying a digital version of PagineBianche; and iii) software developments have been launched for gathering and managing the orders for several web initiatives, such as lamiaimpresaonline.it, couponing, social business and App4site;
- Consodata S.p.A. (€ 3,576 thousand, compared with € 3,594 thousand in 2010):
  - acquired and developed the software platforms and databases;
  - expanding databases that list and georeference street numbers (Google project);
- for the Telegate group (€ 1,697 thousand; € 1,205 thousand in 2010):
  - development of software and IT infrastucture to expand the infrastructures in the sales and management areas.

9. Property, plant and equipment

Property, plant and equipment totalled € 31,725 thousand as at December 31, 2011 (€ 32,217 thousand as at December 31, 2010). This item was recorded net of accumulated depreciation totalling € 109,291 thousand as at the end of the financial year, which as a proportion of the gross value was 76.26% (76.33% as at December 31, 2010).
Property, plant and equipment can be analysed as follows

	Year 2011				Year 2010
(euro/thousand)	Immobili	Impianti e macchinari	Altri beni materiali	Totale	Totale
Cost	21,191	48,726	66,182	136,099	143,863
Depreciation	(7,868)	(43,438)	(52,576)	(103,882)	(106,656)
- Investments	13,323	5,288	13,606	32,217	37,207
- Depreciation and write-downs	320	1,977	7,371	9,668	6,213
- Change in consolidation scope	(2,401)	(2,213)	(5,546)	(10,160)	(10,847)
- Transfers to non-current assets held for sale					
- Disposals and other movements	107	(49)	(58)	0	(356)
Cost	20,080	49,114	71,822	141,016	136,099
Depreciation	(8,731)	(44,111)	(56,449)	(109,291)	(103,882)
Balance at end of the year	11,349	5,003	15,373	31,725	32,217

This item includes:

- *property* worth € 11,349 thousand as at December 31, 2011 (€ 13,323 thousand as at December 31, 2010), referring mainly to the Milan and Catania sites where the subsidiary Cipi S.p.A. carries out its operations;
- *plant and equipment* worth € 5,003 thousand as at December 31, 2011 (€ 5,288 thousand as at December 31, 2010). Investments in 2011 totalled € 1,977 thousand (€ 1,303 thousand in 2010), including € 948 thousand of investments in technological infrastructures present at the Telegate group call centres;
- *other fixed assets* worth € 15,373 thousand as at December 31, 2011 (€ 13,606 thousand as at December 31, 2010), including € 9,752 thousand relating to IT equipment and systems. Investments for the year totalled € 7,371 thousand (€ 4,799 thousand in 2010), of which € 5,795 thousand relating to the acquisition of centralised hardware (data centre) for SEAT Pagine Gialle S.p.A. replacing obsolete machines with new ones that perform better and use less energy, thereby enabling the Company to pursue its plans to "virtualise" its centralised hardware.

Current accumulated depreciation (€ 109,291 thousand) is considered adequate, for each fixed asset class, to cover the depreciation of the assets in relation to their estimated residual useful life.
The following table gives an overview of the depreciation rates used

	Year 2011	Year 2010
Property	3%	3%
Plants and equipment	10-25%	10-25%
Other fixed assets	10-40%	10-40%

10. Leased assets

Leased assets totalled € 52,821 thousand as at December 31, 2011 and relate to the property complex where the Parent Company has its own 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.
The Company believes that the property complex has retained its market value throughout the year.
This can be analysed as follows

	Year 2011					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 year	10,500	31,106	12,130	2,709	56,445	60,173
- Investments						
- Depreciation and write-downs		(992)	(2,211)	(421)	(3,624)	(3,728)
Cost	10,500	33,076	16,524	3,779	63,879	63,959
Depreciation	-	(2,962)	(6,605)	(1,491)	(11,058)	(7,514)
Balance at end of the year	10,500	30,114	9,919	2,288	52,821	56,445

11. Investments measured at equity

As at 31 December 2011, the amount relating to the investment in the associate Lighthouse International Company S.A. has been completely wrote-down; last year it totalled € 378 thousand

(euro/thousand)	As at 12.31.2011	As at 12.31.2010	Change
Associates			
Lighthouse International Company S.A.	-	378	(378)
Total investments accounted for at equity	-	378	(378)

12. Other non-current financial assets

Other non-current financial assets totalled € 2,414 thousand as at December 31, 2011 (€ 2,284 thousand as at December 31, 2010), and include:
- loans to employees worth € 1,855 thousand, issued at market rates for transactions of this kind;
- assets held for sale totalling € 116 thousand, including € 110 thousand relating to the 2.2% stake held in Emittenti Titoli S.p.A.

13. Inventories

The value of the inventories is substantially in line with the level at the end of 2010, and is broken down as follows

	Year 2011					Year 2010
(euro/thousand)	Raw material, suppliers and consumables	Merchandising products	Work in progress and semi-finished goods	Finished goods	Total	Total
Balance at beginning of the year	6,088	2,139	1,991	181	10,399	10,482
Increase (Decrease)	(605)	319	317	(27)	4	(308)
(Provision) Reversals of allowance	-	-	-	-	-	210
Transfer to non-current assets held for sale						
Foreign exchange adjustments, change in the scope of consolidation and other movements	6	-	-	-	6	15
Balance at end of the year	5,489	2,458	2,308	154	10,409	10,399

14. Trade receivables

This can be broken down as follows

	Year 2011			Year 2010
(euro/thousand)	Trade receivables	Allowance for doubtful trade receivables	Net value	Net value
Balance at beginning of the year	722,349	(109,261)	613,088	621,601
Provision in the statement of operations	-	(25,444)	(25,444)	(34,875)
Utilization	-	57,974	57,974	40,838
Foreign exchange adjustments, change in the scope of consolidation and other movements	(125,388)	567	(124,821)	(14,476)
Balance at end of the year	596,961	(76,164)	520,797	613,088

Trade receivables totalled € 520,797 thousand as at December 31, 2011 (net of the provision for doubtful receivables totalling € 76,164 thousand).
The *provision for doubtful trade receivables* totalled € 76,164 thousand as at December 31, 2011, including € 67,740 thousand relating to the Parent Company, and is considered to be adequate to cover expected losses.
€ 57,974 thousand of the provision was used in 2011 (against € 40,838 thousand in 2010): this was attributable mainly to the Parent Company (€ 50,042 thousand; € 32,705 thousand in 2010).
An allocation of € 25,444 thousand was made to the provision for doubtful trade receivables in the year (€ 34,758 thousand in 2010), which resulted in adequate cover of overdue receivables.
For a more detailed analysis of the Group's credit risk, see point 21 of these Explanatory notes.

15. Other (current and non-current) assets

Other (current and non-current) assets totalled € 62,756 thousand as at December 31, 2011 (against € 76,016 thousand as at December 31, 2010, *restated*), and can be broken down as follows

(euro/thousand)	As at 12.31.2011	As at 12.31.2010 restated	Change
Advances on sales commissions and other receivables from agents	32,586	41,393	(8,807)
Advances to suppliers	18,310	17,889	421
Prepaid expenses	4,121	9,034	(4,913)
Other receivables	7,063	6,954	109
Total other current assets	62,080	75,270	(13,190)
Other non-current assets	676	746	(70)
Total other current and non-current assets	62,756	76,016	(13,260)

More specifically:
- *advances on sales commission and other receivables to agents* totalled € 32,586 thousand as at December 31, 2011 (€ 41,393 thousand as at December 31, 2010) and were recorded net of the provision for doubtful receivables, which totalled € 2,466 thousand as at December 31, 2011 (€ 2,922 thousand as at December 31, 2010). This includes € 120 thousand of receivables with a maturity of over 12 months, which are classified under "Other current assets", since they fall within the normal company operating cycle. These receivables were discounted using an average market rate for receivables with the same maturity;
- *prepaid expenses* as at December 31, 2011 totalled € 18,310 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 totalled € 4,121 thousand as at December 31, 2011 (€ 9,034 thousand as at December 31, 2010) include € 3,020 thousand relating to advances paid to ILTE S.p.A., the printing company (€ 8,504 thousand as at December 31, 2010).

16. Equity

Equity can be broken down as follows

(euro/thousand)	As at 12.31.2011	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	466,847	466,843	4
Reserve for foreign exchange adjustments	(39,075)	(38,937)	(138)
Reserve for "cash flow hedge" instruments	(1,561)	(12,608)	11,047
Reserve for actuarial gains (losses)	(21,278)	(18,578)	(2,700)
Other reserves	(634,208)	84,751	(718,959)
- Reserve for transition to IAS/IFRS	*181,570*	*181,570*	-
- Reserve for stock option	*1,011*	*1,011*	-
- Reteined earnings (losses)	*(816,789)*	*(97,830)*	*(718,959)*
Profit (loss) for the period	(789,750)	(718,147)	(71,603)
Total equity of the Group	(568,759)	213,590	(782,349)
Share capital and reserves	12,899	13,517	(618)
Profit (loss) for the year	782	1,547	(765)
Total non-controlling interests	13,681	15,064	(1,383)
Total equity	(555,078)	228,654	(783,732)

Share capital

This item totalled € 450,266 thousand as at December 31, 2011, remaining unchanged from December 31, 2010.

As at December 31, 2011, the share capital comprised 1,927,027,333 ordinary shares and 680,373 savings shares. None of the shares has a nominal value.

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

Additional paid-in capital

This item totalled € 466,847 thousand as at December 31, 2011, remaining substantially unchanged from December 31, 2010.

Of the additional paid-in capital, € 142,619 thousand was considered to be subject to taxation in case of distribution due to the realignment carried out in 2005 between the book value and the tax value of the customer database, pursuant to Law no. 342/2000. 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 € 39,075 thousand as at December 31, 2011 (a negative € 38,937 thousand as at December 31, 2010 *restated*) and related to the consolidation of the TDL Infomedia group, whose financial statements were drawn up in sterling.

Reserve for cash flow hedge instruments

The reserve for cash flow hedge instruments was a negative € 1,561 thousand as at December 31, 2011, against a 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 a negative € 21,278 thousand (a 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 severance indemnity fund) 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 € 634,208 thousand as at December 31, 2011 (positive € 84,751 thousand as at December 31, 2010) and referred to:

- *Reserve for adoption* of IAS/IFRS, which totalled € 181,570 thousand as at December 31, 2011;
- *Reserve for stock options* equal to € 1,011 thousand as at December 31, 2011, unchanged compared with December 31, 2010;
- *Miscellaneous reserves and profits (losses) carried forward* amounted to a negative € 816,789 thousand as at December 31, 2011 (a negative € 97,830 thousand as at December 31, 2010 restated) referring to the SEAT Pagine Gialle S.p.A. legal reserve (€ 50,071 thousand) and to the reserve for profits (losses) carried forward (€ 866,860 thousand) that changed during the year as a result of the 2010 loss, 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. For more details, see the Appendix section of these Notes.

17. Total other comprehensive profit (loss)

(euro/thousand)	Year 2011	Year 2010 restated
Profit (loss) for "cash flow hedge" instruments for the year	21,852	(11,373)
Loss (profit) for "cash flow hedge" instruments reclassified to statement of operations	(10,805)	20,979
Profit (loss) for "cash flow hedge" instruments	11,047	9,606
Profit (loss) for foreign exchange adjustments	(138)	(434)
Loss (profit) for foreign exchange adjustments reclassified to statement of operations	-	-
Profit (loss) for foreign exchange adjustments	(138)	(434)
Actuarial gain (loss) recognised to equity	1,836	(1,441)
Tax effect of actuarial gain (loss) recognised to equity	(4,536)	194
Actuarial gain (loss) recognised to equity, net of tax effect	(2,700)	(1,247)
Total other comprehensive profit (loss), net of tax effect	8,209	7,925

18. Profit (loss) per share

Profit (loss) per share is calculated by dividing the Group's profit or loss by the average number of shares in circulation throughout the year.

		As at 12.31.2011	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 shares	*No.*	*680.373*	*680.373*
Profit (loss) for the year	€/thousand	(789.750)	(718.147)
Profit (loss) par share	€	(0,410)	(0,373)

19. Net financial indebtedness

Net financial debt as at December 31, 2011 is broken down as follows

(euro/thousand)		As at 12.31.2011	As at 12.31.2010	Change
Cash		172,732	241,728	(68,996)
Cash equivalent		-	-	-
Trading securities		-	-	-
Liquidity		172,732	241,728	(68,996)
Current Financial Receivable to third parties		3,486	1,498	1,988
Current Financial Receivable to related parties		-	-	-
Current Bank debt		740,250	7,683	732,567
Current portion of non current debt		3,017	263,270	(260,253)
Other current financial debt to third parties		31,376	24,056	7,320
Other current financial debt to related parties		1,369,500	17,375	1,352,125
Current Financial Debt		2,144,143	312,384	1,831,759
Net Current Financial Indebtedness		1,967,925	69,158	1,898,767
Non current Bank loans		-	596,116	(596,116)
Bonds Issued		722,242	718,587	3,655
Other non current loans to third parties		46,319	49,339	(3,020)
Other non current loans to related parties		-	1,300,000	(1,300,000)
Non Current Financial Debt		768,561	2,664,042	(1,895,481)
Non Current Financial Receivable to third parties	(*)	2,298	2,168	130
Net non Current Financial Indebtedness		766,263	2,661,874	(1,895,611)
Net Financial Indebtedness		**2,734,188**	**2,731,032**	**3,156**
Transaction costs on loans and securitization costs not yet amortized and Net market value of "cash flow hedge" instruments		(31,562)	(47,043)	15,481
Net Financial Indebtedness - book value		2,702,626	2,683,989	18,637

The Net Financial Indebtedness according to the outline provided by ESMA Recommendation 81/2011 does not include Non Current Financial Receivable to third parties

Net Financial Indebtedness	2,734,188	2,731,032	3,156
Non Current Financial Receivable to third parties	2,298	2,168	130
Net Financial Indebtedness (ESMA Recommendation 81/2011)	2,736,486	2,733,200	3,286

(*) This item is described in the point 12 and not include financial assets available for sale

As at December 31, 2011 **net financial indebtedness** was € 2,734,188 thousand, up € 3,156 thousand from December 31, 2010; it differs from the net financial debt at book value in that it is posted "gross" of the expenses incurred *i)* for transaction costs and refinancing the medium- and long-term Senior debt with the Royal Bank of Scotland, *ii)* for the subordinated loan to Lighthouse International Company S.A. and *iii)* for the issue of the Senior Secured Bond, totalling € 33,123 thousand, net of the portions already amortised. Net financial debt does not include the net value arising from the valuation at market values of the cash flow hedge instruments in place at the end of the period or, if closed early, cash flow hedge instruments that will become effective in subsequent periods. As at December 31, 2011 this value amounted in total to net liabilities of € 1,561 thousand (€ 13,780 thousand as at December 31, 2010).
With the aim of achieving long-term financial stability, in 2011 the Company undertook negotiations to obtain a voluntary restructuring of its own financial structure and, pending negotiations on approval of the transaction, decided *i)* not to proceed with financing of the six-month coupon of € 52,125 thousand due from Lighthouse International Company S.A.; *ii)* not to make repayment of the principal instalment of € 35,196 thousand and interest of € 14,775 thousand due to The Royal Bank of Scotland; and *iii)* not to make payment of the interest on the ancillary hedging contracts for the financing in the Framework Contract of € 2,900 thousand. As a result of that and as provided for in paragraph 74 of IAS 1, the non-current financial debts to Lighthouse International Company S.A. (€ 1,300,000 thousand) and to The Royal Bank of Scotland (€ 446,794 thousand) were reclassified as short-term given that the respective loans agreements contained a debt acceleration clause in the event of payment default so that the debt would become payable in full and with immediate effect, and in respect of this clause the respective counterparties did not grant a grace period of at least 12 months. As regards debt to Senior Secured bondholders, there were no events of default due to non-payment at December 31, 2011, and the respective agreement sets provides that non-payment of the debt to Lighthouse International Company S.A. and to The Royal Bank of Scotland only constitutes an event of default should the respective creditors exercise the acceleration clause, which had not occurred as at December 31, or as at the date of approval of these financial statements. There were therefore no grounds for short-term reclassification of the debt to Senior Secured bondholders, pursuant to IAS 1 paragraph 74, as at December 31, 2011.
A description of the items that make up net financial debt (book value) is provided below:

Non-current financial debts

This amounted to € 750,661 thousand as December 31, 2011, broken down as follows

(euro/thousand)	As at 12.31.2011	As at 12.31.2010	Change
Bank non current debts	-	596,116	(596,116)
Senior Secured Bond	722,242	718,587	3,655
Other non-current financial debts	46,319	49,339	(3,020)
Other non-current financial debts to releated parties	-	1,300,000	(1,300,000)
Non-current financial indebtness	768,561	2,664,042	(1,895,481)
Transaction costs on loans and securitization program not yet amortised	(17,900)	(60,823)	42,923
Non-current financial liabilities	750,661	2,603,219	(1,852,558)

- *Senior Secured Bonds* issued amounted to € 722,242 thousand, made up of the net value of the issue (€ 716,809 thousand) plus the total accrued discount as at December 31, 2011 (€ 5,443 thousand). The two issues, equal to a total nominal value of € 750,000 thousand, 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 discounts (the first tranche was issued on January 28, 2010 at a price equivalent to 97.5998% and the second on October 8, 2010 at a price equivalent to 90.0%), the yield on the placement of these bonds was 11% per annum for the first issue and 12.85% per annum for the second issue.
- *Other non-current financial debts*, totalling € 46,319 thousand as at December 31, 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 48 remaining instalments on the contracts with effect from December 2008 and 52 remaining instalments on the contract with effect from October 2009. All instalments are quarterly deferred instalments subject to a floating interest rate equal to three-month Euribor plus a spread of around 65 basis points per annum. The residual value is fixed at around 1% of the value of the property complex.

Current financial liabilities

This amounted to € 2,130,481 thousand as at December 31, 2011, broken down as follows

(euro/thousand)	As at 12.31.2011	As at 12.31.2010	Change
Current financial debts to bank	740,250	7,683	732,567
Current part of non-current indebtness	3,017	263,270	(260,253)
Other financial debts	31,376	24,056	7,320
Other financial debts to related parties	1,369,500	17,375	1,352,125
Current financial indebtness	2,144,143	312,384	1,831,759
Transaction costs on loans and securitization program not yet amortised and net market value of "cash flow hedge" instruments	(13,662)	13,780	(27,442)
Current financial debt	2,130,481	326,164	1,804,317

This item includes:

- *Current financial debts to banks*: amounting to € 740,250 thousand as at December 31, 2011 (€ 7,683 thousand as at December 31, 2010) and mainly referring to debt on the Senior loan with The Royal Bank of Scotland, broken down as follows:
  a) € 184,517 thousand relating to tranche A, which includes the capital instalment of € 35,195 thousand due on December 28, 2011, not repaid for the reasons mentioned above, and the principal instalment of € 149,321 thousand due on June 8, 2012, with application of a floating interest rate at Euribor plus a 3.41% p.a. spread;
  b) € 446,794 thousand relating to tranche B, repayable in a single instalment on June 8, 2013 and bearing a floating interest rate equal to Euribor plus a spread of 3.91% per annum. This instalment was reclassified as short-term pursuant to paragraph 74 of IAS 1, as described above;
  c) € 90,000 thousand relating to a revolving credit line 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 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 programme completed on June 15, 2011;
  d) € 14,775 thousand relating to interest expense due December 28, 2011 relating to the debt on tranches A and B with The Royal Bank of Scotland, payment of which has been suspended, as described above.

- *Other Current financial debts to related parties* refer to debts to Lighthouse International Company S.A. and amount to € 1,369,500 thousand as at December 31, 2011. This amount includes a principal portion of € 1,300,000 thousand and interest of € 69,500 thousand accrued and not yet paid as at December 31, 2011, of which € 52,125 thousand, due October 31, 2011, is unpaid for the reasons described above. The loan, with a term of ten years and with a fixed interest rate of 8% per year, matures in 2014. It is noted that SEAT Pagine Gialle S.p.A. provided security of € 350,000 thousand in conjunction with the granting of the loan for any eventual ancillary expenses relating to the bond.

Current financial assets

Current financial assets amounted to € 3,486 thousand as at December 31, 2011 (€ 1,498 thousand as at December 31, 2010) and mainly refer to financial receivables of € 3,129 thousand and € 357 thousand for loans to employees.

Cash and cash equivalents

This item decreased by € 68,996 thousand as at December 31, 2010 and can be broken down as follows

(euro/thousand)	As at 12.31.2011	As at 12.31.2010	Change
Bank deposits	169,300	241,171	(71,871)
Postal deposits	3,126	508	2,618
Cash	306	49	257
Total cash and cash equivalents	172,732	241,728	(68,996)

- The cash and cash equivalents included the aforementioned non-servicing of the debt for € 104,996 thousand (of which *i)* € 52,125 thousand in accrued interest on the loan obtained from Lighthouse International Company S.A. due on October 31, 2011; *ii)* € 35,196 thousand for the instalment due to The Royal Bank of Scotland in repayment of the Senior debt and the pertinent interest of € 14,775 thousand due on December 28, 2011 and *iii)* € 2,900 thousand in interest on ancillary hedging contracts for the financing).

20. Guarantees provided, main commitments and contractual rights

The obligations arising from the loans 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. With respect to obligations under leasing contracts entered into between SEAT Pagine Gialle S.p.A. and Leasint S.p.A., they are only secured to the extent that the real property leased is owned by Leasint S.p.A. itself, which, in the event of default by SEAT Pagine Gialle S.p.A., can obtain repayment from the proceeds of the sale of the property itself.

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 fulfilment by said Lighthouse International Company S.A. of all obligations (for principal, interest and auxiliary expenses) arising from the notes issued by the latter. More specifically, said guarantee is limited to € 350,000 thousand in relation to auxiliary expenses.

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 respect to the latter commitment, it should be noted that, with the payment of substitute tax pursuant to Article 23, paragraph 4 of Legislative Decree no. 98/2011 (in this regard, see the comment on income taxes at point 32 of these Notes), the risk of having to pay up to € 3.4 million to Lighthouse International Company S.A. as mentioned in this section of Explanatory notes to the financial statements as at December 31, 2010, has been eliminated.

The loan 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; 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 loan agreements 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 and 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 December 31, 2011 (the date of this report) was negative, with the resulting determination of a further "default event".

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 relating 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 minimise 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

As at December 31, 2011 all existing hedging derivatives had expired; in view of the large proportion of debt at a fixed rate, it was not deemed necessary to enter into new hedging agreements.
With reference to 2012, 76% of the total debt will have a fixed rate, increasing to 87% in the three-year period 2012-2014 and to 95% in the 2015-2016 two-year period.

Risk from high levels of financial debt

As at December 31, 2011 the SEAT Pagine Gialle group had a high level of debt, characterised by financial leverage in around seven times in excess of the EBITDA, and an average overall financial debt duration of 2.74 years as at December 31, 2011.
The maturities of the existing financial instruments are shown as follows

	Due date - by						
(euro/thousand)	As at December 31, 2012	As at December 31, 2013	As at December 31, 2014	As at December 31, 2015	As at December 31, 2016	Beyond five year	Total
SSB (*)	-	-	-	-	-	750,000	750,000
The Royal Bank of Scotland	274,517	446,794	-	-	-	-	721,311
Lighthouse Notes Proceeds Loan	-	-	1,300,000	-	-	-	1,300,000
Debts due to Leasint S.p.A.	3,014	3,175	3,341	3,515	3,694	32,594	49,333
Total non-current financial debt (gross value)	277,531	449,969	1,303,341	3,515	3,694	782,594	2,820,644

(*) In the consolidated financial statements was shown net of the issue discount and amounted to € 722,242 thousand.

These loan agreements contain a debt acceleration clause in the event of payment default so that the debt would becomes payable in full and with immediate effect, and in respect of this clause the respective counterparties did not grant a grace period of at least 12 months. As provided for in paragraph 74 of IAS 1, as at December 31, 2011 the non-current financial debts to Lighthouse International Company S.A. (€ 1,300,000 thousand) and to The Royal Bank of Scotland (€ 446,794 thousand) were reclassified as short-term debts and thus the maturities of the existing financial instruments can be broken down as follows:

(euro/thousand)	Due date - by As at December 31, 2012	As at December 31, 2013	As at December 31, 2014	As at December 31, 2015	As at December 31, 2016	Beyond five year	Total
SSB (*)	-	-	-	-	-	750,000	750,000
The Royal Bank of Scotland	721,311	-	-	-	-	-	721,311
Lighthouse Notes Proceeds Loan	1,300,000	-	-	-	-	-	1,300,000
Debts due to Leasint S.p.A.	3,014	3,175	3,341	3,515	3,694	32,594	49,333
Total non-current financial debt (gross value)	2,024,325	3,175	3,341	3,515	3,694	782,594	2,820,644

(*) In the consolidated financial statements was shown net of the issue discount and amounted to € 722,242 thousand.

These figures highlight a situation of unsustainable debt submitted to the Board of Directors, which has commenced negotiations for the voluntary restructuring of the financial structure; the process was successfully concluded with the acceptance of the Final Proposal formulated by the Company on January 31, 2012.
The maturities of the financial instruments envisaged in the restructuring transaction are set out below:

(euro/thousand)	Due date - by As at December 31, 2012	As at December 31, 2013	As at December 31, 2014	As at December 31, 2015	As at December 31, 2016	Beyond five year	Total
SSB (*)	-	-	-	-	-	750,000	750,000
The Royal Bank of Scotland	150,196	70,000	80,000	95,000	326,116	-	721,312
Lighthouse Notes Proceeds Loan	-	-	-	-	-	-	-
Debts due to Leasint S.p.A.	-	-	-	-	-	65,000	65,000
Total non-current financial debt (gross value)	3,014	3,175	3,341	3,515	3,694	32,594	49,333
Totale debiti finanziari (valore lordo)	153,210	73,175	83,341	98,515	329,810	847,594	1,585,645

(*) In the consolidated financial statements was shown net of the issue discount and amounted to € 722,242 thousand.

The decisions regarding missed payments are reflected in the downgraded ratings given to SEAT Pagine Gialle S.p.A. by the Standard & Poor's and Moody's agencies. As at the date of approval of this report, Standard & Poor's and Moody's respective ratings are D and Ca, each confirming a negative outlook.

As a result of successful voluntary restructuring of the financial structure, a ratings assessment process is currently underway.

Risks connected to insufficient liquidity and to the obtaining of financial resources

The obvious risk concerning the obtaining of financial resources in connection with the lack of liquidity led to the starting up of negotiations for a voluntary restructuring of the financial structure. The process reached a positive conclusion with re-establishment of equilibrium in the financial structure.

Significant agreements to which SEAT and/or its subsidiaries are party and which come into effect, are amended or lapse in the event of a change in the control of SEAT

The following summary description relates to the agreements in existence at December 31, 2011, unless otherwise indicated with reference to the contracts subsequently entered into that had an impact on the agreements in existence on that date.
It is however worth noting that new instruments and/or contracts, replacing those referred to below in sub-paragraphs 1 and 3, will be issued and/or entered into, under terms that fully or partially differ, in implementation of the voluntary financial restructuring operation in which SEAT is currently involved, where completed, in accordance with the terms of the final restructuring proposal as per the term sheet published by SEAT on February 22, 2012.

1. *Indenture relating to the bond issued by Lighthouse International Company S.A. known as "€ 1,300,000,000 8% Senior Notes Due 2014"*
   On the basis of the Indenture (a document under U.S. law), which governs the rules for the notes (bonds) issued for the overall amount of € 1,300,000,000 on April 22, 2004 by the Luxembourg-based company Lighthouse International Company S.A. and guaranteed by SEAT, where, among other things, (*i*) a party other than the investment funds considered jointly as indirectly holding an interest of around 49.6% of the ordinary share capital of SEAT on the date of approval of this document, should directly or indirectly become the holder ("beneficial owner", as the term is defined in the Indenture) of more than 30% of SEAT capital with voting rights (and the total percentage of SEAT capital with voting indirectly held by the said funds should fall to below this percentage and the said funds, considered as a whole, should not have the right or the possibility of appointing or nominating the majority of the members of the Board of Directors); or (*ii*) there should be a transfer of all or substantially all of SEAT's assets, as determined on a consolidated basis (unless it is a transfer as a result of which the transferee should become an obligor with regard to the notes issued by Lighthouse International Company S.A. and a subsidiary of the transferor of said assets); or (*iii*) Lighthouse International Trust Limited (or another trust in which the beneficiary is a charity) and SEAT should cease to collectively hold 99% of the share capital of Lighthouse International Company S.A.; in all of these cases each bondholder shall have the right, under the terms and conditions of the Indenture, to ask Lighthouse International Company S.A. to repurchase all or part of the notes held, to be paid in cash, at 101% of the nominal value of the notes held (plus interest accrued and not yet paid on the repurchase date). On the basis of the existing contractual instruments, in this event SEAT would have to provide Lighthouse International Company S.A. with the funds to make any such repurchases.
2. *Indenture relating to the bonds issued by SEAT and respectively known as "€550,000,000 10 1/2 % Senior Secured Notes Due 2017" and "€200,000,000 10.5% Senior Secured Notes Due 2017"*
   On the basis of the two Indentures (documents under U.S. law), which govern the rules for the notes (bonds) issued by SEAT on January 28, 2010 and October 8, 2010 respectively, for the overall amount of € 750,000,000, where (*i*) even following a merger of SEAT with or into another entity ("Person", as the term is defined in each Indenture), a person other than the persons belonging to the investment funds, which considered jointly, indirectly hold an interest of around 49.6% of the ordinary share capital of SEAT on the date of approval of this document, should directly or indirectly become the holder ("beneficial owner", as the term is defined in each Indenture) of more than 30% of SEAT's capital with voting rights (and the overall percentage of SEAT capital with voting rights indirectly held by the said funds should fall to below this percentage and the said funds, considered as a whole, should not have the right or the possibility of appointing or nominating the majority of the members of the Board of Directors); or (*ii*) *there should be* a transfer of all or substantially all of SEAT's assets, as determined on a consolidated basis (unless it is a transfer as a result of which the transferee should become an obligor with regard to the notes issued by SEAT and a subsidiary of the transferor of such assets); in all these cases each bondholder shall have the right, pursuant to the terms and conditions of each Indenture, to ask SEAT to repurchase all or part of the notes held, to be paid in cash, at 101% of the nominal value thereof, plus any interest accrued and not yet paid on the date of the repurchase by SEAT.
   It should be noted that, under the terms and conditions of the two Supplemental Indentures, entered into on April 11, 2012, whereby, among other things, certain provisions of the Indentures for the bonds referred to in this paragraph were amended:
   a) the execution of certain operations and actions for the purposes of implementing the proposed voluntary

restructuring of SEAT, as contained in the term sheet published by SEAT on February 22, 2012, shall not constitute a change of control pursuant to the clauses of the aforementioned Indentures. In particular (and albeit in summary fashion), the scope of application of the change of control clause contained in each Indenture excludes the issue of ordinary SEAT shares to Lighthouse International Company S.A. or to holders of the bonds issued by the latter, or the stipulation of agreements or the execution of actions by (*i*) Lighthouse International Company S.A.; (*ii*) the holders of the bonds issued by it; (*iii*) persons belonging to the investment funds considered jointly as indirectly holding an interest of around 49.6% of the ordinary capital of SEAT on the date of approval of this report; and (*iv*) SEAT, all subject, however, to the terms provided for therein, executed in the context and for purposes of implementing the SEAT financial restructuring operation and by the date of its first Shareholders' Meeting, following the date of execution of said operation, at which the appointment of the members of the Board of Directors is approved;

b) with effect from the date of execution of the SEAT financial restructuring operation, the change of control clause provided in each Indenture will no longer contain any reference to persons belonging to the abovementioned investment funds and will come into effect where (*i*) even as a result of a merger of SEAT with or into another entity ("Person", as the term is defined in each Indenture), a person should directly or indirectly become the holder ("beneficial owner", as the terms is defined in each Indenture) of more than 30% of SEAT's capital with voting rights; or (*ii*) all or substantially all of the assets of SEAT or SEAT Interco (a company under Italian law wholly and directly owned by SEAT, identified as provided for and permitted by the Supplemental Indentures) should be transferred, determined on a consolidated basis (unless it is a transfer as a result of which the transferee should become an obligor with regard to the notes issued by SEAT and a subsidiary of the transferor of said assets).

3. *Term and Revolving Facilities Agreement*

Pursuant to paragraph 8.6 of the loan agreement known as the Term and Revolving Facilities Agreement, entered into, among others, by SEAT, as Borrower, and The Royal Bank of Scotland Plc (RBS), as Lender, on May 25, 2005 in the overall amount of €2,620,100,000 (as amended), in the event that a "Change of Control", the Lender's commitment to disburse new amounts pursuant to the said loan agreement will immediately lapse; and (*ii*) the Borrower must immediately repay in advance all loans disbursed in its favour and all amounts paid relating to letters of credit issued in its interests pursuant to the said loan agreement. Pursuant to said loan agreement, a "Change of Control" occurs when: (a) the current direct or indirect shareholders of each of the companies, Sterling Holdings S.A., Silcart S.A., Siltarc S.A. and AI Silver S.A., should collectively cease to hold, directly or indirectly, at least 50% of the share capital with voting rights of each of said companies; or (b) should any company from among Sterling Sub Holdings S.A., Subcart S.A. and AI Subsilver S.A. cease to be wholly (less one share each), directly or indirectly and respectively controlled by Sterling Holdings S.A., Silcart S.A. and Siltarc S.A. (considered jointly) and AI Silver S.A.; or (c) Sterling Sub Holdings S.A., Subcart S.A. and AI Subsilver S.A. should hold or come to hold an aggregate percentage of less than 30% of SEAT's share capital with voting rights; or (d) any fact or situation should occur that is defined as a Change of Control pursuant to the documents respectively known as Indenture (i.e. the contract under U.S. law entered into on April 22, 2004 between SEAT and RBS among others and governing the notes issued on the same date by Lighthouse International Company S.A.), SSB Indenture and AFI Loan Facilities Agreement (both as defined in the creditors' agreement known as "Intercreditor Deed" entered into, among others, by SEAT and RBS on May 25, 2005, as amended).

Foreign-exchange risk

The consolidated financial statements of the SEAT Pagine Gialle group are prepared in euros. However, since some Group companies operate in other currencies (mainly sterling), the Group is exposed to foreign-exchange risk.
As at December 31, 2011, revenues in sterling generated by the Group's activities in the UK and converted into euros accounted for 6.4% of total revenues (6.4% total revenues as at December 31, 2010). Changes in the euro/sterling exchange rate could give rise to a change in the conversion reserve under consolidated net equity of SEAT Pagine Gialle.
The Company is also exposed to foreign-exchange risk in relation to an intra-group loan in sterling to the TDL Infomedia group.
The Company has put a number of exchange-rate hedges in place, the effects of which are reflected in the consolidated statements of operations.

Credit risk

The SEAT Pagine Gialle group operates in the online directional advertising market, with a business characterised by a large number of customers. A total of 87.9% of the Group's trade receivables as at December 31, 2011 (90.0% as at December 31, 2010) relate to the Parent Company, SEAT Pagine Gialle S.p.A., which has around 455,000 customers

throughout Italy, consisting mainly of small and medium-sized businesses. Each year, the Parent Company alone issues some 722,000 invoices, each providing on average for payment in 2.5 instalments of around € 542 each, meaning more than € 1.8 million of receipts.
There is, therefore, no concentration of credit risk.
The large volume of transactions generates a high number of payments in arrears, hence the need for an effective credit management system. Over time, the Parent Company has introduced a widespread and continually strengthened team that is able to efficiently manage all phases of the payment request process. The in-house team, call centres, collection agencies and legal experts constitute a total of around 1,400 people.
In 2011 the recovery process was completely revised to optimise collections and reduce the DSOs (days of sales outstanding – average collection time) in the selection of call centre and collection companies, the segmentation of debtors into groups with similar behaviour and the determination of a personalised recovery strategy for each segment; with this aim, in 2011 the Parent Company initiated a broad project for optimising the working capital, called "T-Power", aimed at substantially reducing the amount of customer receivables by taking action on payment terms and credit collection activities.
Credit risk exposure – represented by the provisions for doubtful receivables on the financial statements – is measured using a statistical model which breaks down the customer base by location and seniority, which reflects the historical experience of SEAT Pagine Gialle S.p.A. in debt collection and projects it into future estimates.
At December 31, 2011, Group provisions for doubtful trade receivables totalled € 76,164 thousand, down from € 109,261 thousand as at December 31, 2010. Provisions from the statements of operations fell from € 34,758 thousand to € 25,444 thousand owing to a broadly stable and satisfactory coverage ratio for overdue payments.

22. Non-current reserves for employees

SEAT Pagine Gialle group companies provide benefits to current and former employees and to its Chief Executive Officer, both directly and through contributions to external funds. The terms under which these benefits are provided vary depending on the legislative, fiscal and economic conditions in each country in which the Group operates. Employee benefits are usually based on remuneration and length of service.
Group companies provide post-employment benefits through defined-contribution and/or defined-benefit plans.
Under defined-contribution plans, the Group pays contributions to public or private insurers pursuant to a statutory or contractual obligation, or on a voluntary basis. The Group fulfils all its obligations by paying these contributions. The cost for the year is accrued based on the employee's service and is recorded in the statements of operations (€ 4,648 thousand in 2011).
Defined-benefit plans are either unfunded, as in the case of the severance indemnity fund, or fully funded by the contributions paid by the Company and its employees to a legally separate entity or fund that provides employee benefits, as in the case of the TDL Infomedia group pension fund.

The table below shows the changes in the various types of plans in place during 2010:

(euro/thousand)	Year 2011					Year 2010
	Net liabilities for defined benefit pension plans	Reserve for severance indemnities	Reserve for defined contribution pension plans	Net liabilities for termination indemnities	Total	Total
Balance at beginning of the year	20,821	15,968	1,602	250	38,641	42,896
Provisions	79	-	4,648	150	4,877	5,522
Contributions	(7,501)	-	783	-	(6,718)	(2,577)
Benefits paid/received	-	(4,053)	(6,004)	-	(10,057)	(10,475)
Discounting losses	2,990	751	-	-	3,741	4,076
Expected return on plan assets	(2,232)	-	-	-	(2,232)	(1,593)
Actuarial losses (gains) recognised to equity	(1,430)	(197)	-	-	(1,627)	1,441
Curtailment and settlement gain	-	-	-	-	-	90
Foreign exchange adjustments and other adjustments	320	675	212	-	1,207	(739)
Balance at end of the year	13,047	13,144	1,241	400	27,832	38,641

Net liabilities for defined-benefit pension plans

Net liabilities for defined-benefit pension plans totalled € 13,047 thousand as at December 31, 2011 (€ 20,821 thousand as at December 31, 2010). They are recorded net of assets (€ 48,374 thousand) designated to finance these pension plans (€ 61,421 thousand). Almost all this amount refers to the TDL Infomedia group pension plan.

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.

It is noted that in 2011 the defined-benefit pension fund plan (Thomson Pension Fund) was renegotiated in favour of employees of the TDL group. This renegotiation related to the following payments in 2011: £ 4,046 thousand as at the end of May 2011, £ 2,400 thousand as at the end of June 2011. For the years from 2011 to 2013, £ 2,400 thousand, and for the years from 2014 to 2027, £ 2,000 thousand.

Actuarial losses of € 1,430 thousand were also generated in 2011. Pursuant to IAS 19, paragraph 93A, the losses were recognised directly to equity, net of the relevant tax effect.

(euro/thousand)		As at 12.31.2011	As at 12.31.2010
A. Change in benefit obligation			
1. Benefit obligation at the beginning of the year		56,684	55,092
2. Current service cost		79	155
3. Interest expense		2,990	3,091
4. Plan participants' contributions		-	-
5. Actuarial (gains) losses recognised to equity		1,394	2,238
6. Benefits paid from plan/company		(1,542)	(5,447)
7. Curtailment		-	-
8. Settlement		-	(178)
9. Exchange rate adjustments		1,816	1,733
Benefit obligation at the end of the year	(A)	61,421	56,684
B. Change in plan assets			
1. Fair value of plan assets at the beginning of the year		(35,863)	(34,879)
2. Expected return on plan assets		(2,232)	(1,593)
3. Actuarial (gains) losses recognised to equity		(2,824)	(696)
4. Employer contributions		(7,501)	(3,050)
5. Member contributions		-	-
6. Benefits paid from plan/company		1,542	5,447
7. Exchange rate adjustments		(1,496)	(1,092)
Fair value of plan assets at the end of the year	(B)	(48,374)	(35,863)
C. Account recognised in the statement of financial position			
1. Present value of defined-benefit obligations at the end of the year		61,421	56,684
2. Fair value of plan assets		(48,374)	(35,863)
Net liability (asset) recognised in the statement of financial position	(A+B)	13,047	20,821
D. Components of pension cost			
Amounts recognised in the statement of operations			
1. Current service cost		79	155
2a. Interest expense		*2,990*	*3,091*
2b. Expected return on plan assets		*(2,232)*	*(1,593)*
2. Interest expense (income)		758	1,498
Actual return on plan assets			
Actual return on plan assets		(5,056)	(2,289)
E. Principal actuarial assumptions			
Weighted-average assumptions to determine benefit obligation			
1. Discount rate		4.70%	5.40%
2. Rate of compensation increase			
3. Rate of price inflation		2.30%	2.90%
4. Rate of pension increase		2.90%	3.40%
Weighted-average assumptions to determine net pension cost			
1. Discount rate		5.40%	5.70%
2. Expected rate of return on plan assets		5.74%	4.55%
3. Expected rate of compensation increase			
4. Rate of price inflation		2.90%	3.45%
5. Rate of pension increase		3.40%	3.45%
F. Plan assets			
Asset categories		% of plan asset categories on total 2011	Expected rate of return on plan assets 2011
1. Shares		33.0%	6.6%
2. Government securities		42.0%	3.1%
3. Bonds		20.0%	4.7%
4. Other		5.0%	0.5%
Total		100.0%	4.5%

Severance indemnity fund

The *severance indemnity fund*, which totalled € 13,144 thousand as at December 31, 2011 (€ 15,968 thousand as at December 31, 2010) is considered a defined-benefit plan and was 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 severance indemnity fund was converted from a defined-benefit plan into a defined-contribution plan from January 1, 2007. Consequently, the debt recorded in the financial statements represents liabilities for defined-benefit plans (valued using IAS 19 criteria) for employees relating to benefits given up to December 31, 2006.

The following table shows the key figures relating to the severance indemnity fund

(euro/thousand)	As at 12.31.2011	As at 12.31.2010
A. Change in benefit obligation		
1. Benefit obligation at the beginning of the year	15,968	20,742
2. Current service cost	-	-
3. Interest expense	751	985
4. Actuarial (gains) losses recognised to equity	(197)	(101)
5. Benefits paid from plan/company	(4,053)	(4,523)
6. Curtailment	-	268
7. Other movements	675	(1,403)
Benefit obligation at the end of the year	13,144	15,968
B. Account recognised in the statement of financial position		
Plans that are wholly unfunded and plans that are wholly or partly funded		
1. Present value of defined-benefit unfunded obligations at the end of the year	13,144	15,968
Net liability recognised in the statement of financial position	13,144	15,968
Amounts in the statement of financial position:		
1. Liabilities	13,144	15,968
2. Assets	-	-
C. Components of pension cost		
Amounts recognised in the statement of operations:		
1. Current service cost	-	-
2. Interest expense	751	985
Total pension cost recognised in the statement of operations	751	985
D. Principal actuarial assumptions		
Weighted-average assumptions to determine benefit obligation		
1. Discount rate	4.60%	4.75%
2. Salary increase	n.a.	n.a.
3. Rate of price inflation	2.00%	2.00%
Weighted-average assumptions to determine net pension cost		
1. Discount rate	4.75%	5.00%
2. Expected rate of salary increase	n.a.	n.a.
3. Rate of price inflation	2.00%	2.00%

23. Share-based payment

The stock option plans in place as at December 31, 2011, which are described in the Report on operations, under the heading "Human resources", are recorded in the financial statements in accordance with the provisions of IFRS 2.
The plans are for specific categories of employees which are considered "key" as a result of their responsibilities and/or skills. They are implemented by allocating to eligible employees personal, non-transferable rights (options) that are valid for the purchase of the same number of new ordinary Telegate AG shares.
Their essential components and characteristics have not been changed and no new stock option plans were approved in 2011.

Beneficiaries	Grant date	Number of granted options	Number of expired options	Vesting date	Strike price (euro)	Number of exercised options	Number of outstanding options at December 31, 2011 (*)	Fair value on the plan *(euro/thousand)*	of which accrued in 2011 P&L as "cost for stock options"
2005 Telegate's stock option plans									
Employees of Telegate A.G.	12/05/2005	293,000	(43,500)	12/05/2007	14,28	(240,500)		467	-
Employees of Telegate A.G.	01/06/2006	400,000	(264,710)	01/06/2008	16,09			308	-
Employees of Telegate A.G.	01/06/2008	319,000	(135,000)	01/06/2010	11,01			272	-
Total		1,012,000	(443,210)			(240,500)		1,047	-
Total for the SEAT PG group		1,012,000	(443,210)			(240,500)		1,047	-

(*) The stock option plan of the group Telegate provides the opportunity to exercise the options only the achievement of annual targets.

24. Other non-current liabilities

Other non-current liabilities totalled € 24,721 thousand as at December 31, 2011 (€ 36,579 thousand as at December 31, 2010) and can be broken down as follows

	Year 2011					Year 2010
(euro/thousand)	Reserve for sale agents' termination indemnities	Reserve for operating risks and charges	Reserve for restructuring expenses	Other non-operating liabilities	Total	Total
Balance at beginning of the year	22,975	730	12,121	753	36,579	29,827
Provision	2,683	18	-	-	2,701	17,324
Utilization/repayment	(5,614)	(102)	(18)	-	(5,734)	(5,288)
Reversal to statement of operations	-	-	-	-	-	(39)
Discounting losses (gains)	525	(18)	301	34	842	255
Other movements	-	-	(9,448)	(219)	(9,667)	(5,500)
Balance at end of the year	20,569	628	2,956	568	24,721	36,579

As at December 31, 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 (€ 842 thousand).
The *reserve for sale agents' termination indemnities*, which totalled € 20,569 thousand as at December 31, 2011 (€ 22,975 thousand as at December 31, 2010), represents the debt due at the end of the year 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),* totalling € 2,956 thousand as at December 31, 2011 (€ 12,121 thousand as at December 31, 2010), was reduced in 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:

	Year 2011				Year 2010
(euro/thousand)	Reserve for commercial risks	Reserves for contractual and other operating risks	Non-operating reserves	Total	Total
Balance at beginning of the year	13,804	10,002	21,831	45,637	49,928
Provisions	8,451	5,720	9,967	24,138	26,743
Utilizations	(11,424)	(1,471)	(13,783)	(26,678)	(28,421)
Reversal to the statement of operations	-	(1,438)	(290)	(1,728)	(7,039)
Other movements	-	(1)	9,745	9,744	4,426
Balance at end of the year	10,831	12,812	27,470	51,113	45,637

The provision for current risks and charges totalled € 51,113 thousand as at December 31, 2011, up by € 5,476 thousand compared with December 31, 2010. It breaks down as follows:

- the *provision for commercial risks*, which totalled € 10,831 thousand as at December 31, 2011, covers any costs incurred due to failure to properly perform contractual services in respect of PAGINEGIALLE® and PAGINEBIANCHE®;
- *provisions for contractual and other operating risks*, which totalled € 12,812 thousand as at December 31, 2011 and include € 7,042 thousand relating to legal disputes and € 4,360 thousand relating to pending litigations with agents and employees;
- *non-operating provisions* (current portion) totalled € 27,470 thousand as at December 31, 2011 (€ 21,831 thousand as at December 31, 2010). They include € 15,735 thousand in the *restructuring reserve (current portion)*, mainly pertaining to the Parent Company (€ 15,301 thousand) to cover the reorganization plan described above, and include € 7,689 thousand in restructuring provision for the sales network. This reserve should be considered in conjunction with the non-current portion of the provision 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 12.31.2011	As at 31.12.2010 restated	Change
Payables due to suppliers	140,109	150,920	(10,811)
Payables due to sales agents	23,252	26,514	(3,262)
Payables due to employees	20,668	19,985	683
Payables due to social security institutions	7,628	9,508	(1,880)
Payables due to other	951	666	285
Total trade payables	192,608	207,593	(14,985)
Payables for services to be rendered	231,006	262,967	(31,961)
Advances from customers	2,872	2,954	(82)
Deferred income and other current liabilities	45,648	30,915	14,733
Total payables for services to be rendered and other current liabilities	279,526	296,836	(17,310)

All trade payables have a maturity of less than 12 months. More specifically:

- *payables to suppliers,* which totalled € 140,109 thousand as at December 31, 2011 (€ 150,920 thousand as at December 31, 2010), fell by € 10,811 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* totalled € 23,252 thousand as at December 31, 2011 (€ 26,514 thousand as at December 31, 2010 *restated*), and should be considered in conjunction with the item "Advances on sales commission", recorded under "Other current assets", which amounted to € 32,586 thousand as at December 31, 2010 (€ 41,393 thousand as at December 31, 2010).
- *payables for services to be rendered,* amounting to € 231,006 thousand as at December 31, 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 organised 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	Year 2011	748,515	60,866	119,903	49,210	978,494	(21,766)	956,728
	Year 2010	797,536	73,555	140,736	55,130	1,066,957	(32,603)	1,034,354
EBITDA	Year 2011	345,865	4,610	14,853	5,226	370,554	83	370,637
	Year 2010	378,387	10,573	23,676	4,005	416,641	(145)	416,496
EBIT	Year 2011	(402,916)	(21,408)	(9,313)	532	(433,105)	86	(433,019)
	Year 2010	(356,493)	(8,461)	(7,343)	(2,409)	(374,706)	139	(374,845)
Total assets	December 31 2011	2,700,455	57,388	187,209	48,017	2,993,069	(66,326)	2,926.743
	December 31 2010	3,580,009	101,448	217,350	248,846	4,147,653	(305,929)	3,841.724
Total liabilities	December 31 2011	3,378,457	66,673	70,412	37,435	3,552,977	(71,156)	3,481.821
	December 31 2010 *restated* (*)	3,469,019	127,574	80,994	238,475	3,916,062	(302,992)	3,613,070
Net investe capital	December 31 2011	2,060,621	4,706	74,387	14,660	2,154,374	(6,826)	2,147,548
	December 31 2010	2,794,807	24,177	85,480	14,926	2,919,390	(6,747)	2,912,643
Capital expenditure	Year 2011	36,952	3,274	3,284	4,611	48,121	(26)	48,095
	Year 2010	31,256	2,072	2,659	4,357	40,344	-	40,344
Average workforce	Year 2011	1,029	620	1,848	339	3,836	-	3,836
	Year 2010	1,129	676	2,327	361	4,493	-	4,493
Average number of sales agents	Year 2011	1,350	-	1	46	1,397	-	1,397
	Year 2010	1,565	-	2	41	1,608	-	1,608

28. Revenues from sales and services

Revenues from sales and services in 2011 amounted to € 956,728 thousand, down from € 1,034,354 thousand in 2010 *restated*. Revenues from sales and services for Business Areas were detailed as follows:

- revenues from the *"Italian directories"* Business Area *(SEAT Pagine Gialle S.p.A.)* totalled € 748,515 thousand in 2011, down by 6.1% compared with the previous year, restated. Core products (print-online&mobile-voice) closed 2011 with revenues down 5.2% due to the decrease in print and voice products, mitigated by strong growth in online activities (up 55.7%) supported by constant product development and the launching of new services within the framework of a multimedia product range. In 2011 the online revenues share of the total was about 53%, with online marketing services representing about 30% of total online revenues. 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 minor products (particularly promotional items), which were affected by the sales network's greater focus on core products, particularly online activities;
- revenues from the *"UK directories"* Business Area *(TDL Infomedia group)* totalled € 60,866 thousand in 2011, a decrease of 17.3% from 2010, *restated* (down 12.5% at a constant currency exchange rate and for number of directories published). Print directories recorded a greater drop in revenues as they were more severely affected by the difficult economic climate and the changed market scenario. In contrast, online revenues increased by 20.2% on the previous year due to greater penetration in multimedia package sales through telephone sales channels and in the region;
- revenues from the *"Directory Assistance"* Business Area *(Telegate group, Pagine Gialle Phone Service and Prontoseat)* totalled € 119,903 thousand in 2011, down by 14.8% compared to 2010, restated (€ 140,736 thousand). The fall is mainly attributable to the Telegate Group, which in 2011 posted revenues of € 110,034 thousand (down 10.6% compared to 2010 *restated*). More specifically, revenues from Germany totalled € 101,314 thousand, a fall of 9.6% compared with 2010 *restated* (€ 112,086 thousand) due to the structural difficulties of the directory assistance services market, were there was a decrease in call volumes. In terms of turnover, this fall was partially mitigated by an increase in online revenues.
  Prontoseat revenues were € 9,032 thousand in 2011, down € 1,643 thousand from the previous year due to the decrease in inbound revenues (down 45.3%), only partially offset by increased revenues from telephone sales (up 24.4% compared with 2010);
- revenues from the *"Other activities"* Business Area *(Europages, Consodata and Cipi)* totalled € 49,210 thousand in 2011, down by 10.7% compared with the previous year, restated (€ 55,130 thousand), mainly due to the decrease in Consodata and Cipi revenues.

29. Other operating costs and income

29.1 Other revenues and income

Other revenues and income totalled € 5,064 thousand in 2011 (€ 4,860 thousand in 2010). The item includes € 1,901 thousand relating to the recovery of postal, legal and administrative costs from third parties (€ 1,889 thousand in 2010) and € 2,520 thousand relating to other revenues and income (€ 1,477 thousand in 2010).

29.2 Costs of materials

Materials costs totalled € 29,634 thousand in 2011, down by € 7,789 thousand compared with 2010 restated.
Of this figure, € 23,431 thousand relates to paper consumption, a fall of 21.4% compared with 2010 restated, as a direct result of a reduction in publications printed.
The item also includes € 5,354 thousand relating to consumption of products for resale (€ 6,800 thousand in 2010), which concerned the acquisition of promotional items.

29.3 Costs of external services

Costs for external services totalled € 336,946 thousand in 2011, down by € 6,714 thousand compared with 2010 *restated*.
This item includes:

- *Industrial processing costs* totalling € 118,177 thousand in 2011, up by € 2,046 thousand compared with 2010 *restated*. The change is essentially attributable to the combined effect:

- lower production costs, down € 8,500 thousand due to lower print revenues that led to a reduction in publications printed and thus a reduction in printing costs;
- lower distribution and storage costs, down € 2,368 thousand to reach € 16,380 thousand in 2011 (€ 18,748 thousand in 2010 *restated*);
- higher costs for online processes connected with the performance of online services (€ 18,122 thousand in 2011 and € 12,239 thousand in 2010);
- higher inbound call centre costs (€ 16,198 thousand in 2011 and € 12,278 thousand in 2010) due to the sale of the call centres to Contacta;

- *Commissions and other agent costs* of € 90,555 thousand in 2011, down by € 9,601 thousand compared with 2010 *restated* (€ 100,156 thousand) directly connected with revenues performance;
- *Consultancy and professional service costs*, which totalled € 25,322 thousand in 2011 (€ 26,774 thousand in 2010), down by € 1,452 thousand, mainly as a result of cost-cutting measures in 2011;
- *Outbound call centre service costs* of € 10,967 thousand in 2011 (€ 7,892 thousand in 2010), up by € 3,075 thousand due to the higher remuneration paid for the increase in contacts with new customers.

29.4 Salaries, wages and employee benefits

Salaries, wages and employee benefits, which totalled € 181,607 thousand in 2011, fell by € 17,883 thousand compared with 2010 *restated* (€ 199,490 thousand). SEAT Pagine Gialle S.p.A, the Group's Parent Company, was partly responsible for this change (-4.7%) due to the reduction in its average workforce from 1,129 employees in 2010 to 1,029 in 2011. The reduction was also attributable to the savings of € 5,344 thousand made by subsidiary Pagine Gialle Phone Service S.r.l. thanks to the sale of its Livorno and Turin call centres to Contacta, and the resulting transfer of the employees concerned.
The Group's workforce, including directors, project workers and trainees, consisted of 4,292 employees as at December 31, 2011 (against 4,810 employees as at December 31, 2010). The average workforce in 2010 was 3,836 employees (4,493 in 2010).

29.5 Other operating expenses

Other operating expenses, which totalled € 4,449 thousand in 2011 (€ 3,757 thousand in 2010 restated), include € 1,939 thousand relating to indirect taxes and operating taxes (€ 1,672 thousand in 2010), € 381 thousand of which relating to losses on receivables and € 260 thousand relating to promotion and entertainment expenses.

29.6 Net non-recurring costs

Net non-recurring costs totalled € 29,809 thousand in 2011 (€ 9,187 thousand in 2010) and can be broken down as follows:

(euro/thousand)	Year 2011	Year 2010	Change Absolute	%
Stock options related costs	-	60	(60)	(100.0)
Other non-recurring costs	29,900	9,514	20,386	n.s.
Non-recurring income	(91)	(387)	296	76.5
Total non-recurring costs, net	29,809	9,187	20,622	n.s.

Non-recurring costs include:

- € 27,640 thousand in 2011 for costs incurred by the Parent Company mainly in the renegotiation of the existing debt, currently in progress;
- € 1,773 thousand in costs relating to the Telegate group, partly referring to streamlining of the call centres in Germany and Spain and partly to management support activities aimed at accelerating new media business development.

29.7 Net restructuring costs

Net restructuring costs totalled € 12,594 thousand in 2011 (€ 31,517 thousand in 2010) and can be broken down as follows

(euro/thousand)	Year 2011	Year 2010	Change Absolute	%
Provision to reserves for restructuring exspenses	9,967	29,327	(19,360)	(66.0)
Restructuring costs	2,963	2,233	730	32.7
Reversal to the statement of operations	(290)	(43)	(247)	n.s.
Reversal non-current reserve for personnel riorganization	(46)	-	(46)	n.s.
Total restructuring costs, net	12,594	31,517	(18,923)	(60.0)

Net restructuring costs totalled € 12,594 thousand in 2011 (€ 31,517 thousand in 2010), of which € 9,860 thousand relates to the sales force reorganization project at SEAT Pagine Gialle S.p.A.

30. Interest income and expense

30.1 Interest expenses

Financial expense, which totalled € 284,428 thousand in 2011 (€ 270,527 thousand in 2010), can be broken down as follows

(euro/thousand)	Year 2011	Year 2010	Change Absolute	%
Interest expense on the loan with Lighthouse International Company S.A.	121,380	110,221	11,159	10.1
Interest expense on the loan with The Royal Bank of Scotland Plc.	53,275	68,467	(15,192)	(22.2)
Interest expense on Senior Secured Bond	84,818	61,863	22,955	37.1
Interest expense on asset backed securities	1,214	5,283	(4,069)	(77.0)
Interest expense on leasing debt	2,343	2,289	54	2.4
Foreign exchange losses	10,956	10,930	26	0.2
Other financial expenses	10,442	11,474	(1,032)	(9.0)
Total interest expense	284,428	270,527	13,901	5.1

Financial expense increased by € 13,901 thousand compared with 2010, and it includes:

- € 121,380 thousand of interest expense (€ 110,221 thousand in 2010) on the subordinated loan with associate Lighthouse International Company S.A. This amount includes € 17,130 thousand relating to the portion of amortization pertaining to the year for transaction costs, significantly higher than in the previous year (€ 5,971 thousand) given that the time horizon in reference for expenses payable over multiple years was reduced as a result of the negotiations undertaken for the voluntary restructuring of the financial structure as described under point 19 of these Notes;
- € 53,275 thousand of interest expense (€ 68,467 thousand in 2010) relating to the Senior credit agreement between SEAT Pagine Gialle S.p.A. and The Royal Bank of Scotland. This amount includes € 8,157 thousand relating to transaction costs for the period, € 8,780 thousand relating to the negative impact of cash flow hedge instruments against interest rate risk and € 3,232 thousand relating to revolving line of credit interest;
- € 84,818 thousand of interest expense on the Senior Secured Bonds issued in January and October 2010. This amount includes € 2,413 thousand relating to the amortization of transaction costs for the year and € 3,655 thousand pertaining to the issue discount;
- € 1,214 thousand (€ 5,283 thousand in 2010) of interest expense on the asset-backed securities issued by the special-purpose entity, Seat Servizi per le Aziende S.r.l. (formerly Meliadi Finance S.r.l.), as part of the trade receivables securitization programme begun by SEAT Pagine Gialle S.p.A. in June 2006 and terminated in June 2011;
- € 2,243 thousand (€ 2,289 thousand in 2010) of interest expense on debts due to Leasint S.p.A. in relation to seven financial leasing contracts entered into for the purchase of the Turin property complex. This amount includes € 678 thousand relating to the negative impact of derivatives used to hedge interest rate risk;
- € 10,442 thousand in other interest and financial expenses (€ 11,474 thousand in 2010), of which € 4,973 thousand derives from non-current asset and liability adjustment (€ 4,723 thousand in 2010) and € 3,477 thousand from accrued interest on tax payables due pursuant to Article 23, paragraph 4 of Legislative Decree no. 98/2011;
- € 10,956 thousand of foreign-exchange losses (€ 10,930 thousand in 2010), which were broadly in line with the foreign-exchange gains of € 12,265 thousand recorded under financial income.

30.2 Financial income

Financial income totalled € 16,041 thousand (€ 16,568 thousand in 2010) and includes:
- € 2,233 thousand of financial income (€ 1,599 thousand in 2010) from non-current assets, particularly assets used to finance the TDL Infomedia group's pension fund;
- € 1,305 thousand of interest income (€ 1,279 thousand in 2010) from the investment of short-term liquidity in the banking system at market rates, mainly Euribor rates;
- € 12,265 thousand of foreign exchange gains (€ 11,137 thousand in 2010) mainly recorded as a result of the hedging policy adopted against euro/sterling exchange rate risk.

In 2011 the average total cost of the financial debt of SEAT Pagine Gialle S.p.A. was 8.5% (7.6% in 2010). This change was due to the difference in the structure of the debt following the issue of the 10.5% fixed-rate Senior Secured Bond of € 750 million for the repayment of the Senior bank loan at considerably lower rates.

31. Gains (losses) on investments measured at equity

Gains (losses) on investments measured using the net equity method were negative for € 378 thousand in 2011 (positive for € 35 thousand in 2010) and relate to the measurement of Lighthouse International Company S.A.

32. Income taxes for the year

Income taxes for the year totalled € 87,184 thousand, against € 87,938 thousand in 2010 (*restated*), and can be broken down as follows

(euro/thousand)	Year 2011	Year 2010 restated	Change Absolute	%
Current income taxes	41,210	77,887	(36,677)	(47.1)
Reversal (provision) of deferred tax assets	43,457	(15,865)	59,322	n.s.
Provision (reversal) of deferred tax liabilities	2,590	(121)	2,711	n.s.
Income taxes referred to the previous years	(73)	26,037	(26,110)	n.s.
Total income taxes for the year	87,184	87,938	(754)	(0.9)

Current income taxes totalled € 41,210 thousand in 2011, down € 36,677 thousand compared with 2010 (€ 77,887 thousand). This amount includes a one-off payment of € 29,666 thousand of substitute tax as provided for in Article 23, paragraph 4 of Decree Law no. 98/2011 relating to interest paid until April 30, 2011 on the existing subordinated loan with Lighthouse International Company S.A. Net of this component, current taxes benefit from a one-off tax savings due to the change in revenue accounting criteria, in that the restatement of the statements of operations for previous years had a tax impact in the 2011 tax year.
Therefore, the *restated* amount of current taxes for both 2011 and 2010 should be viewed in conjunction with the deferred tax provision/release, considering that the deferred taxes recorded in 2010 *restated* as a result of the change in revenue accounting criteria were largely recovered in 2011, with the remainder expected to be recovered in 2012.
Net of these one-off effects on 2010 and 2011, the amount of current taxes reflects the performance of operating profitability.
Income taxis referred to previous year show a decrease of € 26,110 thousand compared with 2010; anno last year were included approximately € 26,037 thousand relating to the Parent Company from the effect of the decision to resolve the tax potential claim which emerged during the fiscal year with a settlement.
The **reconciliation** of the income taxes reported in the financial statements and the theoretical income taxes resulting from the application of the tax rates in force in Italy to pre-tax income for the financial years ended December 31, 2011 and December 31, 2010, *restated*, is as follows

(euro/thousand)	Year 2011	Year 2010 restated
Income before income taxes	(701,784)	(628,769)
Current income taxes calculated with the theoretical tax rate (31.40%)	220,360	197,433
Fiscal effect on non-deductible expenses for IRAP purposes (personnel expenses, interest income and expenses, etc.)	(41,042)	(41,083)
Tax realignment on intangible assets	-	31
Substitute tax Legislative Decree 98/2011	(29,666)	-
Benefits on non-recognised tax losses of previous years	828	-
Effects of different tax rates in foreign countries	(210)	(278)
Income taxes referred to previous years	73	(26,037)
Permanent differences and other movements	(237,527)	(218,004)
Total income taxes for the year	(87,184)	(87,938)

The permanent differences (€ 237,527 thousand in 2011, against € 218,004 thousand in 2010) are mainly attributable to the non-deductibility of components relating to impairment losses. Permanent differences also include non-deductible interest expense pursuant to Article 96 of the Consolidated Income Tax Law, insofar as it is not likely that, within the timeframe foreseeable at present, the Group will generate gross operating revenues pursuant to Article 96 of the aforementioned law to a sufficient extent to deduct interest expense not deducted in the current financial year in the future. Consequently, deferred tax assets totalling € 41,791 thousand were not recorded.

Net deferred tax assets and liabilities

Net deferred tax assets and liabilities are detailed in the table below:

(euro/thousand)	As at 31.12.2010 restated	Changes during the year: Income taxes accounted for in the statement of operations	Changes during the year: Income taxes accounted for the equity	Changes during the year: Foreign exchange adjustments and other movements	As at 12.31.2011
Deferred tax assets					
Tax losses	3,526	5,293	-	973	9,792
Allowance for doubtful trade receivables	34,318	(8,803)	-	-	25,515
Reserves for contractual risks	14,745	(288)	-	-	14,457
Write-downs of investments	36	-	-	-	36
Reserves to employees	4,797	(794)	(4,273)	-	(270)
Tax effects for changing in accounting policies	38,268	(38,099)	-	(157)	12
Other	13,101	(766)	(207)	(904)	11,224
Total deferred tax assets	108,791	(43,457)	(4,480)	(88)	60,766
Deferred tax liabilities					
Customer Databases	3,641	(7,463)	-	-	(3,822)
Goodwill amortization	(32,695)	(4,165)	-	-	(36,860)
Reserves to employees	(693)	-	(54)	56	(691)
Tax effects for changing in accounting policies	2,870	-	-	-	2,870
Other	(14,478)	9,038	-	-	(5,440)
Total deferred tax liabilities	(41,355)	(2,590)	(54)	56	(43,943)
Total	67,436	(46,047)	(4,534)	(32)	16,823
shown in the statement of financial position as:					
- net deferred tax assets	*74,934*				*22,800*
- net deferred tax liabilities	*(7,498)*				*(5,977)*

Deferred tax assets in 2011 changed by € 38,256 thousand mainly due to the tax effect resulting from the change in accounting policies in the Parent Company (€ 38,099), which determinate a provisions of deferred tax assets in 2010 restated partly recovered in 2011,(and the remainder expected to be recovered in 2012)

Current tax assets

Current tax assets totalled € 27,237 thousand as at December 31, 2011 (€ 4,300 thousand as at December 31, 2010) and can be broken down as follows

(euro/thousand)	As at 12.31.2011	As at 31.12.2010	Change
Income tax receivables	26,180	3,759	22,421
Other tax receivables	1,057	541	516
Total current tax assets	27,237	4,300	22,937

The amount of € 26,180 thousand as at December 31, 2011 includes advances made during the year and is posted net of the set-off against income tax payables which benefit from the one-off tax savings related to the change in accounting policy (for more details see the paragraph of income tax).

Current tax payables

Current tax payables totalled € 17,995 thousand as at December 31, 2011 (€ 50,653 thousand as at December 31, 2010) and can be broken down as follows

(euro/thousand)	As at 12.31.2011	As at 31.12.2010	Change
Income tax payables	1,992	32,277	(30,285)
Other tax payables	16,003	18,376	(2,373)
Total current tax payables	17,995	50,653	(32,658)

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

The economic and financial results of non-current assets held for sale and discontinued operations are listed below

Statements of operations

The statements of operations item "Net profit (loss) from non-current assets held for sale and discontinued operations" as at December 31, 2010 included subsequent and residual costs connected with the sale of 118 000 SAS.

(euro/thousand)	Year 2011	Year 2010
Revenues	–	–
Operating costs	–	(240)
Operating income before amortization, depreciation, non-recurring and restructuring costs, net (EBITDA)	–	(240)
Amortization, depreciation, write-downs, non recurring and restructuring costs	–	–
Operating result (EBIT)	–	(240)
Interest (expense) income, net	–	–
Gains (losses) from valuation of investments	–	–
Income taxes for the year	–	–
Net income of non-current assets held for sale and discontinued operations	–	(240)
Losses on disposal of subsidiaries and other sale expenses	–	–
Profit (loss) on non current assets held for sale and discontinued operations	–	(240)

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

(euro/thousand)	As at 12.31.2011	As at 31.12.2010
Non-current assets held for sale and discontinued operations	602	-
Liabilities directly associated with non-current assets held for sale and discontinued operations	907	250

Statements of cash flows

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

(euro/thousand)	As at 12.31.2011	As at 31.12.2010
Cash inflow (outflow) from operating activities	-	(240)
Cash inflow (outflow) for investments	-	-
Cash inflow (outflow) for financing	-	-
Cash flow on non-current assets held for sale and discontinued operations	-	(240)

34. Related-party transactions

With reference to the provisions of IAS 24 and pursuant to Article 2 h) of Consob Issuers' Regulation no. 11971/1999 (as subsequently amended), the economic and financial effects of transactions with related parties on the consolidated financial statements of the SEAT Pagine Gialle group for 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. No atypical and/or unusual transactions or transactions potentially giving rise to a conflict of interest were carried out.

Statements of operations

(euro/thousand)	Year 2011	Associates	Companies with significant influence	Other related parties (*)	Total related parties year 2011
Cost of material and external services	(366,580)	-	-	(434)	(434)
Salaries, wages and employee benefits	(181,607)	-	-	(8,183)	(8,183)
Non-recurring costs	(29,809)	(243)	-	(936)	(1,179)
Interest expense	(284,428)	(104,352)	-	-	(104,352)

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

(euro/thousand)	Year 2010 restated	Associates	Companies with significant influence	Other related parties (*)	Total related parties year 2010 restated
Cost of material and external services	(381,083)	-	-	(149)	(149)
Salaries, wages and employee benefits	(199,490)	-	-	(6,156)	(6,156)
Non-recurring costs	(9,187)	-	-	(73)	(73)
Interest expense	(270,527)	(104,250)	(29)	-	(104,279)

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

Statements of financial position

(euro/thousand)	As at December 31, 2011	Associates	Companies with significant influence	Other related parties (*)	Total related parties at December 31, 2011
Non-current financial liabilities	(750,661)	-	-	-	-
Non-current reserves to employees	(27,832)	-	-	(400)	(400)
Current financial liabilities	(2,130,481)	(1,369,500)	-	-	(1,369,500)
Trade payables	(192,608)	(131)	-	(768)	(899)
Payables for services to be rendered and other current liabilities	(279,526)	(243)	-	-	(243)

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

(euro/thousand)	As at December 31, 2010 restated	Associates	Companies with significant influence	Other related parties (*)	Total related parties at December 31, 2010 restated
Non-current financial liabilities	(2,603,219)	(1,300,000)	-	395	(1,299,605)
Non-current reserves to employees	(38,641)	-	-	(250)	(250)
Current financial liabilities	(326,164)	(17,375)	-	-	(17,375)
Trade payables	(207,593)	(29)	-	(647)	(676)

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

Statements of cash flows

(euro/thousand)	Year 2011	Associates	Companies with significant influence	Other related parties (*)	Related parties year 2011
Cash inflow (outflow) from operating activities	285,947	–	–	(9,282)	(9,282)
Cash inflow (outflow) for investments	(47,915)	–	–	–	–
Cash inflow (outflow) for financing	(307,028)	(52,125)	–	–	(52,125)
Cash flow for the year	(68,996)	(52,125)	–	(9,282)	(61,407)

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

(euro/thousand)	Year 2010 restated	Associates	Companies with significant influence	Other related parties (*)	Related parties year 2010 restated
Cash inflow (outflow) from operating activities	333,967	–	–	(7,910)	(7,910)
Cash inflow (outflow) for investments	(39,112)	–	–	–	–
Cash inflow (outflow) for financing	(344,878)	(104,250)	(13,555)	(395)	(118,200)
Cash flow on non-current assets held for sale and discontinued operations	(240)	–	–	–	–
Cash flow for the year	(50,263)	(104,250)	(13,555)	(8,305)	(126,110)

(*) 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.

Statements of operations

(euro/thousand)	Year 2011	Year 2010	Type of transaction
NON RECURRING COSTS, NET of which:	(243)	-	
Lighthouse International Company S.A.	(243)	-	costs related to Funding Request agreement
INTEREST EXPENSE of which:	(104,352)	(104,279)	
Lighthouse International Company S.A.	(104,352)	(104,250)	interest expense on long-term subordinated facilities
Leading shareholders	-	(29)	dividends interest-bearing

Statements of financial position

(euro/thousand)	12.31.2011	12.31.2010	Type of transaction
NON-CURRENT FINANCIAL DEBTS of which:	-	(1,300,000)	
Lighthouse International Company S.A.	-	(1,300,000)	subordinated financing
CURRENT FINANCIAL DEBTS of which:	(1,369,500)	(17,375)	
Lighthouse International Company S.A.	(1,369,500)	(17,375)	subordinated financing and outstanding interest expense for the period
TRADE PAYABLES of which:	(131)	(29)	
Lighthouse International Company S.A.	(131)	(29)	consulting costs
PAYABLES FOR SERVICES TO BE RENDERED AND OTHER CURRENT LIABILITIES of which:	(243)	-	
Lighthouse International Company S.A.	(243)	-	debts related to Funding Request agreement

35. Other information

Statement of fees paid to the Independent Auditors and related entities

Pursuant to Article 149-duodecies of Consob Issuers' Regulation no. 11971/1999 (as subsequently amended), the following table shows the fees for 2011 for auditing and other services carried out for SEAT Pagine Gialle group companies by Reconta Ernst & Young and related entities.

(euro/thousand)	Year 2011	Year 2010
Reconta Ernst & Young group		
SEAT Pagine Gialle S.p.A.		
- Audit	263	266
- Other services	138	753
- Assignments to the entities in Reconta Ernst & Young S.p.A. network	17	27
Total	418	1.046
Subsidiaries		
- Audit	547	522
- Other services	5	6
- Tax advice	17	9
Total	569	537

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

Table 1

Company (business)	Registered office		Share capital	Ordinary shares held %	Ordinary shares held 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 Benelux SPRL (promotion and marketing of the "Europages" directory)	Brussels (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 (United Kingdom)	Sterling	139,525	100.00	SEAT Pagine Gialle S.p.A.	100.00
THOMSON DIRECTORIES Ltd. (publishing and distribution of directories)	Hampshire (United Kingdom)	Sterling	1,340,000	100.00	TDL Infomedia Ltd.	100.00
THOMSON DIRECTORIES PENSION COMPANY Ltd. (administration of Thomson Directories Pension Fund)	Hampshire (United Kingdom)	Sterling	2	100.00	Thomson Directories Ltd.	100.00
MOBILE COMMERCE Ltd. (call center services)	Cirencester (United 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 (Germany)	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)	AMD	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 for 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 with SIC 12.

Table 2

Company	Currency	Equity	Profit (loss)	% held by SEAT Pagine Gialle S.p.A.	Equity held by SEAT Pagine Gialle
(thousand)		(1) (2)	(1)		
CIPI S.p.A.	Euro	6,356	(919)	100.00	6,356
CONSODATA S.p.A.	Euro	11,412	113	100.00	11,412
EUROPAGES S.A. (3)	Euro	(8,285)	1,154	93.562	(7,752)
PGPS	Euro	245	(725)	100.00	245
PRONTOSEAT S.r.l.	Euro	1,252	216	100.00	1,252
TDL INFOMEDIA Ltd. (3)	Sterling	(7,754)	(21,238)		
	Euro	(9,314)	(24,471)	100.00	(9,314)
TELEGATE HOLDING GmbH	Euro	62,177	5,721	100.00	62,177
TELEGATE AG (3)	Euro	62,347	3,422	77.37	48,238

(1) Amounts inferred from the lastest financial statements.
(2) Includes profit (loss) for the year.
(3) Refers to the most recent consolidated financial statements of the subsidiary.

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

Table 1

Company (business)	Registered office	Share capital		Ordinary shares held		% held by SEAT Pagine Gialle S.p.A.
				%	by	
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
EUROPAGES GmbH (in liquidation) (promotion and distribution)	Monaco (Germany)	Euro	25,000	100.00	Europages S.A.	93.562

Table 2

Company *(thousands)*	Currency	Equity (1) (2)	Profit (loss) (1)	% held by SEAT Pagine Gialle S.p.A.	Equty held by SEAT Pagine Gialle
LIGHTHOUSE INTERNATIONAL COMPANY S.A.	Euro	691	141	25.00	173
TDL BELGIUM S.A. (in liquidation)	Euro	(9,616)	(12,286)	49.60	(4,769)
EUROPAGES GmbH (in liquidation)					
(promotion and distribution)	Euro	(2)	(0.2)	93.56	(2)

(1) Data adduce from the latest financial statements
(2) Includes profit (loss) for the year

Appendix

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

Introduction

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

Unaudited figures

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			316,171
Total current assets	973,006		8,854	981,860
Non-current assets held for sale and discontinued operations	326			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

Unaudited figures

(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 expenses	(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

		As at 03.31.2010	As at 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 shares	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

Unaudited figures

(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

Unaudited figures

(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, depreciation 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		(2,638)		(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 in 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

Unaudited figures

(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	(38,445)	(22,214)	(17,331)	178,233		1,017,352	21,911	1,039,263
Restatement due to changes in accounting policies			(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 Lighthouse International Company as described on the "Introduction" of the 2010 Annual Report.

Effects of the change in accounting policies on Economic and financial performance by Business Area for the first quarter of 2010

Unaudited figures

(euro/million)		Italian Directories	UK Directories	Directory Assistance	Other Activities	Aggregate Total	Eliminations and other adjustments	Consolidated Total
Revenues from sales and services	1st quarter 2010	100.4	12.0	36.8	9.0	158.2	(8.7)	149.5
	Adjustments	11.9	6.3	0.0	3.7	21.9	(1.3)	20.6
	1st quarter 2010 restated	112.3	18.3	36.8	12.7	180.1	(10.0)	170.1
GOP	1st quarter 2010	25.0	(1.4)	6.4	(2.1)	27.9	0.0	27.9
	Adjustments	12.3	5.3	0.0	2.3	19.9	0.1	20.0
	1st quarter 2010 restated	37.3	3.9	6.4	0.2	47.8	0.1	47.9
EBITDA	1st quarter 2010	12.7	(1.9)	5.7	(2.2)	14.3	0.0	14.3
	Adjustments	12.4	5.1	0.1	2.3	19.9	(0.1)	19.8
	1st quarter 2010 restated	25.1	3.2	5.8	0.1	34.2	(0.1)	34.1
EBIT	1st quarter 2010	(0.2)	(3.0)	2.9	(3.9)	(4.2)	-	(4.2)
	Adjustments	12.4	5.1	0.1	2.3	19.9	(0.2)	19.7
	1st quarter 2010 restated	12.2	2.1	3.0	(1.6)	15.7	(0.2)	15.5
Total assets	March 31, 2010	4,200.9	113.3	247.7	311.9	4,873.8	(319.9)	4,553.9
	Adjustments	28.9	0.1	2.0	2.3	33.3	(4.8)	28.5
	March 31, 2010 restated	4,229.8	113.4	249.7	314.2	4,907.1	(324.7)	4,582.4
Total liabilities	March 31, 2010	3,391.0	119.0	74.1	296.6	3,880.7	(313.1)	3,567.6
	Adjustments	88.1	4.1	7.7	6.2	106.1	(5.0)	101.1
	March 31, 2010 restated	3,479.1	123.1	81.8	302.8	3,986.8	(318.1)	3,668.7
Net invested capital	March 31, 2010	3,554.2	45.0	112.1	15.4	3,726.7	(6.7)	3,720.0
	Adjustments	(64.4)	(4.0)	(5.7)	(3.9)	(78.0)	0.1	(77.9)
	March 31, 2010 restated	3,489.8	41.0	106.4	11.5	3,648.7	(6.6)	3,642.1

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 "cash flow hedge" instruments	(23,338)			(23,338)
Reserve for actuarial gains (losses)	(18,863)			(18,863)
Other reserves	177,931	(i)	(93,116)	84,815
Profit (loss) for the period	(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 period	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

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
Revenues 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 expenses		(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 for the period		(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 shares	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 half year 2010	Adjustments	1st half year 2010 restated
Profit (loss) for the period	(9,452)	2,641	(6,811)
Profit (loss) for "cash flow hedge" instruments	(1,124)	-	(1,124)
Profit (loss) for foreign exchange 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	(3,205)	(421)	(3,626)
Total comprehensive profit (loss) for the period	(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 half year 2010	Adjustments	1st half year 2010 restated
Cash inflow (outflow) from operating activities			
Operating result	119,179	1,211	120,390
Amortization, depreciation 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	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	(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	(121,821)		(121,821)
Cash inflow (outflow) from non-current assets held for sale and discontinued operations	(164)		(164)
Increase (decrease) in cash and cash equivalents in the period	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 reserves	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 policies			(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	61
Total comprehensive profit (loss) for the period restated			(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	(38,473)	(23,338)	(18,863)	84,815	(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 Economic and financial performance by Business Area for first half of 2010

(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 2010	353.7	32.2	73.9	21.7	481.5	(18.3)	463.2
	Adjustments	(9.4)	7.0	(0.4)	3.2	0.4	(1.2)	(0.8)
	1st half 2010 restated	344.3	39.2	73.5	24.9	481.9	(19.5)	462.4
GOP	1st half 2010	164.1	3.2	13.7	(1.5)	179.5	0.2	179.7
	Adjustments	(6.4)	5.9		1.9	1.4	0.1	1.5
	1st half 2010 restated	157.7	9.1	13.7	0.4	180.9	0.3	181.2
EBITDA	1st half 2010	149.9	1.9	12.5	(1.9)	162.4	-	162.4
	Adjustments	(6.4)	5.7		2.0	1.3	(0.1)	1.2
	1st half 2010 restated	143.5	7.6	12.5	0.1	163.7	(0.1)	163.6
EBIT	1st half 2010	120.4	(0.9)	4.6	(4.9)	119.2	-	119.2
	Adjustments	(6.4)	5.7		1.9	1.2	-	1.2
	1st half 2010 restated	114.0	4.8	4.6	(3.0)	120.4	-	120.4
Total assets	June 30, 2010	4,246.2	127.7	247.6	306.8	4,928.3	(340.4)	4,587.9
	Adjustments	34.6	0.1	2.3	2.4	39.4	(5.5)	33.9
	June 30, 2010 restated	4,280.8	127.8	249.9	309.2	4,967.7	(345.9)	4,621.8
Total liabilities	June 30, 2010	3,399.9	134.1	71.8	292.3	3,898.1	(333.5)	3,564.6
	Adjustments	113.4	4.0	8.2	6.7	132.3	(5.7)	126.6
	June 30, 2010 restated	3,513.3	138.1	80.0	299.0	4,030.4	(339.2)	3,691.2
Net invested capital	June 30, 2010	3,538.0	45.2	116.6	18.9	3,718.7	(6.6)	3,712.1
	Adjustments	(78.7)	(3.8)	(5.7)	(4.3)	(92.5)	(0.2)	(92.7)
	June 30, 2010 restated	3,459.3	41.4	110.9	14.6	3,626.2	(6.8)	3,619.4

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

Unaudited figures

Assets

(euro/thousand)	As at 09.31.2010	Notes	Adjustments	As at 09.31.2010 restated
Non-current asset				
Intangible assets with indefinite useful life	3,311,008			3,311,008
Intangible assets with finite useful life	99,090			99,090
Property, plant and equipment	32,591			32,591
Leased assets	57,362			57,362
Investments in associates and joint ventures	343			343
Other non-current financial assets	2,179			2,179
Deferred tax assets, net	39,539	(a)	22,847	62,386
Other non-current assets	1,226			1,226
Total non-current assets	3,543,338		22,847	3,566,185
Current assets				
Inventories	11,154			11,154
Trade receivables	579,717			579,717
Current tax assets	28,400			28,400
Other current assets	59,998	(b)	10,930	70,928
Current financial assets	3,983			3,983
Cash and cash equivalents	266,595			266,595
Total current assets	949,847		10,930	960,777
Non-current assets held for sale and discontinued operations				
Total assets	4,493,185		33,777	4,526,962

Liabilities

(euro/thousand)	As at 09.30.2010	Notes	Adjustments	As at 09.30.2010 restated
Equity of the Group				
Share capital	450,266			450,266
Additional paid-in capital	466,843			466,843
Reserve for foreign exchange adjustments	(38,633)		(364)	(38,997)
Reserve for "cash flow hedge" instruments	(18,230)			(18,230)
Reserve for actuarial gains (losses)	(18,875)			(18,875)
Other reserves	177,906	(i)	(93,116)	84,790
Profit (loss) for the period	39,854		2,317	42,171
Total equity of the Group	1,059,131		(91,163)	967,968
Non-controlling interests				
Share capital and reserves	18,552		(1,658)	16,894
Profit (loss) for the period	2,555		(1)	2,554
Total non-controlling interests	21,107		(1,659)	19,448
Total equity	1,080,238		(92,822)	987,416
Non-current liabilities				
Non-current financial debts to third parties	1,375,903			1,375,903
Non-current financial debts to associates	1,274,541			1,274,541
Non-current reserves to employees	39,444			39,444
Deferred tax liabilities, net	12,737	(a)	(2,724)	10,013
Other non-current liabilities	25,946			25,946
Total non-current liabilities	2,728,571		(2,724)	2,725,847
Current liabilities				
Current financial debts to third parties	253,561			253,561
Current financial debts to associates	43,438			43,438
Trade payables	174,616	(c)	(11,414)	163,202
Reserve for current risks and charges	36,942			36,942
Current tax payables	61,302			61,302
Payables for services to be rendered and other current liabilities	114,267	(d)	140,737	255,004
Total current liabilities	684,126		129,323	813,449
Liabilities directly associated with non-current assets held for sale and discontinued operations	250			250
Total liabilities	3,412,947		126,599	3,539,546
Total liabilities and equity	4,493,185		33,777	4,526,962

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

Unaudited figures

(euro/thousand)	9 months 2010	Notes	Adjustments	9 months 2010 restated
Sales of goods	11,941		(121)	11,820
Rendering of services	765,287		(108)	765,179
Revenue from sales and services	777,228	(e)	(229)	776,999
Other income	3,838		(2)	3,836
Total revenues	781,066		(231)	780,835
Costs of materials	(23,913)	(f)	(432)	(24,345)
Costs of external services	(249,451)	(f)	2,273	(247,178)
Salaries, wages and employee benefits	(151,561)	(f)	413	(151,148)
Other valuation adjustments	(21,353)	(f)	(206)	(21,559)
Provisions to reserves for risks and charges, net	(2,132)			(2,132)
Other operating expenses	(2,811)	(f)	(3)	(2,814)
Operating income before amortization, depreciation, non-recurring and restructuring costs, net	329,845		1,814	331,659
Amortization, depreciation and write-down	(50,682)			(50,682)
Non-recurring costs, net	(7,553)			(7,553)
Restructuring costs, net	(3,415)			(3,415)
Operating result	268,195		1,814	270,009
Interest expense	(194,592)			(194,592)
Interest income	11,110			11,110
Profit (loss) before income taxes	84,713		1,814	86,527
Income taxes	(42,496)	(g)	502	(41,994)
Profit (loss) on continuing operations	42,217		2,316	44,533
Profit (loss) from non-current assets held for sale and discontinued operations	(155)			(155)
Profit (loss) for the period	42,062		2,316	44,378
- of which pertaining to the Group	39,854		2,317	42,171
- of which non-controlling interests	2,208	(h)	(1)	2,207

		As at 09.30.2010	As at 09.30.2010 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 shares	No.	680,373	680,373
Profit (loss) for the period	€/thousand	39,854	42,171
Profit (loss) par share	€	0.0207	0.0228

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

Unaudited figures

(euro/thousand)	9 months	Adjustments	9 months restated
Profit (loss) for the period	42,062	2,316	44,378
Profit (loss) for "cash flow hedge" instruments	3,984	-	3,984
Profit (loss) for foreign exchange adjustments	(188)	(306)	(494)
Actuarial gain (loss) recognised to equity	(1,544)	-	(1,544)
Total other comprehensive profit (loss) for the period, net of tax effect	2,252	(306)	1,946
Total comprehensive profit (loss) for the period	44,314	2,010	46,324
- of which pertaining to the Group	42,106	2,011	44,117
- of which non-controlling interests	2,208	(1)	2,207

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

Unaudited figures

(euro/thousand)	9 months	Adjustments	9 months restated
Cash inflow (outflow) from operating activities			
Operating result	268,195	1,814	270,009
Amortization, depreciation and write-down	50,682		50,682
Cost for stock options	61		61
(Gains) losses on disposal of non-current assets	(759)		(759)
Change in working capital	(19,770)	(1,508)	(21,278)
Income taxes paid	(31,948)		(31,948)
Change in non-current liabilities	(7,277)		(7,277)
Foreign exchange adjustments and other movements	(618)	(306)	(924)
Cash inflow (outflow) from operating activities	258,566		258,566
Cash inflow (outflow) for investments			
Purchase of intangible assets with finite useful life	(19,267)		(19,267)
Purchase of property, plant and equipment	(4,117)		(4,117)
Other investments	(284)		(284)
Proceeds from disposal of non-current assets	1,354		1,354
Cash inflow (outflow) for investments	(22,314)		(22,314)
Cash inflow (outflow) for financing			
Non-current loans proceeds	536,799		536,799
Repayment of non-current loans	(629,951)		(629,951)
Payment of transaction financial costs	(22,198)		(22,198)
Paid interest expense, net	(126,906)		(126,906)
Change in financial assets and debts	(15,871)		(15,871)
Cash inflow (outflow) for financing	(3,365)		(3,365)
Cash inflow (outflow) for financing	(261,492)		(261,492)
Cash inflow (outflow) from non-current assets held for sale and discontinued operations	(156)		(156)
Increase (decrease) in cash and cash equivalents in the period	(25,396)		(25,396)
Cash and cash equivalents at beginning of the period	291,991		291,991
Cash and cash equivalents at end of the period	266,595		266,595

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

Unaudited figures

(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	(38,445)	(22,214)	(17,331)	178,233		1,017,352	21,911	1,039,263
Restatement due to changes in accounting policies			(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
Dividend distribution									(3,365)	(3,365)
Share-based payments						46		46	14	60
Total comprehensive profit (loss) for the period restated			(494)	3,984	(1,544)		42,171	44,117	2,207	46,324
Other movements						(374)		(374)	340	(34)
As at 09.30.2010 restated	450,266	466,843	(38,997)	(18,230)	(18,875)	84,790	42,171	967,968	19,448	987,416

(*) 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 Economic and financial performance by Business Area for first nine months of 2010

Unaudited figures

(euro/million)		Italian Directories	UK Directories	Directory Assistance	Other Activities	Aggregate Total	Eliminations and other adjustments	Consolidated Total
Revenues from sales and services	9 months 2010	609.6	49.5	108.6	33.5	801.2	(24.0)	777.2
	Adjustments	(4.4)	3.4	(0.9)	2.4	0.5	(0.7)	(0.2)
	9 months 2010 restated	605.2	52.9	107.7	35.9	801.7	(24.7)	777.0
GOP	9 months 2010	328.3	5.4	21.2	(1.2)	353.7	0.4	354.1
	Adjustments	(1.9)	3.1	(0.5)	1.3	2.0		2.0
	9 months 2010 restated	326.4	8.5	20.7	0.1	355.7	0.4	356.1
EBITDA	9 months 2010	309.1	3.4	19.0	(1.6)	329.9	(0.1)	329.8
	Adjustments	(2.0)	2.9	(0.4)	1.4	1.9		1.9
	9 months 2010 restated	307.1	6.3	18.6	(0.2)	331.8	(0.1)	331.7
EBIT	9 months 2010	265.4	0.3	8.6	(6.0)	268.3	(0.1)	268.2
	Adjustments	(1.9)	2.8	(0.5)	1.3	1.7	0.1	1.8
	9 months 2010 restated	263.5	3.1	8.1	(4.7)	270.0		270.0
Total assets	September 30, 2010	4,187.8	120.8	255.1	252.9	4,816.6	(323.4)	4,493.2
	Adjustments	35.1	0.9	2.5	2.8	41.3	(7.5)	33.8
	September 30, 2010 restated	4,222.9	121.7	257.6	255.7	4,857.9	(330.9)	4,527.0
Total liabilities	September 30, 2010	3,287.0	126.6	76.7	239.4	3,729.7	(316.8)	3,412.9
	Adjustments	110.4	7.5	8.5	7.7	134.1	(7.5)	126.6
	September 30, 2010 restated	3,397.4	134.1	85.2	247.1	3,863.8	(324.3)	3,539.5
Net invested capital	September 30, 2010	3,589.3	43.2	110.0	19.2	3,761.7	(6.7)	3,755.0
	Adjustments	(75.4)	(6.5)	(6.0)	(4.9)	(92.8)		(92.8)
	September 30, 2010 restated	3,513.9	36.7	104.0	14.3	3,668.9	(6.7)	3,662.2

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	374,707		(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

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
Revenues 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 expenses	(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)
Interest 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 year	(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	Year 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 shares	No.	680,373	680,373
Profit (loss) for the year	€/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 exchange adjustments		(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, depreciation 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	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	(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 by Telegate AG	(3,364)		(3,364)
Cash inflow (outflow) for financing	(344,878)		(344,878)
Cash inflow (outflow) from non-current assets held for sale and discontinued operations	(240)		(240)
Increase (decrease) in cash and cash equivalents in the year	(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" instruments	Reserve for actuarial gains and (losses)	Other reserves	Profit (loss) for the year	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 policies			(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						46		46	14	60
Total comprehensive profit (loss) for the year restated			(434)	9,606	(1,247)		(718,147)	(710,222)	1,200	(709,022)
Share buy-back Telegate AG									(3,364)	(3,364)
Other movements						(413)		(413)	327	(86)
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

(*) 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 Economic and financial performance by Business Area for the year 2010

(euro/million)		Italian Directories	UK Directories	Directory Assistance	Other Activities	Aggregate Total	Eliminations and other adjustments	Consolidated Total
Revenues from sales and services	Year 2010	875.5	70.6	142.3	54.8	1,143.2	(32.6)	1,110.6
	Adjustments	(78.0)	3.0	(1.6)	0.3	(76.3)	0.1	(76.2)
	Year 2010 restated	797.5	73.6	140.7	55.1	1,066.9	(32.5)	1,034.4
GOP	Year 2010	480.3	11.2	26.8	4.3	522.6	0.5	523.1
	Adjustments	(68.4)	2.4	(0.9)	0.1	(66.8)	(0.1)	(66.9)
	Year 2010 restated	411.9	13.6	25.9	4.4	455.8	0.4	456.2
EBITDA	Year 2010	446.8	8.4	24.6	3.8	483.6	(0.1)	483.5
	Adjustments	(68.4)	2.2	(0.9)	0.2	(66.9)	(0.1)	(67.0)
	Year 2010 restated	378.4	10.6	23.7	4.0	416.7	(0.2)	416.5
EBIT	Year 2010	(288.0)	(10.7)	(6.4)	(2.6)	(307.7)	(0.2)	(307.9)
	Adjustments	(68.5)	2.2	(0.9)	0.2	(67.0)	0.1	(66.9)
	Year 2010 restated	(356.5)	(8.5)	(7.3)	(2.4)	(374.7)	(0.1)	(374.8)
Total assets	December 31, 2010	3,526.1	100.7	214.7	245.2	4,086.7	(296.1)	3,790.6
	Adjustments	53.9	0.7	2.7	3.6	60.9	(9.8)	51.1
	December 31, 2010 restated	3,580.0	101.4	217.4	248.8	4,147.6	(305.9)	3,841.7
Total liabilities	December 31, 2010	3,288.6	119.7	72.0	228.8	3,709.1	(293.2)	3,415.9
	Adjustments	180.4	7.9	9.0	9.7	207.0	(9.8)	197.2
	December 31, 2010 restated	3,469.0	127.6	81.0	238.5	3,916.1	(303.0)	3,613.1
Net invested capital	December 31, 2010	2,921.3	31.3	91.8	21.0	3,065.4	(6.7)	3,058.7
	Adjustments	(126.5)	(7.1)	(6.3)	(6.1)	(146.0)	(0.1)	(146.1)
	December 31, 2010 restated	2,794.8	24.2	85.5	14.9	2,919.4	(6.8)	2,912.6

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

Unaudited figures

Assets

(euro/thousand)	As at 03.31.2011	Notes	Adjustments	As at 03.31.2011 restated
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 period	(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 period	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			43,438
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

Unaudited figures

(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
Revenues 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 expenses	(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)
Interest 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 shares	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

Unaudited figures

(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 to 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

Unaudited figures

(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, depreciation 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	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	(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	(84,442)		(84,442)
Cash inflow (outflow) from non-current assets held for sale and discontinued operations	-		-
Increase (decrease) in cash and cash equivalents in the period	(24,110)		(24,110)
Cash and cash equivalents at beginning of the period	241,728		241,728
Cash and cash equivalents at end of the period	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

Unaudited figures

(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 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 policies			(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 03.31.2011 restated	450,266	466,843	(38,223)	(7,977)	(18,578)	(633,404)	(10,506)	208,421	15,385	223,806

Effects of the change in accounting policies on Economic and financial performance by Business Area for the first quarter 2011

Unaudited figures

(euro/million)		Directories Italia	Directories UK	Directory Assistance	Altre Attività	Totale Aggregato	Elisioni e altre rettifiche	Totale Consolidato
Revenues from sales and services	1st quarter 2011	117.2	8.8	30.5	7.9	164.4	(3.7)	160.7
	Adjustments	17.3	2.7	(0.1)	1.9	21.8	(0.7)	21.1
	1st quarter 2011 restated	134.5	11.5	30.4	9.8	186.2	(4.4)	181.8
GOP	1st quarter 2011	46.3	(2.8)	4.5	(1.4)	46.6	0.4	47.0
	Adjustments	16.4	2.5	(0.1)	1.2	20.0	0.0	20.0
	1st quarter 2011 restated	62.7	(0.3)	4.4	(0.2)	66.6	0.4	67.0
EBITDA	1st quarter 2011	38.0	(3.1)	3.4	(1.4)	36.9	0.1	37.0
	Adjustments	16.4	2.4	(0.1)	1.2	19.9	0.1	20.0
	1st quarter 2011 restated	54.4	(0.7)	3.3	(0.2)	56.8	0.2	57.0
EBIT	1st quarter 2011	24.8	(3.9)	1.2	(2.6)	19.5	0.4	19.9
	Adjustments	16.5	2.5	(0.1)	1.2	20.1	(0.2)	19.9
	1st quarter 2011 restated	41.3	(1.4)	1.1	(1.4)	39.6	0.2	39.8
Total assets	March 31, 2011	3,449.3	98.2	211.8	199.8	3,959.1	(217.5)	3,741.6
	Adjustments	48.4	0.4	2.7	2.9	54.4	(7.4)	47.0
	March 31, 2011 restated	3,497.7	98.6	214.5	202.7	4,013.5	(224.9)	3,788.6
Total liabilities	March 31, 2011	3,228.9	120.0	68.0	185.8	3,602.7	(214.7)	3,388.0
	Adjustments	162.3	5.1	9.1	7.8	184.3	(7.5)	176.8
	March 31, 2011 restated	3,391.2	125.1	77.1	193.6	3,787.0	(222.2)	3,564.8
Net invested capital	March 31, 2011	2,899.4	28.7	94.6	18.6	3,041.3	(6.5)	3,034.8
	Adjustments	(113.8)	(4.7)	(6.4)	(4.8)	(129.7)	(0.1)	(129.8)
	March 31, 2011 restated	2,785.6	24.0	88.2	13.8	2,911.6	(6.6)	2,905.0

Certification of the consolidated financial statements pursuant to Article 81-ter of Consob Regulation No. 11971 of May 14, 1999 as subsequently amended

1. The undersigned Enrico Giliberti (Chairman), behalf of the Board of Directors, and Massimo Cristofori, acting in his capacity as Manager Responsible for the Preparation of the Financial Statements of SEAT Pagine Gialle S.p.A., hereby declare, taking due account of section 154-bis, sub-sections 3 and 4 of Legislative Decree No. 58 of February 24, 1998, that in the preparation of the Financial Statements for the period all administrative and accounting procedures considered appropriate to the nature of the undertaking were applied in 2011.
2. All administrative and accounting procedures relating to the preparation of the Consolidated Financial Statements as at December 31, 2011 were critically reviewed during the year to ensure their relevance and full application. The review did not reveal any anomalies.
3. We furthermore declare that:

   3.1. the Consolidated Financial Statements as at December 31, 2011:

   - have been prepared in accordance with the IAS/IFRS recognized as applicable by the European Community and under section 9 of Legislative Decree 38/2005 and that they offer a true and fair view of the Company's assets and economic and financial position;
   - agree with the books and accounting records;
   - offer a true and fair view of the assets and economic and financial position of the Company;

   3.2. the Report on Operations includes a reliable analysis of operating performance and results, of the position of the Company (Group) and a description of the main risks and uncertainties to which it is exposed.

Milan, April 30, 2012

Behalf of the Board of Directors
Chairman

Enrico Giliberti

Manager responsible for the
preparation of the financial statements

Massimo Cristofori

Report of the Board of Statutory Auditors on the consolidated financial statements of the SEAT Pagine Gialle group as at December 31, 2011

To the Shareholders of the Parent Company Seat Pagine Gialle S.p.A.,

this report relates to the consolidated financial statements of the companies of the Seat Pagine Gialle group for the financial year ending December 31, 2011.
This report covers the tasks assigned to the Board of Statutory Auditors by Legislative Decree No. 58 of February 24,1998 and, with respect to them, reference is made to the report relating to the separate financial statements as at December 31, 2011 of the Parent Company Seat Pagine Gialle S.p.A..

Upon those premises, the Board of Statutory Auditors:
- has investigated and ensured, within the scope of its authority, the adequacy of the organizational structure of the Company and the compliance with the principles of proper administration, through direct observations, the collection of information from administrators and through meetings with the audit firm Reconta Ernst & Young SpA to exchange relevant data and information;
- has checked compliance with the rules of law governing consolidated financial statements and management reports;
- has reviewed the report from the independent auditors dated April 30, 2012;
- the financial statements of the major subsidiaries have been audited by their respective Boards of Statutory Auditors, by an external auditor, or by an audit firm.

For the sake of completeness, we refer you to the report issued by this Board with reference to the separate financial statements of the company Seat Pagine Gialle SpA, in which all information required by the Italian securities market Supervisory Body has been reported also as regards the remedies required by the art 2447 italian civil code.

In our opinion, the consolidated financial statements, as a whole, properly express the capital and financial position and the economic results of the Seat Pagine Gialle SpA Group (loss of € 789,750 thousand) for the financial year ending December 31, 2011 according to the rules governing consolidated financial statements, as referred to earlier.

The Board also finds that the Group management report is correct and consistent with the consolidated financial statements.

Milan, April 30, 2012

the Board of Statutory Auditors

Enrico Cervellera

Vincenzo Ciruzzi

Andrea Vasapolli

Reconta Ernst & Young S.p.A.
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Independent auditors' report
pursuant to art. 14 and 16 of Legislative Decree n. 39 dated 27 January 2010
(Translation from the original Italian text)

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

1. We have audited the consolidated financial statements of SEAT Pagine Gialle S.p.A. and its subsidiaries, (the "SEAT Pagine Gialle Group") as of 31 December 2011 and for the year then ended, comprising the statement of financial position, the statement of operations, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows and the related explanatory notes. The preparation of these financial statements in compliance with International Financial Reporting Standards as adopted by the European Union and with art. 9 of Legislative Decree n. 38/2005 is the responsibility of SEAT Pagine Gialle S.p.A.'s Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with auditing standards recommended by CONSOB (the Italian Stock Exchange Regulatory Agency). In accordance with such standards, we planned and performed our audit to obtain the information necessary to determine whether the consolidated financial statements are materially misstated and if such financial statements, taken as a whole, may be relied upon. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, as well as assessing the appropriateness of the accounting principles applied and the reasonableness of the estimates made by Directors. We believe that our audit provides a reasonable basis for our opinion.

   The consolidated financial statements of the prior year are presented for comparative purposes. As described in the explanatory notes, Directors have restated certain comparative data related to the prior year with respect to the data previously presented, on which we issued our auditor's report dated March 29, 2011. We have examined the method used to restate the comparative financial data and the information presented in the explanatory notes in this respect, for the purpose of expressing our opinion on the consolidated financial statements as of 31 December 2011 and for the year then ended.

3. In our opinion, the consolidated financial statements of the SEAT Pagine Gialle Group at 31 December 2011 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with art. 9 of Legislative Decree n. 38/2005; accordingly, they present clearly and give a true and fair view of the financial position, the results of operations and the cash flows of the SEAT Pagine Gialle Group for the year then ended.

4. We would like to draw attention to the "Going Concern Evaluation" paragraph of the explanatory notes, which summarizes the Directors' considerations on the negative results of the year and on the actions planned in order to complete the financial restructuring and to remedy the situation pursuant to Article 2447 of the Italian Civil Code; on these actions is also based the Directors' assessment of the going concern assumption underlying the preparation of the consolidated financial statements as at December 31, 2011.

5. The Directors of SEAT Pagine Gialle S.p.A. are responsible for the preparation, in accordance with the applicable laws and regulations, of the Report on Operations and the Report on Corporate Governance and on the ownership structures of SEAT Pagine Gialle S.p.A. published in the section "Governance" of SEAT Pagine Gialle S.p.A.'s website. Our responsibility is to express an opinion on the consistency with the financial statements of the Report on Operations and of the information presented in compliance with art. 123-bis of Legislative Decree n. 58/1998, paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b) in the Report on Corporate Governance and the Company's Ownership Structure, as required by law. For this purpose, we have performed the procedures required under Auditing Standard 001 issued by the Italian Accounting Profession (CNDCEC) and recommended by CONSOB. In our opinion, the Report on Operations and the information presented in compliance with art. 123-bis of Legislative Decree n. 58/1998, paragraph 1, letters c), d), f), l), m) and paragraph 2), letter b) in the Report on Corporate Governance and the Company's Ownership Structure , are consistent with the consolidated financial statements of the SEAT Pagine Gialle Group at 31 December 2011.

Turin, 30 April 2012

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.

Come and grow with us.

Have you just finished school or are you about to graduate from university? Do you think you have what it takes to be a commercial agent? Introducing Seat PG – an agency always moving forward that wants to grow with you in ambition, security, independence and expertise. If you have an entrepreneurial spirit and love the world of multimedia communication, you could develop your career and start earning immediately. You will be given a mentor and the option to attend courses at the Seat Corporate University. If you are ready to grow, now's the time.

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PAGINE GIALLE
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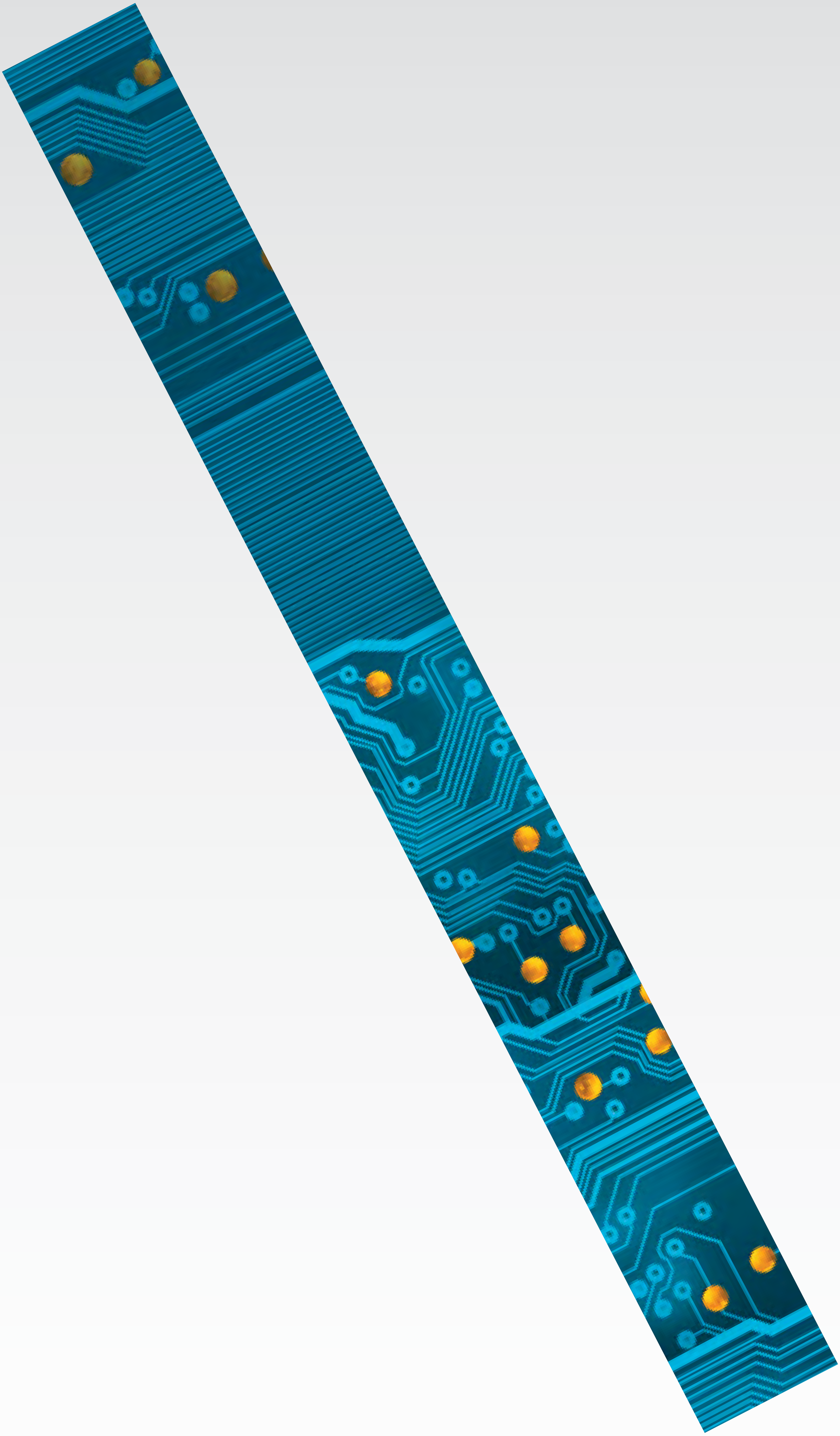
Separate financial statements of SEAT Pagine Gialle S.p.A.



Introduction

Facts regarding the financial restructuring

For futher information about "Facts regarding the financial restructuring" please, see the section Introduction of the consolidated financial statement.

Change in accounting policies

It should be noted that from June 30, 2011, SEAT Pagine Gialle S.p.A. changed its policies for determining the revenues and costs arising from the provision of on-line and on-voice services. See point 5 of these Explanatory notes for a more detailed description.

Statements of financial position of SEAT Pagine Gialle S.p.A. as at December 31, 2011

Assets

(euro/thousand)		As at 12.31.2011	As at 12.31.2010 restated	Change	Notes
Non-current assets					
Intangible assets with indefinite useful life		1,873,919	2,536,714	(662,795)	(6)
Intangible assets with finite useful life		51,933	62,465	(10,532)	(8)
Property, plant and equipment		12,757	10,095	2,662	(9)
Leased assets		52,821	56,451	(3,630)	(10)
Investments		120,891	138,761	(17,870)	(11)
Other non-current financial assets from third parties		2,051	1,730	321	(12)
Deferred tax assets, net		10,517	57,871	(47,354)	(29)
Other non-current assets		176	139	37	(15)
Total non-current assets	(A)	2,125,065	2,864,226	(739,161)	
Current assets					
Inventories		7,522	7,603	(81)	(13)
Trade receivables		458,053	551,897	(93,844)	(14)
Current tax assets		23,475	644	22,831	(29)
Other current assets		59,692	74,742	(15,050)	(15)
Current financial assets		26,938	85,751	(58,813)	(19)
Cash and cash equivalents		120,601	133,698	(13,097)	(19)
Total current assets	(B)	696,281	854,335	(158,054)	
Non-current assets held for sale and discontinued operations	(C)	-	-	-	(30)
Total assets	(A+B+C)	2,821,346	3,718,561	(897,215)	

Liabilities

(euro/thousand)		As at 12.31.2011	As at 12.31.2010 restated	Change	Notes
Equity					
Share capital		450,266	450,266	-	(16)
Additional paid-in capital		466,847	466,843	4	(16)
Legal reserve		50,071	50,071	-	
Retained earnings (losses)		(867,648)	(158,284)	(709,364)	(16)
Reserve for "cash flow hedge" instruments		(1,561)	(12,608)	11,047	(16)
Reserve for actuarial gains (losses)		1,020	873	147	(16)
Other reserves		161,750	161,750	-	(16)
Profit (loss) for the year		(817,856)	(709,369)	(108,487)	
Total equity of the Group	(A)	(557,111)	249,542	(806,653)	
Non-current liabilities					
Non-current financial debts		750,661	2,603,216	(1,852,555)	(19)
Non-current reserves to employees		12,281	15,089	(2,808)	(22)
Other non-current liabilities		23,621	35,311	(11,690)	(23)
Total non-current liabilities	(B)	786,563	2,653,616	(1,867,053)	
Current liabilities					
Current financial debts		2,137,441	301,669	1,835,772	(19)
Trade payables		158,678	177,186	(18,508)	(25)
Payables for services to be rendered and other current liabilities		232,378	251,519	(19,141)	(25)
Reserve for current risks and charges		49,201	40,762	8,439	(24)
Current tax payables		13,946	44,017	(30,071)	(29)
Total current liabilities	(C)	2,591,644	815,153	1,776,491	
Liabilities directly associated with non-current assets held for sale and discontinued operations	(D)	250	250	-	(30)
Total liabilities	(B+C+D)	3,378,457	3,469,019	(90,562)	
Total liabilities and equity	(A+B+C+D)	2,821,346	3,718,561	(897,215)	

Statements of operations of SEAT Pagine Gialle S.p.A. for 2011

(euro/thousand)	Year 2011	Year 2010 restated	Change Absolute	Change %	Notes
Sales of goods	4,616	6,361	(1,745)	(27.4)	(26)
Rendering of services	743,899	791,175	(47,276)	(6.0)	(26)
Revenues from sales and services	748,515	797,536	(49,021)	(6.1)	(26)
Other income	7,157	8,331	(1,174)	(14.1)	(27)
Total revenues	755,672	805,867	(50,195)	(6.2)	
Costs of materials	(23,278)	(28,822)	5,544	19.2	(27)
Costs of external services	(278,437)	(287,154)	8,717	3.0	(27)
Salaries, wages and employee benefits	(72,225)	(75,754)	3,529	4.7	(27)
Other valuation adjustments	(19,338)	(28,814)	9,476	32.9	(13;14)
Provisions to reserves for risks and charges, net	(13,671)	(4,234)	(9,437)	n.s.	(24)
Other operating expenses	(2,858)	(2,702)	(156)	(5.8)	(27)
Operating income before amortization, depreciation, non-recurring and restructuring costs, net	345,865	378,387	(32,522)	(8.6)	
Amortization, depreciation and write-downs	(711,230)	(700,326)	(10,904)	(1.6)	(5-9)
Non-recurring costs, net	(27,552)	(8,274)	(19,278)	n.s.	(27)
Restructuring costs, net	(9,999)	(26,280)	16,281	62.0	(27)
Operating result	(402,916)	(356,493)	(46,423)	(13.0)	
Interest expense	(290,166)	(273,256)	(16,910)	(6.2)	(28)
Interest income	22,945	37,035	(14,090)	(38.0)	(28)
Gains (losses) on disposal of investments	(62,970)	(30,816)	(32,154)	n.s.	(11)
Profit (loss) before income taxes	(733,107)	(623,530)	(109,577)	(17.6)	
Income taxes for the year	(84,749)	(85,839)	1,090	1.3	(29)
Profit (loss) on continuing operations	(817,856)	(709,369)	(108,487)	(15.3)	
Profit (loss) from non-current assets held for sale and discontinued operations	-	-	-	n.s.	(30)
Profit (loss) for the year	(817,856)	(709,369)	(108,487)	(15.3)	

		As at 12.31.2011	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		*1,927,027,333*	*1,927,027,333*
- savings shares		*680,373*	*680,373*
Profit (loss) for the year	€/thousand	(817,856)	(709,369)
Profit (loss) per share	€	(0.424)	(0.368)

Statements of comprehensive income of SEAT Pagine Gialle S.p.A. for 2011

(euro/thousand)		Year 2011	Year 2010 restated	Notes
Profit (loss) for the year	(A)	(817,856)	(709,369)	
Profit (loss) for "cash flow hedge" instruments		11,047	9,606	(16)
Actuarial gain (loss) recognised to equity		147	108	(16)
Total other comprehensive profit (loss) for the year, net of tax effect	(B)	11,194	9,714	(16)
Total comprehensive profit (loss) for the year	(A+B)	(806,662)	(699,655)	

Statements of cash flows of SEAT Pagine Gialle S.p.A. for 2011

(euro/thousand)		Year 2011	Year 2010 restated	Change
Cash inflow (outflow) from operating activities				
Operating result		(402,916)	(356,493)	(46,423)
Amortization, depreciation and write-downs		711,230	700,326	10,904
(Gains) losses on disposal of non-current assets		-	(803)	803
Change in working capital		64,525	46,306	18,219
Income taxes paid		(90,057)	(79,377)	(10,680)
Other movements		(1,328)	7,766	(9,094)
Cash inflow (outflow) from operating activities	(A)	281,454	317,725	(36,271)
Cash inflow (outflow) for investments				
Purchase of intangible assets with finite useful life		(30,186)	(27,967)	(2,219)
Purchase of property, plant and equipment		(6,766)	(3,289)	(3,477)
Equity investments and other financial investments		(70)	(6,203)	6,133
Proceeds from disposal of non-current assets		32	1,318	(1,286)
Proceeds from disposal of investments		-	2,419	(2,419)
Cash inflow (outflow) for investments	(B)	(36,990)	(33,722)	(3,268)
Cash inflow (outflow) for financing				
Proceeds from Senior Secured Bonds		-	716,799	(716,799)
Repayment of non-current loans		(38,617)	(753,136)	714,519
Credit line of revolving facilities to Royal Bank of Scotland Paid interest expense, net		90,000	-	90,000
Change in financial assets and liabilities		(154,730)	(176,463)	21,733
Transaction costs		-	(26,557)	26,557
Distribution of dividends		(154,214)	(66,393)	(87,821)
Cash inflow (outflow) for financing	(C)	(257,561)	(305,750)	48,189
Cash inflow (outflow) from non-current assets held for sale and discontinued operations	(D)	-	-	-
Increase (decrease) in cash and cash equivalents in the year	(A+B+C+D)	(13,097)	(21,747)	8,650
Cash and cash equivalents at beginning of the year		133,698	155,445	(21,747)
Cash and cash equivalents at end of the year		120,601	133,698	(13,097)

Statement of changes in equity of SEAT Pagine Gialle S.p.A. for 2011

(euro/thousand)	Share capital	Additional paid-in capital	Reserve for "cash flow hedge" instruments	Reserve for acturial gains and (losses)	Other reserves	Profit (loss) for the year	Total
As at December 31, 2010	450,266	466,843	(12,608)	873	127,398	(656,756)	376,016
Restatement due to changes in accounting policies	-	-	-	-	(73,861)	(52,613)	(126,474)
As at December 31, 2010 restated	450,266	466,843	(12,608)	873	53,537	(709,369)	249,542
Allocation of previous year profit (loss)	-	-	-	-	(709,369)	709,369	-
Other movements	-	4	-	-	5	-	9
Profit (loss) for the period	-	-	11,047	147	-	(817,856)	(806,662)
As at December 31, 2011	450,266	466,847	(1,561)	1,020	(655,827)	(817,856)	(557,111)

Statement of changes in equity of SEAT Pagine Gialle S.p.A. for 2010

(euro/thousand)	Share capital	Additional paid-in capital	Reserve for "cash flow hedge" instruments	Reserve for acturial gains and (losses)	Other reserves	Profit (loss) for the year	Total
As at December 31, 2009	450,266	466,843	(22,214)	765	165,860	(38,462)	1,023,058
Restatement due to changes in accounting policies	-	-	-	-	(73,861)	-	(73,861)
As at December 31, 2009 restated	450,266	466,843	(22,214)	765	91,999	(38,462)	949,197
Allocation of previous year profit (loss)	-	-	-	-	(38,462)	38,462	-
Other comprehensive profit (loss) for the year	-	-	9,606	108	-	(709,369)	(699,655)
As at December 31, 2010	450,266	466,843	(12,608)	873	53,537	(709,369)	249,542

Explanatory notes

1. Company information

SEAT Pagine Gialle S.p.A. is a joint-stock company listed on the Milan stock exchange.
The Company 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). It specialises in highly innovative online products, print directories and directory assistance services, as well as providing a large selection of complementary advertising services.
The Company has its registered office in Milan at Via Grosio 10/4, and has share capital of € 450,266 thousand (unchanged from December 31, 2010).
Its main activities are described in the Report on operations, in the "Economic and financial performance by Business Area" section, under the heading "Italian directories".

2. Basis of presentation

The separate financial statements of SEAT Pagine Gialle S.p.A. have been prepared in accordance with the provisions of Legislative Decree no. 38 of February 28, 2005, in application of the international accounting standards (IAS/IFRS) issued by the International Accounting Standards Board and approved by the European Union, including all interpretations of the Financial Reporting Interpretations Committee (IFRIC), previously known as the Standing Interpretations Committee (SIC), and in compliance with the applicable Consob regulations.
The Company adopted IAS/IFRS on January 1, 2005, after Regulation (EC) no. 1606 entered into force on July 19, 2002.
The financial statements were drawn up based on the historical cost principle, except for 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 *statements of financial position* were 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 *statements of operations* were prepared by classifying operating costs by type, as this is considered the best way to present the specific activities of SEAT Pagine Gialle S.p.A. 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 are included in those cases which, by their very nature, do not occur continuously in the normal course of operations, such as:
  - corporate restructuring costs;
  - stock option plan costs;
  - extraordinary strategic and non recurring consultancy (primarily consulting on activities aimed at identifying and implementing financial options for the long-term stabilisation of the financial structure through renegotiation of the existing debt);
  - costs linked to director and department manager severance pay;
- the *statements of comprehensive operations* show the cost and/or revenue items not yet recognised in the statements of operations with any impact on equity as at the end of the year;
- the *statements of cash flows* were prepared by recording cash flows on operating activities according to the "indirect method", as allowed by IAS 7, showing cash flows on operating, investment and financial activities separately from those on non-current assets held for sale and discontinued operations.
  The cash and cash equivalents recorded in the financial statements include cash, cheques, bank overdrafts and short-term securities that are quickly convertible into cash.
  Cash flows on operating activities were recorded by adjusting the operating result for the year to take into account the effects of non-monetary transactions, any deferment or setting aside of previous or future operating collections or payments, and revenue or cost items connected with cash flows on investments, financial

activities or relating to non-current assets held for sale and discontinued operations.

- The *statements of changes in equity* show the changes that took place in equity items in relation to:
  - distribution of the profit of the Parent Company;
  - breakdown of the total profit (loss);
  - effect of any errors or changes in accounting standards.

Data is presented in euros and all figures have been rounded off to the nearest thousand, unless otherwise indicated.

2.1 Going concern evaluation

The SEAT Pagine Gialle Group recorded a loss of € 817,856 thousand and a negative equity of € 557,111 thousand at the end of 2011.
For the Company, already in the situation pursuant to article 2446 of the Italian Civil Code, this result has entailed the case envisaged by article 2447 of the Italian Civil Code, for which the appropriate measures must be adopted.
It should be noted that this operating loss does not derive from ordinary operating activities, but from € 733,606 thousand impairment of goodwill, write down of investments and financial receivables as a result of the impairment test described and discussed in greater detail under point 7 of the notes to the 2011 consolidated and separate financial statements.
Compared to the situation described in the first half report at June 30, 2011 and the Consob's consequent decision to include the Company in the "black list", the progress in negotiating the Company's long-term financial reorganization has led to a result which, albeit still interim in terms of implementation of the transaction, allows those uncertainties relating to the going concern opinion which the Board of Directors had duly noted in the first half report in line with the status of the negotiations on that date.
As disclosed to the public and as confirmed in other sections of these separate financial statements, the commercial agreement between the Company and the various negotiating partners was finally reached.
By way of example, the following events are noted:
- full acceptance on March 7, 2012 of the Company's Final Proposal by all classes of financial creditors (i.e. Bondholders, Senior Creditor and SSBs) in a significantly greater measure than the necessary threshold (greater than 90% for Bondholders and greater than 98% for SSBs), together with the favourable opinion of the Leading Shareholders;
- the signing of the appropriate lock-up agreements with the Bondholders and the Leading Shareholders and the signing of an additional agreement with the Leading Shareholders, disclosed by law, involving the latter's commitment to vote in favour of shareholders' meeting resolutions on the execution of the restructuring envisaged in the relevant term sheet;
- the signing of amendments to the two SSB bond issues (supplemental indentures) in line with the current restructuring process.

Within this framework, it is reasonable to believe that all conditions for completion of the restructuring transaction that is the subject of the abovementioned commercial agreements have been met.
Currently, no hindrances have emerged that could compromise the successful outcome of the transaction.
A prudent approach by the Board of Directors nevertheless requires that the existence of the following circumstances be highlighted: (a) the fact that the finalisation of the transaction requires several complex corporate steps to be carried out in different jurisdictions; (b) the applicability of the circumstances pursuant to Article 2447 of the Italian Civil Code; and (c) the requirement that none of the conditions likely to give rise to termination of or withdrawal from the commercial agreements reached should occur.
With reference to the abovementioned aspects, the Board notes the following:
- insofar as the complexity of the transaction, the Company's Board of Directors notes that said transaction has been prepared, analysed and evaluated from the different legal, financial and accounting standpoints with the assistance of authoritative consultants operating in the various jurisdictions concerned, who have submitted written opinions and advice on significant aspects for such purposes. In light of the foregoing, it is believed that the only unforeseeable risk derives from the actual implementation phase, the outcome of which cannot be determined ex ante;
- as far as the applicability of the circumstances pursuant to Article 2447 of the Italian Civil Code, the Board of Directors, relying on economic and accounting, as well as legal analyses, believes that the merger of Lighthouse into SEAT, after the equitisation transaction, will be effective in remedying the situation pursuant to Article 2447 of the Italian Civil Code and will enable the Company, once restructured, to engage in its activities as a going concern;
- lastly, it should be noted that no events or circumstances are known to the Company's Board of Directors that could entail the termination of and/or withdrawal from the commercial agreements, and further reassurance is to be had from the fact that all of the negotiating partners are working tirelessly to implement the current transaction.

After having carried out the necessary checks and in light of the foregoing, the Board of Directors has therefore acquired

the reasonable expectation that the current restructuring transaction is likely to be completed in a reasonable timeframe such as to allow for the long-term financial stabilisation.
The assumption of a going concern thus continues to be adopted in preparing this annual report.

2.2 Accounting estimates and assumptions

Pursuant to IAS/IFRS, when preparing separate financial statements and corresponding explanatory notes, management must make estimates and assumptions which affect the figures for revenues, costs, and assets and liabilities recorded in the financial statements, as well as information on contingent assets and liabilities as at the reporting date. The results produced may differ from such estimates.
The estimates are used to measure provisions for doubtful 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 standards not yet applicable and/or recently approved by the European Commission

See the relevant section of the Explanatory notes to the consolidated financial statements as at December 31, 2011.

4. Measurement criteria

See the relevant section of the explanatory Notes to the consolidated financial statements as at December 31, 2011, with the exception of the measurement criteria for "Equity investments", as described below.

Equity investments

Equity investments in subsidiaries, associates and joint ventures are measured at acquisition cost pursuant to the provisions of IAS 27. Any positive differences arising at the acquisition date between the book value of such equity investments and their corresponding portion of equity at current values is included in the value of the equity investments, which are subjected to an impairment test at least once a year. The resulting impairment losses are recorded in the statements of operations under the item "Value adjustments to equity investments" when they are identified.
If the portion of these impairment losses pertaining to the Company should exceed the book value of the equity investment, the value of the equity investment is reduced to zero and the relevant portion of any further impairment losses is recognised in the provision for risks and charges, if the Company is required to record these.
The cost of equity investments in foreign companies is converted into euros at the exchange rates in force on the acquisition date and the subscription date.

5. Changes in accounting policies

It should be noted that from June 30, 2011, SEAT changed its policies for determining the revenues and costs arising from the provision of on-line and on-voice services. For further details, see the relevant section of the Explanatory notes to the consolidated financial statements as at December 31, 2011.

6. Intangible assets with an indefinite useful life

This amounted to € 1,873,919 thousand as at December 31, 2011 (€ 2,536,714 thousand as at December 31, 2010) and relates to merger deficits arising from transactions carried out in previous periods. This goodwill was allocated to a single CGU (Cash Generating Unit) pertaining to the entire Company as a whole, there having been no separate CGUs identified within the scope of the Company itself. A write-down of € 662,795 thousand was recorded on December 31, 2011 following an impairment test.

7. Impairment test

The impairment test was carried out by comparing the carrying amount of SEAT 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 Company.

The value in use was estimated using the unlevered financial criterion. This criterion is based on the discounting of the annual available cash flows (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.

In particular, the available flows are estimated by adjusting the operating result (EBITDA) expected 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, and (*ii*) pertinent tax effects (quantified by taking into account the deductibility of depreciation and amortization in the period).

The main elements necessary for the purposes of estimating the cash flows of SEAT (EBITDA, capex, investment/disinvestment in net working capital and "operating" taxes) were obtained from the update of 2011-2013 Strategic guidelines and projections to 2015, prepared by management with the assistance of their advisors (Rothschild and Bain & Company) and approved by the Board of Directors on January 2012; these perspective figures are consistent with the provisions of IAS 36, insofar as they express an "average representative" scenario and do not include the effects of future restructuring, improvements or optimisation of the Group. The terminal value is calculated by capitalising the expected available cash flow 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 discount rate (WACC) is calculated using an average representative financial structure for the industry; as provided for by IAS 36, the WACC rate 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 are respectively of 10,40% and 0%.

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 (10.40%) is of 15.20%;
- the WACC used (10.40%) is in line with the maximum value of the discount rates recently estimated by analysts who follow the SEAT share, and is consistent with the WACC used by comparable companies; it is significantly higher than the WACC used in the impairment tests performed at June 30, 2011 (8.11%) in that it reflects the worsening of the (risk free) rates seen in December 2011 compared to June 2011 and it uses SEAT marginal cost of debt for determining the cost of debt, taking into account the financial structure of the Company characterized by a significantly higher level of indebtedness than the normal or target;
- with reference to the terminal value, the expected available cash flow in the year subsequent to the last year of the plan was assumed as equal to the average of the corresponding flows for the 2013-2015 two-year period, in order to incorporate the uncertainties inherent in long-term macroeconomic and business data forecasts.

The results of the impairment tests performed an impairment loss of goodwill of 662,795 thousand essentially due to the change in financial market rates, reflected an increase in WACC used and, to a lesser extent, to expected cash flow trends.

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 growth rate in value.

Sensitivity analysis

Given the inevitable margins of subjectivity in company evaluations, it was deemed appropriate to test the variability of the value in use of the SEAT Pagine Gialle S.p.A. to the change in the main evaluation inputs over reasonable intervals.

The WACC, the long-term "g" growth flow rate and the terminal value amount were subjected to sensitivity analyses. More specifically, with respect to:

- the base discount rate, the analysis was conducted in a range of 10.10%-10.90%;
- the maximum variation in the "g" growth rate was assumed as a 50 b.p. increase or decrease;
- the terminal value, the analysis was performed with a 5% decrease in all expected cash flows.

The sensitivity analysis performed on the variation in the abovementioned parameters shows that a variation with a combined worsening of the WACC, of the "g" and of the expected cash flows would lead to the need for a further impairment of approximately € 250 million.

Furthermore, impairment test was used to estimate equity value for subsidiaries and set the following write-down

(euro/thousand)	Year 2011
Write-down of intangible assets with indefinite useful life	(662,795)
Write-down of investments	(62,970)
Write-down of financial receivables	(7,841)
Total	(733,606)

8. Intangible assets with a finite useful life

	Year 2011				Year 2010
(euro/thousand)	Customer Data Base	Software	Other intangible assets	Total	Total
Cost	972,400	246,202	22,977	1,241,579	1,213,664
Accrued amortization	(972,400)	(190,509)	(16,205)	(1,179,114)	(1,137,326)
Balance at beginning of the year	-	55,693	6,772	62,465	76,338
- Investments	-	26,695	3,491	30,186	27,967
- Disposals	-	-	-	-	-
- Amortization and write-downs	-	(39,756)	(962)	(40,718)	(41,840)
- Other movements	-	4,382	(4,382)	-	-
Cost	972,400	227,513	14,769	1,214,682	1,241,579
Accrued amortization	(972,400)	(180,499)	(9,850)	(1,162,749)	(1,179,114)
Balance at end of the year	-	47,014	4,919	51,933	62,465

Intangible assets with a finite useful life can be broken down as follows:
- *software* totalled € 47,014 thousand as at December 31, 2011 (€ 55,693 thousand as December 31, 2010). This item includes costs relating to acquisitions from third parties and the internal creation of proprietary programs and programs under licence mainly used to improve the algorithms used by search engines, to support the new online&mobile products on offer, and for programmes used in the commercial and administrative areas;
- *other intangible assets* totalled € 4,919 thousand as at December 31, 2011 (€ 6,772 thousand as at December 31, 2010), predominantly including € 4,472 thousand relating to assets under development, mainly internally developed software projects not yet on stream, and € 408 thousand relating to concessions, licences, trademarks and similar rights, particularly PAGINEGIALLE.it® video rights.

Investments totalled € 30,186 thousand in 2011, a year-on-year increase of € 2,219 thousand. More detail can be found in the Report on operations, in the "Economic and financial performance by Business Area" section, under the heading "Italian directories".

9. Property, plant and equipment

This item amounted to € 12,757 thousand as at December 31, 2011 (€ 10,095 thousand as at December 31, 2010), net of amortization totalling € 35,906 thousand (€ 34,209 thousand as at December 31, 2010).
This can be analysed as follows

(euro/thousand)	Year 2011 Property	Plant and equipment	Other fixed assets	Total	Year 2010 Total
Cost	1,624	4,347	38,333	44,304	47,855
Depreciation	(1,100)	(2,761)	(30,348)	(34,209)	(36,165)
Balance at beginning of the year	524	1,586	7,985	10,095	11,690
- Investments	202	769	5,795	6,766	3,289
- Disposals	-	-	(17)	(17)	(475)
- Depreciation and write-downs	(153)	(416)	(3,518)	(4,087)	(4,409)
- Other movements					
Cost	1,099	4,907	42,657	48,663	44,304
Depreciation	(526)	(2,968)	(32,412)	(35,906)	(34,209)
Balance at end of the year	573	1,939	10,245	12,757	10,095

Plant and equipment (€ 1,939 thousand as at December 31, 2011) related to electrical, air-conditioning and telephone systems at properties owned or leased by the Company.
Other fixed assets (€ 10,245 thousand as at December 31, 2011) included furniture and fixtures, servers and IT equipment.
Investments totalled € 6,766 thousand in 2011 (€ 3,289 thousand in 2010), of which € 5,714 thousand related to the acquisition of centralised hardware for the Data Centre, replacing obsolete machines with new ones that perform better and use less energy, thereby enabling the Company to pursue its plans to "virtualise" its centralised hardware; furthermore, there was capital expenditure in the creation of a Disaster Recovery system with the aim of maintaining the providing of the sites and the immediate handling of problems arising in providing them. As in every year, individual IT equipment was purchased in accordance with the plans set out to replace the facilities used by staff and sales agents.
Depreciation was equivalent to 73.8% of the gross value of property, plant and equipment (77.2% as at December 31, 2010).

The following table gives an overview of the depreciation rates used, which were considered to represent an appropriate distribution of the book value of tangible fixed assets, according to their residual useful life.

(euro/thousand)	Year 2011	Year 2010
Property	3%	3%
Plants and equipment	10-25%	10-25%
Other fixed assets	10-40%	10-40%

10. Leased assets

Leased assets totalled € 52,821 thousand as at December 31, 2011 and relate to the property complex that acts as the Company's new secondary 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.
The Company believes that the property complex has retained its market value throughout the year.

	Year 2011					Year 2010
(euro/thousand)	Leased land	Leased property	Leased plant	Other leased assets	Total	Total
Cost	10,500	33,076	16,524	3,562	63,662	63,662
Depreciation	-	(1,970)	(4,394)	(847)	(7,211)	(3,581)
Balance at beginning of the year	10,500	31,106	12,130	2,715	56,451	60,081
- Depreciation and write-downs	-	(992)	(2,211)	(427)	(3,630)	(3,630)
Cost	10,500	33,076	16,524	3,562	63,662	63,662
Depreciation	-	(2,962)	(6,605)	(1,274)	(10,841)	(7,211)
Balance at end of the year	10,500	30,114	9,919	2,288	52,821	56,451

11. Equity investments

Equity investments in subsidiaries, associates and joint ventures totalled € 120,891 thousand as at December 31, 2011 (€ 138,761 thousand as at December 31, 2010).

The following table shows details of the Group's equity investments and the changes that took place in the year

(euro/thousand)	As at 12.31.2010 Total	Conversion of financial receveibles in share capital	Write-downs	Total	As at 12.31.2011 Total
Subsidiaries	138,552	45,100	(62,761)	(17,661)	120,891
CIPI S.p.A.	7,896	-	-	-	7,896
CONSODATA S.p.A.	12,483	-	-	-	12,483
EUROPAGES S.A.	-	-	-	-	-
PAGINE GIALLE PHONE SERVICE S.r.l.	970	-	(725)	(725)	245
PRONTOSEAT S.r.l.	-	-	-	-	-
TDL INFOMEDIA Ltd.	-	45,100	(45,100)	-	-
TELEGATE A.G.	19,407	-	-	-	19,407
TELEGATE HOLDING GmbH	97,796	-	(16,936)	(16,936)	80,860
Associates	209	-	(209)	(209)	-
LIGHTHOUSE INTERNATIONAL CO. S.A.	209	-	(209)	(209)	-
Total investments	138,761	45,100	(62,970)	(17,870)	120,891

The changes are mainly due to:
- the write-down of TDL Infomedia Ltd in the amount of € 45,100 thousand and subsequent recapitalisation by converting a portion of the financial receivables (£ 22.5 million in June and then £16.6 million in December) that SEAT Pagine Gialle S.p.A. holds against the subsidiary;
- the write-down of € 16,936 thousand relating to Telegate Holding GmbH following the results of the impairment test. Reference is made to point 6 in the present statements for the methodology used for impairment test purposes.

12. Other non-current financial assets due from third parties

Other non-current financial assets due from third parties totalled € 2,051 thousand as at December 31, 2011 (€ 1,730 thousand as at December 31, 2010) and related mainly to:

- receivables and loans granted to employees at market rates for similar transactions (€ 1,855 thousand);
- assets held for sale, mainly consisting of the 2.2% stake in Emittenti Titoli S.p.A. (€ 111 thousand).

13. Inventories

These can be broken down as follows:

	Year 2011				Year 2010
(euro/thousand)	Raw material, suppliers and consumables	Work in progress and semi-finished goods	Finished goods	Total	Total
Balance at beginning of the year	5,545	1,988	70	7,603	7,260
Increase (Decrease)	(365)	320	(36)	(81)	343
Balance at end of the year	5,180	2,308	34	7,522	7,603

The valuation of raw materials in stock at weighted average cost is broadly in line with the measurement at current values.

14. Trade receivables

This can be broken down as follows

(euro/thousand)	Year 2011 Trade receivables	Allowance for doubtful trade receivables	Trade receivables from subsidiaries	Allowance for doubtful trade receivables from subsidiaries	Net value	Year 2010 Net value
Balance at beginning of the year	634,671	(100,282)	19,437	(1,929)	551,897	557,307
Provision in the statement of operations	-	(17,500)	-	(1,384)	(18,884)	(27,933)
Utilization	-	50,042	-	1,899	51,941	33,962
Reversal to the statement of operations	-	-	-	149	149	-
Other movements	(123,609)	-	(3,441)	-	(127,050)	(11,439)
Balance at end of the year	511,062	(67,740)	15,996	(1,265)	458,053	551,897
of which securitised	-	-	-	-	-	*270,104*

Trade receivables totalled € 458,053 thousand as at December 31, 2011 (net of the provision for doubtful receivables totalling € 69,005 thousand) and include € 2,106 thousand relating to receivables with a maturity of over 12 months. The item contain *trade receivables from subsidiaries* totalled € 14,731 thousand as at December 31, 2011 (net of the relating provision for doubtful receivables of € 1,265 thousand), mostly composed by € 13,254 thousand relating to receivables from Pagine Gialle Phone Service S.r.l. in connection with the portion of voice traffic generated by the 89.24.24 Pronto PAGINEGIALLE® and 12.40 Pronto PAGINEBIANCHE® services pertaining to SEAT Pagine Gialle S.p.A.
The *provision for doubtful* receivables is believed to be sufficient to cover expected losses; it was utilised in 2011 to the extent of € 51,941 thousand (€ 33,962 thousand in 2010), of which € 17,250 thousand to cover the transfer of receivables carried out in November 2011.
It was replenished with a provision of € 18,884 thousand (€ 27,933 thousand in 2010), enabling sufficient coverage of the overdue receivables.
It should be noted that, on June 15, 2011, the securitization programme was concluded when the five-year period came to an end. Considering the low propensity of the market for securitization transactions, it has been deemed preferable not to continue to renew them.

Credit risk is analysed in more detail in point 21 of the Explanatory notes to the consolidated financial statements as at December 31, 2011.

15. Other (current and non-current) assets

These can be broken down as follows:

(euro/thousand)	As at 12.31.2011	As at 12.31.2010 restated	Change
Other current assets			
Advances on sales commissions and other receivables from agents	32,396	41,250	(8,854)
Advances to suppliers	11,861	9,503	2,358
Other receivables from subsidiaries	3,844	8,555	(4,711)
Prepaid expenses	3,449	3,713	(264)
Other receivables	8,142	11,721	(3,579)
Total other current assets	59,692	74,742	(15,050)
Other non-current assets	176	139	37
Total other current and non-current assets	59,868	74,881	(15,013)

More specifically:

- *advances on sales commission and other receivables from agents* totalled € 32,396 thousand as at December 31, 2011 (€ 41,250 thousand as at December 31, 2010) and were recorded net of provision for doubtful receivables, which totalled € 2,466 thousand (€ 2,922 thousand as at December 31, 2010). This includes € 120 thousand of receivables with a maturity of over 12 months, which are classified under "Other current assets", since they fall within the normal company operating cycle. These receivables were discounted using an average market rate for receivables with the same maturity;
- *prepaid expenses* as at December 31, 2011 totalled € 11,861 thousand (€ 9,503 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 totalled € 3,844 thousand as at December 31, 2011 (€ 8,555 thousand as at December 31, 2010), included € 3,020 thousand relating to advances paid to the printing company Ilte S.p.A.;
- *other receivables from subsidiaries*, which totalled € 3,449 thousand as at December 31, 2011, relating to the recovery of expenditure incurred by the Group on behalf of its subsidiaries and to recovered costs for seconded personnel (including € 1,607 thousand from Consodata S.p.A., € 1,127 thousand from Thomson Directories Ltd. and € 219 thousand from Cipi S.p.A.).

16. Equity

Equity can be broken down as follows:

(euro/thousand)		As at 12.31.2011		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	A,B,C	466,847		466,843	4
Legal reserve	B	50,071		50,071	-
Retained earnings (losses)	A,B,C	(867,648)		(158,284)	(709,364)
Reserve for transition to IAS/IFRS	A,B,C	161,750		161,750	-
Reserve for "cash-flow hedge" instruments	B	(1,561)		(12,608)	11,047
Reserve for actuarial gains (losses)	B	1,020		873	147
Profit (loss) for the year		(817,856)		(709,369)	(108,487)
Total equity		(557,111)	(*)	249,542	(806,653)

A: Reserve available for share capital increase.
B: Reserve available for covering losses.
C: Reserve available for distribution to Shareholders.
(*) Of which € 47 million subjet to tax imposition in case of distribution (see art.109 TUIR as modified by Legislative Decree 344/2003).

Share capital

Share capital totalled € 450,266 thousand as at December 31, 2011, consisting of 1,927,027,333 ordinary shares and 680,373 savings shares, all with no nominal value, by resolution of the Extraordinary Shareholders' Meeting of January 26, 2009.
Of the share capital, € 13,741 thousand was subject to taxation in case of distribution. Deferred tax liabilities were not calculated on this amount, since the Company is not planning to pay it out.

Additional paid-in capital

Additional paid-in capital totalled € 466,847 thousand as at December 31, 2011; of the additional paid-in capital, € 142,619 thousand was considered to be subject to taxation in case of distribution due to the realignment carried out in 2005 between the book value and the tax value of the customer database, pursuant to Law no. 342/2000. Deferred tax liabilities were not calculated on this amount, since the Company is not planning to pay it out.

Reserve for cash flow hedge instruments

The reserve for "cash flow hedge" instruments was negative € 1,561 thousand as at December 31, 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. More detail on the derivative hedge instruments used by the Company can be found in point 21 of the Explanatory notes to the consolidated financial statements.

Reserve for actuarial gains (losses)

The *reserve for actuarial gains (losses)* totalled € 1,020 thousand as at December 31, 2011 (€ 873 thousand as at December 31, 2010) and included the net cumulative effect of recording actuarial gains (losses) on the severance indemnity fund due to their recognition in the financial statements pursuant to IAS 19, paragraph 93A.

Retained earnings (losses)

An analysis of the two provisions showed net retained losses of € 867,648 thousand (against net retained losses of € 158,284 thousand as at December 31, 2010, *restated*).
Retained earnings, at € 6,929 thousand as at December 31, 2010, were zeroed out in 2011 to cover the 2010 losses as resolved by the Shareholders' Meeting of April 20, 2011.
Retained losses of € 867,648 thousand (€ 165,213 thousand as at December 31, 2010 *restated*) were recorded due to the allocation of € 702,440 thousand of 2010 losses, *restated*, as approved by the Shareholders' Meeting of April 20, 2011. It should be noted that the amount of retained losses as at December 31, 2010 was restated following application of the new accounting policies described in point 5 of these Notes.

17. Total other comprehensive profit (loss)

(euro/thousand)	Year 2011	Year 2010 restated
Profit (loss) for "cash flow hedge" instruments for the year	21,852	(11,373)
Loss (profit) for "cash flow hedge" instruments reclassified to statement of operations	(10,805)	20,979
Profit (loss) for "cash flow hedge" instruments	11,047	9,606
Actuarial gain (loss) recognised to equity	203	149
Tax effect of actuarial gain (loss) recognised to equity	(56)	(41)
Actuarial gain (loss) recognised to equity, net of tax effect	147	108
Total other comprehensive profit (loss), net of tax effect	11,194	9,714

Comments on the individual items can be found in the preceding point of these Explanatory notes.

18. Profit (loss) per share

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

		As at December 31, 2011	As at December 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 shares	*No.*	*680,373*	*680,373*
Profit (loss) for the year	€/thousand	(817,856)	(709,369)
Profit (loss) par share	€	(0,424)	(0,368)

19. Net financial indebtedness

As at December 31, 2011, this was structured as follows:

(euro/thousand)		As at 12.31.2011	As at 12.31.2010	Change
Cash		120,601	133,698	(13,097)
Cash equivalent		-	-	-
Trading securities		-	-	-
Liquidity		120,601	133,698	(13,097)
Current Financial Receivable to third parties		2,057	670	1,387
Current Financial Receivable to related parties		24,881	85,081	(60,200)
Current Bank debt		740,250	7,683	732,567
Current portion of non current debt		3,014	73,254	(70,240)
Other current financial debt to third parties		31,374	22,466	8,908
Other current financial debt to related parties		1,376,465	184,486	1,191,979
Current Financial Debt		2,151,103	287,889	1,863,214
Net Current Financial Indebtedness		2,003,564	68,440	1,935,124
Non current Bank loans		-	596,116	(596,116)
Bonds Issued		722,242	718,587	3,655
Other non current loans to third parties		46,319	49,336	(3,017)
Other non current loans to related parties	(*)	-	1,300,000	(1,300,000)
Non Current Financial Debt		768,561	2,664,039	(1,895,478)
Non Current Financial Receivable to third parties		1,940	1,619	321
Net non Current Financial Indebtedness		766,621	2,662,420	(1,895,799)
Net Financial Indebtedness		**2,770,185**	**2,730,860**	**39,325**
Transaction costs on loans and securitization costs not yet amortized and Net market value of "cash flow hedge" instruments		(31,562)	(47,043)	15,481
Net Financial Indebtedness - book value		2,738,623	2,683,817	54,806

(*) This item is described in the point 12 and not include financial assets available for sale.

As at December 31, 2011 **net financial indebteness** was € 2,770,185 thousand, up € 39,325 thousand from December 31, 2010; it differs from the net financial debt at book value as it is posted "gross" of the expenses incurred *i)* for transaction costs and refinancing of the medium and long-term Senior debt with The Royal Bank of Scotland; *ii)* for the Subordinated loan to Lighthouse International Company S.A.; and *iii)* for the issue of the Senior Secured Bond, totalling € 33,123 thousand net of the portions already amortised. Net financial debt does not include the net value arising from the valuation at market values of the cash flow hedge instruments in place at the end of the period or, if closed early, cash flow hedge instruments that will become effective in subsequent periods. As at December 31, 2011 this value amounted to total to net liabilities of € 1,561 thousand (€ 13,780 thousand as at December 31, 2010).

With the aim of achieving long-term financial stability, in 2011 the Company undertook negotiations to obtain a voluntary restructuring of its own financial structure and, pending negotiations on approval of the transaction, decided *i)* not to proceed with financing of the six-month coupon of € 52,125 thousand due from Lighthouse International Company S.A.; *ii)* not to make repayment of the principal instalment of € 35,196 thousand and interest of € 14,775 thousand due to The Royal Bank of Scotland; and *iii)* not to make payment of the interest on the ancillary hedging contracts for the financing in the Framework Contract of € 2,899 thousand. As a result thereof and as provided in paragraph 74 of IAS 1, the non-current financial debts to Lighthouse International Company S.A. (€ 1,300,000 thousand) and to The Royal Bank of Scotland (€ 446,794 thousand) were reclassified as short-term given that the respective loan agreements contained a debt acceleration clause in the event of payment default so that the debt would become payable in full and with immediate effect, and in respect of this clause the respective counterparties did not grant a grace period of at least 12 months. As regards debt to Senior Secured bondholders, there were no events of default due to non-payment at December 31, 2011, and the respective agreement sets provides that non-payment of the debt to Lighthouse International Company S.A. and to The Royal Bank of Scotland only constitutes an event of default should the respective creditors exercise the acceleration clause, which had not occurred as at December 31, or as at the date of approval of these financial statements. There were therefore no grounds for short-term reclassification of the debt to Senior Secured bondholders, pursuant to IAS 1 paragraph 74, as at December 31, 2011.
A description of the items that make up net financial debt (book value) is provided below".

Non-current financial debts

This amounted to € 750,661 thousand as at December 31, 2011, broken down as follows

(euro/thousand)	As at 12.31.2011	As at 12.31.2010	Change
Bank non current debts	-	596,116	(596,116)
Senior Secured Bond	722,242	718,587	3,655
Other non-current financial debts	46,319	49,336	(3,017)
Other non-current financial debts to releated parties	-	1,300,000	(1,300,000)
Non-current financial indebtness	768,561	2,664,039	(1,895,478)
Transaction costs on loans and securitization program not yet amortised and Net market value of "cash flow hedge" instruments	(17,900)	(60,823)	42,923
Non-current financial liabilities	750,661	2,603,216	(1,852,555)

This item includes:

- *Senior Secured Bonds issued* amounted to € 722,242 thousand, made up of the net value of the issue (€ 716,809 thousand) plus the total accrued discount as at December 31, 2011 (€ 5,443 thousand). The two 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 discounts (the first tranche was issued on January 28, 2010 at a price equivalent to 97.5998% and the second on October 8, 2010 at a price equivalent to 90.0%), the yield on the placement of these bonds was 11% per annum for the first issue and 12.85% per annum for the second issue.
- *Other Non-current financial debts*, totalling € 46,319 thousand as at December 31, 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 48 remaining instalments on the contracts with effect from December 2008 and 52 remaining instalments on the contract with effect from October 2009. All instalments are quarterly deferred instalments subject to a floating interest rate equal to three-month Euribor plus a spread of around 65 basis points per annum. The residual value is fixed at around 1% of the value of the property complex.

Current financial liabilities

This amounted to € 2,137,442 thousand as at December 31, 2011, broken down as follows

(euro/thousand)	As at 12.31.2011	As at 12.31.2010	Change
Current financial debts to bank	740,250	7,683	732,567
Current part of non-current indebtness	3,014	73,254	(70,240)
Other financial debts	31,374	22,466	8,908
Other financial debts to related parties	1,376,465	184,486	1,191,979
Current financial indebtness	2,151,103	287,889	1,863,214
Transaction costs on loans and securitization program not yet amortised and net market value of "cash flow" hedge instruments	(13,662)	13,780	(27,442)
Current financial debt	2,137,441	301,669	1,835,772

This item includes:

- *Current financial debts to banks*: amounting to € 740,250 thousand as at December 31, 2011 (€ 7,683 thousand as at December 31, 2010) and mainly relating to debt on the Senior loan with The Royal Bank of Scotland, broken down as follows:
  a) € 184,517 thousand relating to tranche A, which includes the capital instalment of € 35,196 thousand due on December 28, 2011, not repaid for the reasons mentioned above, and the principal instalment of € 149,321 thousand due on June 8, 2012, with application of a floating interest rate at Euribor plus a 3.41% per annum spread;
  b) € 446,794 thousand relating to tranche B, repayable in a single instalment on June 8, 2013 and bearing a floating interest rate equal to Euribor plus a spread of 3.91% per annum. This instalment was reclassified as short-term pursuant to paragraph 74 of IAS 1, as described above;
  c) € 90,000 thousand relating to a revolving credit line 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 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 programme completed on June 15, 2011;
  d) € 14,775 thousand relating to interest expense due December 28, 2011 relating to the debt on tranches A and B with The Royal Bank of Scotland, payment of which has been suspended, as described above.
- *Other current financial debts to related parties*: Other Current financial debts to related parties were equal to

€ 1,376,465 thousand as at December 31, 2011, and relate to debts to Lighthouse International Company S.A. of € 1,369,500 thousand. This amount includes a principal portion of € 1,300,000 thousand and interest of € 69,500 thousand accrued and not yet paid as at December 31, 2011, of which € 52,125 thousand, due on October 31, 2011, unpaid for the reasons described above. The loan, with a term of ten years and with a fixed interest rate of 8% per year, matures in 2014. It is noted that SEAT Pagine Gialle S.p.A. provided security of € 350,000 thousand in conjunction with the granting of the loan for any eventual ancillary expenses relating to the bond.

The item also includes current financial debts to subsidiaries in the amount of € 6,965 thousand, of which € 3,592 thousand relates to short-term deposits from TDL Infomedia Limited and short-term financial debts to Consodata S.p.A. (€ 1,313 thousand) and Prontoseat S.r.l. (€ 1,014 thousand). Current financial debts to subsidiaries are settled at market rates.

Current financial assets

Current financial assets include:

- *Current financial receivables due from third parties*: € 2,057 thousand as at December 31, 2011 (€ 670 thousand as at December 31, 2010), mainly relating to the financial receivables of the loan of € 1,000 thousand to Ilte S.p.A. and € 357 thousand for loans to employees;
- *Current financial receivables from related parties*: € 24,881 thousand as at December 31, 2011 (€ 85,081 thousand as at December 31, 2010), including:
  - € 23,782 thousand of financial receivables from TDL Infomedia Ltd., in the form of a revolving credit line (€ 79,582 thousand as at December 31, 2010). The change compared to December 31, 2011 is attributable to recapitalisation of the company through the conversion of a portion of the financial receivables on June 1, 2011 in the amount of £ 22,500 thousand and on December 31, 2011 in the amount of £ 16,600 thousand and the € 4,236 thousand write-down following the results of the impairment test;
  - € 1,099 thousand in financial receivables, deriving from short-term loans, from Europages S.A. already accounted for in the € 7,420 thousand write-down receivables as at December 31, 2011. These receivables are settled at market rates.

Cash and cash equivalents

A total of € 120,601 thousand was recorded for this item, down € 13,097 thousand compared to December 31, 2010. It can be broken down as follows:

(euro/thousand)	As at 12.31.2011	As at 12.31.2010	Change
Bank deposits	117,511	133,281	(15,770)
Postal deposits	3,075	403	2,672
Cash	15	14	1
Total cash and cash equivalents	120,601	133,698	(13,097)

The cash and cash equivalents include the aforementioned failure to service the debt for € 104,996 thousand (of which *i*) € 52,125 thousand in accrued interest on the loan obtained from Lighthouse International Company S.A. falling due on October 31, 2011 and not paid; *ii*) € 35,196 thousand for the instalment due to The Royal Bank of Scotland in repayment of the Senior debt and the pertinent interest of € 14,775 thousand falling due on December 28, 2011 and not paid, and *iii*) € 2,900 thousand in interest on ancillary hedging contracts for the loan, falling due on December 28, 2011 and not paid);

20. Guarantees provided, main commitments and contractual rights

The obligations arising from the loan with The Royal Bank of Scotland 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 regards obligations under leasing contracts entered into between SEAT Pagine Gialle S.p.A. and Leasint S.p.A., they are only secured to the extent that the real property leased is owned by Leasint S.p.A. itself, which, in the event of default by SEAT Pagine Gialle S.p.A., can obtain repayment from the proceeds of the sale of the properties.

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 fulfilment by said Lighthouse International Company S.A. of all obligations (for principal, interest and auxiliary expenses) arising from the notes issued by the latter. More specifically, said guarantee is limited to € 350,000 thousand in relation to auxiliary expenses.

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. As regards the latter commitment, it should be noted that, with the payment of substitute tax made in accordance with Article 23, paragraph 4, of Legislative Decree no. 98/2011 (in this regard, see the comment on income taxes at point 32 of these Notes), the risk of having to pay up to € 3.4 million to Lighthouse International Company S.A. as mentioned in this section of the Explanatory notes to the financial statements as at December 31, 2010, has been eliminated.

The loan 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 loan 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 and 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 December 31, 2011 (the date of this report) was negative.

21. Information on financial risks

A detailed description of the risks to which the Company is exposed can be found in point 21 of the Explanatory notes to the consolidated financial statements.

22. Non-current reserves for employees

This can be broken down as follows

	Year 2011				Year 2010
(euro/thousand)	Reserve for severance indemnities	Reserve for defined contribution pension plans	Net liabilities for termination indemnities	Total	Total
Balance at beginning of the year	13,502	1,337	250	15,089	19,189
Provisions	-	3,626	150	3,776	4,067
Contributions	-	787	-	787	815
Benefits paid/received	(3,815)	(5,004)	-	(8,819)	(9,031)
Discounting losses	700	-	-	700	924
Actuarial losses (gains) recognised to equity	(203)	-	-	(203)	(149)
Curtailment	-	-	-	-	268
Other movements	692	259	-	951	(994)
Balance at end of the year	10,876	1,005	400	12,281	15,089

The *severance indemnity fund*, which totalled € 10,876 thousand as at December 31, 2011 (€ 13,502 thousand as at December 31, 2010), was measured by an independent actuary using the projected unit credit method, in accordance with the provisions of IAS 19.

Following the reform of the supplementary pensions system introduced by Legislative Decree no. 252 of December 5, 2005, the severance indemnity fund continues to constitute an obligation for the Company, since it is considered to be a defined-benefit plan.

The portion of the severance indemnity fund accrued subsequently and paid to supplementary pension funds was, as in previous years, considered a *defined-contribution fund*, since the Company's obligation towards the employee is terminated upon payment of the portions accrued to the pension funds. Payments of portions of the severance indemnity fund accrued to the treasury fund managed by the national social security institution (INPS) were also accounted for as payments to a defined-contribution fund, since the Company is not obligated to make any further payments other than those provided for by the Ministerial Decree of January 30, 2007 if the fund does not have sufficient assets to grant the benefit to the employee.

(euro/thousand)	As at 12.31.2011	As at 12.31.2010
A. Change in benefit obligation		
1. Benefit obligation at the beginning of the year	13,502	17,573
2. Current service cost	-	-
3. Interest expense	700	924
4. Actuarial (gains) losses recognised to equity	(203)	(149)
5. Benefits paid from plan/company	(3,815)	(3,895)
6. Curtailment	-	268
7. Other movements	692	(1,219)
Benefit obligation at the end of the year	10,876	13,502

B. Account recognised in the statement of financial position		
Plans that are wholly unfunded and plans that are wholly or partly funded		
1. Present value of defined-benefit obligations at the end of the year	10,876	13,502
Net liability recognised in the statement of financial position	10,876	13,502

Amounts in the statement of financial position:		
1. Liabilities	10,876	13,502
2. Assets	-	-

C. Components of pension cost		
Amounts recognised in the statement of operations:		
1. Current service cost	-	-
2. Interest expense	700	924
Total pension cost recognised in the statement of operations	700	924

D. Principal actuarial assumptions		
Weighted-average assumptions to determine benefit obligation		
1. Discount rate	4.60%	4.75%
2. Salary increase	n.a.	n.a.
3. Rate of price inflation	2.00%	2.00%

Weighted-average assumptions to determine net pension cost		
1. Discount rate	4.75%	5.00%
2. Expected rate of salary increase	n.a.	n.a.
2. Rate of price inflation	2.00%	2.00%

E. Previous experience of acturial profit (loss)		
a. Amount [1]	33	(406)
b. % of plan liabilities at balance-sheet date	0.0%	-3.01%

[1] Actuarial profit/loss determined by applying to the current population the actuarial assumptions

Net liabilities relating to the reserve for end-of-mandate indemnities represent the debt due to the CEO.

23. Other non-current liabilities

Other non-current liabilities totalled € 23,621 thousand as at December 31, 2011 and can be broken down as follows

	Year 2011				Year 2010
(euro/thousand)	Reserve for sale agents' termination indemnities	Reserve for restructuring expenses	Other non-operating liabilities	Total	Total
Balance at beginning of the year	22,455	12,103	753	35,311	28,295
Provision	2,659	-	-	2,659	17,222
Utilization	(5,534)	-	-	(5,534)	(5,248)
Discounting losses (gains)	517	301	34	852	240
Other movements	-	(9,448)	(219)	(9,667)	(5,198)
Balance at end of the year	20,097	2,956	568	23,621	35,311

The *reserve for sales agents' termination indemnities* decreased by € 2,358 thousand in the year. This reserve represents the accrued debt at the end of the year to active sales agents for the indemnities due to them in the event of termination of the agency contract, as provided by current regulations.
The balance of the fund was discounted, taking into consideration expected future cash flows, using the pre-tax discount rate that reflects the current market valuation of the cost of money over time. The change due to the passage of time and changes in the discount rate applied was recorded as a financial expense (€ 517 thousand).
The *reserve for restructuring expenses* (non-current portion), totalling € 2,956 thousand, was reduced in 2011 due to the short-term reclassification of the current portion to the extent of € 9,448 thousand. This reserve should be considered in conjunction with the current portion of the reserve for restructuring expenses.

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

This can be broken down as follows

	Year 2011				Year 2010
(euro/thousand)	Reserve for commercial risks	Reserves for contractual and other operating risks	Non-operating reserves	Total	Total
Balance at beginning of the year	13,804	7,050	19,908	40,762	40,857
Provisions	8,451	5,220	9,860	23,531	23,281
Utilizations	(11,424)	(890)	(12,521)	(24,835)	(22,389)
Reversal to the statement of operations	-	-	(2)	(2)	(5,092)
Other movements	-	-	9,745	9,745	4,105
Balance at end of the year	10,831	11,380	26,990	49,201	40,762

More specifically:

- the *provision for commercial risks*, which totalled € 10,831 thousand as at December 31, 2011 (€ 13,804 thousand as at December 31, 2010), is commensurate with any costs incurred due to failure to properly perform contractual services on PAGINEGIALLE® and PAGINEBIANCHE®;
- *provisions for contractual and other operating risks*, which totalled € 11,380 thousand as at December 31, 2011 (€ 7,050 thousand as at December 31, 2010), include € 7,042 thousand relating to ongoing legal disputes and € 4,338 thousand relating to litigation with agents and employees;
- *non-operating provisions* (current portion) totalled € 26,990 thousand as at December 31, 2011 (€ 19,908 thousand as at December 31, 2010). These mainly include € 15,301 thousand in the form of the *restructuring reserve* (*current portion*), which covers costs that SEAT Pagine Gialle S.p.A. expects to incur in relation to the aforementioned corporate restructuring programme and € 7,689 thousand relating to the restructuring reserve for the sales network.

25. Trade payables and other current liabilities

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

(euro/thousand)	As at 12.31.2011	As at 12.31.2010 restated	Change
Payables due to suppliers	112,782	120,280	(7,498)
Payables due to sales agents	23,324	26,623	(3,299)
Payables due to other	4,717	12,795	(8,078)
Payables due to employees	12,263	10,425	1,838
Payables due to social security institutions	5,592	7,063	(1,471)
Total trade payables	158,678	177,186	(18,508)
Payables for services to be rendered	216,251	240,720	(24,469)
Advances from customers	2,860	2,942	(82)
Other current liabilities	13,267	7,857	5,410
Total payables for services to be rendered and other current liabilities	232,378	251,519	(19,141)

All *trade payables* fall due within 12 months.

Payables to suppliers totalled € 112,782 thousand as at December 31, 2011, down € 7,498 thousand compared to December 31, 2010 (€ 120,280 thousand). This change reflects the lower volume of purchases compared to the previous year.

Payables to sales agents, which totalled € 23,324 thousand as at December 31, 2011 (€ 26,623 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 € 32,396 thousand as at December 31, 2011 (€ 41,250 thousand as at December 31, 2010).

Payables for services to be rendered, at € 216,251 thousand as at December 31, 2011 (€ 240,720 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.

26. Revenues from sales and services

Revenues from sales and services totalled € 748,515 thousand in 2011, down 6.1% compared with the previous year (€ 797,536 thousand).

This result reflected performance by core products (print-online&mobile-voice), down 5.2% due to the decline in print and voice products, mitigated by strong growth in online activities (up 55.7%) supported by constant product development and the launching of new services within the framework of a multimedia product range.

A more detailed analysis of these revenues can be found in the Report on operations, in the "Economic and financial performance by Business Area" section, under the heading "Italian Directories".

27. Other revenues and operating costs

27.1 Other revenues and income

Other revenues and income at € 7,157 thousand in 2011, a decline of € 1,174 thousand on the previous year, include € 2,706 thousand for the recovery of costs incurred by SEAT Pagine Gialle S.p.A. and then recharged to Group companies for the acquisition of goods and services and for seconded employees, € 2,003 thousand to the recovery of other expenses, of which € 195 thousand of Group companies and € 1,808 thousand of third parties, and € 1,822 thousand to other income, of which € 428 thousand is for administrative and industrial services provided to the subsidiary, Consodata S.p.A..

27.2 Material costs

Material costs of € 23,278 thousand were recorded in 2011, down € 5,544 thousand compared to 2010 restated. More specifically, this relates to:
- *paper consumption* in the amount of € 19,800 thousand in 2011, which fell by € 4,910 thousand as a result of fewer publications being printed. In 2011, 27,947 tonnes of paper (35,355 tonnes in 2010) and 12.74 million sheets (15.96 million in 2010) were used;
- *goods and products for resale* in the amount of € 3,196 thousand in 2011 (€ 4,136 thousand in 2010), relating to the acquisition of customised items within merchandising.

27.3 External services

Costs for external services totalled € 278,437 thousand in 2011, down € 8,717 thousand compared to 2010 *restated* (€ 287,154 thousand). More specifically:
- *Commissions and other agent costs* of € 89,213 thousand in 2011 (€ 98,338 thousand in 2010 *restated*), recording a decrease of € 9,125 thousand, with the decrease being directly attributable to revenues performance;
- *directory printing and distribution costs*, which totalled € 37,650 thousand in 2011 (€ 43,496 thousand in 2010), mainly related to typesetting, printing and binding costs for PAGINEGIALLE® and PAGINEBIANCHE®. The year-on-year reduction of € 5,846 thousand is mainly attributable to the reduction in the number of publications printed;
- *inbound call centre services* of € 17,750 thousand in 2011 (€ 20,197 thousand in 2010), a decline of € 3,047 thousand due to reduced call volumes to the 89.24.24 Pronto PAGINEGIALLE® and 12.40 Pronto PAGINEBIANCHE® services;
- *advertising and promotional costs* of € 15,211 thousand in 2011, substantially costant with respect 2010 (€ 15,521 thousand), were incurred, in particular, to support the 89.24.24 Pronto PAGINEGIALLE® and PAGINEGIALLE.it® products.

27.4 Salaries, wages and employee benefits

Salaries, wages and employee benefits totalled € 72,225 thousand in 2011, down € 3,529 thousand (-4.7%) on the previous year (€ 75,754 thousand). This decrease was due to a reduction in the average workforce from 1,129 employees in 2010 to 1,029 in 2011. The change in the workforce was the result of measures to resize the workforce in implementation of the 2011-2013 reorganization plan. The total for this item also includes capitalised personnel costs in connection with capital expenditure projects carried out in the year (€ 5,312 thousand in 2011 against € 4,902 thousand in 2010).
The workforce as at December 31, 2011, including directors, project workers and trainees, consisted of 1,254 employees (1,233 employees as at December 31, 2010).

27.5 Other operating expenses

Other operating expenses totalled € 2,858 thousand in 2011 (€ 2,702 thousand in 2010). These include € 1,561 thousand of indirect and operating taxes and € 358 thousand of promotion and entertainment expenses.

27.6 Net non-recurring costs

Net non-recurring costs totalled € 27,552 thousand in 2011 (€ 8,274 thousand in 2010). These mainly include costs incurred in the renegotiation of the existing debt, currently in progress, aimed at long-term stabilisation of the financial structure.

27.7 Net restructuring costs

Net restructuring costs totalled € 9,999 thousand in 2011 (€ 26,280 thousand in 2010), of which € 9,860 thousand relates to allocation to the sales network restructuring reserve.

28. Financial income and expense

28.1 Financial expense

Financial expense, which totalled € 290,166 thousand in 2011 (€ 273,256 thousand in 2010), mainly relates to:
In particular, interest expense for 2011 includes:

- € 121,380 thousand in interest expense on the fixed-rate Subordinated loan with the associate Lighthouse International Company S.A. This amount includes € 17,130 thousand relating to the portion of amortization for the year pertaining to transaction costs, significantly higher than in the previous year (€ 5,971 thousand) given that the time horizon in reference for expenses payable over multiple years was reduced as a result of the negotiations undertaken for the voluntary restructuring of the financial structure as described under point 19 of these Notes;
- € 84,818 thousand of interest expense paid on the Senior Secured Bond (compared with € 61,863 thousand in 2010). This amount includes € 2,413 thousand relating to transaction costs for the period and € 3,655 thousand for the share of the issue discount;
- € 53,275 thousand of interest expense (€ 68,467 thousand in 2010) relating to the Senior credit agreement between SEAT Pagine Gialle S.p.A. and The Royal Bank of Scotland. This amount includes € 8,157 thousand relating to transaction costs for the period, € 8,780 thousand relating to the negative impact of cash flow hedge instruments against interest rate risk and € 3,232 thousand relating to the revolving line of credit interest;
- € 2,343 thousand of interest expense (against € 2,289 thousand in 2010) on debts due to Leasint S.p.A. in relation to seven financial leasing contracts entered into for the purchase of the Turin property complex where SEAT Pagine Gialle S.p.A. has its offices;
- € 2,016 thousand (€ 7,808 thousand in 2010) in interest expense to the special-purpose entity Seat Servizi per le Aziende S.r.l. within the context of the securitization transaction completed on June 15, 2011;
- € 10,903 thousand of foreign exchange losses (against € 10,846 thousand in 2010) recorded as a result of hedging transactions against euro/sterling exchange rate risk, which were more than offset by the foreign exchange gains of € 12,205 thousand recorded under interest income;
- €15,431 thousand in other interest expenses (€ 11,762 thousand in 2010), which include € 7,841 thousand for the write-down of current financial assets(€ 4,236 thousand for TDL Infomedia Ltd. and € 3,605 thousand for Europages S.A.), € 3,477 thousand of interest accrued on tax payables due under Article 23, paragraph 4 of Legislative Decree no. 98/2011 and € 1,912 thousand relating to discounting losses from non-current assets and liabilities.

28.2 Financial income

Financial income, which totalled € 22,945 thousand in 2011 (€ 37,035 thousand in 2010), mainly relates to:

- € 8,051 thousand in dividends from subsidiaries (€ 20,513 thousand in 2010), distributed by Telegate AG;
- € 1,749 thousand (€ 2,163 thousand in 2010) in interest income on financial receivables from subsidiaries;
- € 12,205 thousand of foreign exchange gains (€ 10,950 thousand in 2010) mainly recorded as a result of the hedging policy adopted against euro/sterling exchange rate risk.

In 2011 the average total cost of the financial debt of SEAT Pagine Gialle S.p.A. was 8.5% (7.6% in 2010), in line with forecasts. This change was due to the altered structure of the debt following the issue of the new € 750 million 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.

29. Income taxes

Income taxes for 2011 can be broken down as follows

(euro/thousand)	Year 2011	Year 2010 restated	Change Absolute	%
Current income taxes	37,009	69,361	(32,352)	(46.6)
Reversal (provision) of deferred tax assets	43,731	(13,347)	57,078	n.a.
Provision (reversal) of deferred tax liabilities	4,009	3,791	218	5.8
Income taxes referred to the previous years	-	26,034	(26,034)	(100.0)
Total income taxes for the year	84,749	85,839	(1,090)	(1.3)

Current income taxes totalled €37,009 thousand in 2011 and ncludes a one-off payment of € 29,666 thousand of substitute tax as provided for in Article 23, paragraph 4 of Decree Law no. 98/2011 relating to interest paid until April 30, 2011 on the existing subordinated loan with Lighthouse International Company S.A.
Net of this component, current taxes benefit from a one-off tax savings due to the change in revenue accounting policies, in that the restatement of the statements of operations for previous years had a tax impact in the 2011 tax year.
Therefore, the amount of current taxes for both 2011 and 2010 restated should be viewed in conjunction with the deferred tax provision/release, considering that the deferred taxes recorded in 2010 restated as a result of the change in revenue accounting criteria were largely recovered in 2011, with the remainder expected to be recovered in 2012.
Net of these one-off effects on 2010 and 2011, the amount of current taxes reflects the performance of operating profitability.

The *reconciliation* of the income taxes reported in the financial statements and the theoretical income taxes resulting from application of the tax rates in force to the pre-tax result for the financial years ended December 31, 2011 and December 31, 2010 is as follows:

(euro/thousand)	Year 2011	Year 2010 restated
Income before income taxes	(733,107)	(623,530)
Current income taxes calculated with the theoretical tax rate	230,196	195,788
Tax realignment on intangible assets	-	31
Substitute tax Legislative Decree 98/2011	(29,666)	-
Fiscal effect on non-deductible expenses for IRAP purposes	(42,426)	(40,378)
Income taxes referred to previous years	468	(26,034)
Permanent differences and other movements	(243,321)	(215,246)
Total income taxes for the year	(84,749)	(85,839)

The permanent differences (€ 243,264 thousand in 2011 compared to € 215,246 thousand in 2010) are mainly attributable to the non-deductibility of the components relating to impairment losses. Permanent differences also include non-deductible interest expense pursuant to Article 96 of the Consolidated Income Tax Law, insofar as it is not likely that, within the timeframe foreseeable at present, the Group will generate gross operating revenues pursuant to Article 96 of the aforementioned law to a sufficient extent to deduct interest expense not deducted in the current financial year in the future. Consequently, deferred tax assets totalling € 41,791 thousand were not recorded.

Net deferred tax assets and liabilities

Net deferred tax assets of € 10,517 thousand were recorded as at December 31, 2011, compared with € 57,871 thousand as at December 31, 2010 *restated*.
The changes that occurred in the year are 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	Tax group and other movements	As at 12.31.2011		
					Total	*of which IRES*	*of which IRAP*
Deferred tax assets							
Allowance for doubtful trade receivables	27,269	(8,720)	-	-	18,549	*18,549*	-
Reserves for contractual risks	20,078	(217)	-	-	19,861	*18,155*	*1,706*
Tax losses	-	4,055	-	973	5,028	*5,028*	-
Tax effect of the change in accounting policies	38,099	(38,099)	-	-	-	-	-
Other	5,622	(750)	-	(587)	4,285	*4,113*	*172*
Total deferred tax assets	*91,068*	*(43,731)*	-	*386*	*47,723*	*45,845*	*1,878*
Deferred tax liabilities							
Goodwill amortization	(32,017)	(4,046)	-	-	(36,063)	*(33,025)*	*(3,038)*
Reserves for severance indemnities	(1,042)	-	(56)	56	(1,042)	*(1,042)*	-
Other	(138)	37	-	-	(101)	*(29)*	*(72)*
Total deferred tax liabilities	*(33,197)*	*(4,009)*	*(56)*	*56*	*(37,206)*	*(34,096)*	*(3,110)*
Total net deferred tax assets	57,871	(47,740)	(56)	442	10,517	*11,749*	*(1,232)*

Deferred tax assets in 2011 changed by € 38,099 thousand due to the tax effect resulting from the change in accounting policies, which determinate a provisions of deferred tax assets in 2010 restated partly recovered in 2011 (and the remainder expected to be recovered in 2012).

Current tax assets

Current tax assets of € 28,504 thousand were recorded as at December 31, 2011 (€ 644 thousand as at December 31, 2010). These can be broken down as follows

(euro/thousand)	As at 12.31.2011	As at 12.31.2010	Change
Income tax receivables	23,218	387	22,831
Other tax receivables	257	257	-
Total current tax assets	23,475	644	22,831

The € 23,218 thousand as at December 31, 2011 includes advances made during the year and is posted net of the set-off against income tax payables which benefit from the one-off tax savings related to the change in accounting policy (for more details see the paragraph of income tax).

Current tax payables

Current tax payables as at December 31, 2011 were fully offset by direct tax credits. This is broken down as follows:

(euro/thousand)	As at 12.31.2011	As at 12.31.2010	Change
Income tax payables	-	28,275	(28,275)
Other tax payables	13,946	15,742	(1,796)
Total current tax payables	13,946	44,017	(30,071)

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

Statements of financial position

The statements of financial position item "Liabilities directly associated with non-current assets held for sale and discontinued operations" amounted to € 250 thousand as at December 31, 2011 and December 31, 2010 included figures relating to the Group's interest in the Turkish joint venture, Katalog Yayin ve Tanitim Hizmetleri A.S.

31. Related-party transactions

With reference to the provisions of IAS 24 and pursuant to Article 2, letter h) of Consob Issuers' Regulation no. 11971/1999 (as subsequently amended), the economic and financial effects of transactions with related parties on the separate financial statements of SEAT Pagine Gialle S.p.A. for 2011 are listed below.

Transactions carried out by the Company with related parties fall 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)	Year 2011	Subsidiaries	Associates	Companies with significant influence	Other related parties (*)	Total related parties year 2011
Revenues from sales and services	748,515	51,117	-	-	-	51,117
Other income and revenues	7,157	3,726	-	-	-	3,726
Costs of materials and external services	(301,715)	(17,479)	-	-	(434)	(17,913)
Salaries, wages an employee benefits	(72,225)	(82)	-	-	(8,183)	(8,265)
Adjustments	(19,338)	(1,235)	-	-	-	(1,235)
Other operating costs	(2,858)	(136)	-	-	-	(136)
Non-recurring and restructuring costs	(37,551)	(3)	(243)	-	(936)	(1,182)
Interest income	22,945	9,800	-	-	-	9,800
Interest expense	(290,166)	(10,982)	(104,352)	-	-	(115,334)
Income taxes	(84,749)	(419)	-	-	-	(419)

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

(euro/thousand)	Year 2010 restated	Subsidiaries	Associates	Companies with significant influence	Other related parties (*)	Total related parties year 2010 restated
Revenues from sales and services	797,536	59,166	-	-	-	59,166
Other income and revenues	8,331	4,509	-	-	-	4,509
Cost of materials and external services	(315,976)	(28,308)	-	-	(149)	(28,457)
Salaries, wages and employee benefits	(75,754)	(101)	-	-	(6,156)	(6,257)
Adjustments	(28,814)	(933)	-	-	-	(933)
Other operating costs	(2,702)	(191)	-	-	-	(191)
Non-recurring and restructuring costs	(34,554)	45	-	-	(73)	(28)
Interest income	37,035	22,676	-	-	-	22,676
Interest expense	(273,256)	(12,986)	(104,250)	(29)	-	(117,265)
Income taxes	(85,839)	(1,386)	-	-	-	(1,386)

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

Statements of financial position

(euro/thousand)	As at December 31, 2011	Subsidiaries	Associates	Companies with significant influence	Other related parties (*)	Total related parties at December 31, 2011
Non-current reserves to employees	(12,281)	-	-	-	(400)	(400)
Current financial debts	(2,137,441)	(6,965)	(1,369,500)	-	-	(1,376,465)
Trade payables	(158,678)	(3,796)	(131)	-	(768)	(4,695)
Payables for services to be rendered an other current liabilities	(232,378)	(1,613)	(243)	-	-	(1,856)
Trade receivables	458,053	14,731	-	-	-	14,731
Other current assets	59,692	6,043	-	-	-	6,043
Current financial assets	26,938	24,881	-	-	-	24,881
Investments	36,952	181	-	-	-	181

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

(euro/thousand)	As at December 31, 2010 restated	Subsidiaries	Associates	Companies with significant influence	Other related parties (*)	Total related parties as at December 31, 2010 restated
Non-current financial debts	(2,603,216)	-	(1,300,000)	-	395	(1,299,605)
Non-current reserves to employees	(15,089)	-	-	-	(250)	(250)
Current financial debt	(301,669)	(167,111)	(17,375)	-	-	(184,486)
Trade payables	(177,186)	(12,140)	(29)	-	(647)	(12,816)
Payables for services to be rendered an other current liabilities	(251,519)	(4,937)	-	-	-	(4,937)
Trade receivables	551,897	17,508	-	-	-	17,508
Other current assets	74,742	10,882	-	-	-	10,882
Current financial assets	85,751	85,081	-	-	-	85,081
Cash and cash equivalent	133,698	377	-	-	-	377
Investments	31,256	140	-	-	-	140

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

Statements of cash flows

(euro/thousand)	Year 2011	Subsidiaries	Associates	Companies with significant influence	Other related parties (*)	Related parties year 2011
Cash inflow (outflow) from operating activities	281,454	31,856	-	-	(9,282)	22,574
Cash inflow (outflow) for investments	(36,990)	(181)	-	-	-	(181)
Cash inflow (outflow) for financing	(257,561)	(100,751)	(52,125)	-	-	(152,876)
Cash inflow (outflow) from non-current assets held for sale and discontinued operations	-	-	-	-	-	-
Cash flow for the year	(13,097)	(69,076)	(52,125)	-	(9,282)	(130,483)

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

(euro/thousand)	Year 2011	Subsidiaries	Associates	Companies with significant influence	Other related parties (*)	Related parties year 2011
Cash inflow (outflow) from operating activities	317,725	32,570	-	-	(7,910)	24,660
Cash inflow (outflow) for investments	(33,722)	(140)	-	-	-	(140)
Cash inflow (outflow) for financing	(305,750)	(42,953)	(104,250)	(13,555)	(395)	(161,153)
Cash inflow (outflow) from non-current assets held for sale and discontinued operations	-	-	-	-	-	-
Cash flow for the year	(21,747)	(10,523)	(104,250)	(13,555)	(8,305)	(136,633)

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

Main economic and financial items relating to subsidiaries, associate companies, joint ventures and companies with significant influence over SEAT Pagine Gialle S.p.A.

Statements of operations

(euro/thousand)	Year 2011	Year 2010	Type of transaction
REVENUES of which:			
Pagine Gialle Phone Service S.r.l.	45,681	53,670	retroceded telephone traffic
Europages S.A.	5,222	5,400	commission
Total revenues on sales and services	51,117	59,166	
OTHER INCOME AND REVENUE of which:			
Consodata S.p.A.	2,227	2,794	recovery of cost of seconded personnel and refunds for services
TDL Infomedia Ltd.	743	766	recovery of cost of seconded personnel and refunds for services
Europages S.A.	341	347	recovery of cost of seconded personnel and refunds for services
Prontoseat S.r.l.	45	457	recovery of cost of seconded personnel and refunds for services
Total other income and revenue	3,726	4,509	
COSTS of which:			
Pagine Gialle Phone Service S.r.l.	9,061	8,354	call center services
Prontoseat S.r.l.	3,390	4,419	call center services
Consodata S.p.A.	2,761	5,004	sale of direct marketing services
Cipi S.p.A.	2,219	10,496	purchase of goods and products for resale
Total costs of materials and external services	17,479	28,308	
Total salaries, wages and employee benefits	82	101	cost of seconded personnel
Total valuation adjustments	1,235	933	accruals to the doubtful trade account receivables provision over the period for Pagine Gialle Phone Service S.r.l. receivables in respect of telephone traffic.
Total other operating expense	136	191	purchase of representation goods and services from Cipi S.p.A.
Total non recurrent costs, net	246	45	costs related to funding Request Contract
INTEREST INCOME of which:			
Telegate GmbH	6,500	18,100	distributed dividends
Telegate AG	1,574	2,044	distributed dividends
TDL Infomedia Ltd.	1,551	2,413	interest income on financing
Total interest income	9,800	22,676	
INTEREST EXPENSE of which:			
Lighthouse International Company S.A.	104,250	104,250	interest expense, charges and write-down of multi-year costs on the long-term "Subordinated" financing
Lighthouse International Company S.A.	102	-	transaction costs related to long-term "subordinated" financing
Seat Servizi per le Aziende S.r.l.	1,840	6,600	interest expense, charges and write-down of multi-year costs on financing
Telegate AG	1,076	2,139	interest expense on short-term deposits and current accounts to subsidiaries
TDL Infomedia Ltd.	169	397	interest expense on short-term deposits and current accounts to subsidiaries
Leading shareholders	-	29	interest expense on dividends to some Leading Shareholders
Total interest expense	115,334	117,265	
Total income taxes	(419)	1,386	profits tax for period of Italian subsidiaries in the tax group

Statements of financial position

(euro/thousand)	At December 31, 2011	At December 31, 2010	Type of transaction
NON-CURRENT FINANCIAL DEBT			
Lighthouse International Company S.A.	-	1,300,000	"Subordinated" financing
Total non-current financial debt		1,300,000	
TRADE ACCOUNT RECEIVABLES of which:			
Pagine Gialle Phone Service S.r.l.	14,519	15,536	services rendered
Europages S.A.		1,901	services rendered
Total trade account receivables	14,731	17,508	
OTHER CURRENT ASSETS of which:			
Europages S.A.	2,790	7,332	prepaid expenses related to changes in accounting policies and recovery of costs and services rendered
Consodata S.p.A.	1,607	2,193	recovery of costs and services rendered
TDL Infomedia Ltd.	1,127	850	recovery of costs and services rendered
Cipi S.p.A.	219	101	mainly due to advances paid
Prontoseat S.r.l.	59	355	recovery of costs and services rendered
Total other current assets	6,043	10,882	
CURRENT FINANCIAL ASSETS of which:			
TDL Infomedia Ltd.	23,782	79,582	revolving loan
Europages S.A.	1,099	4,541	current account receivables
Total current financial assets	24,881	85,081	
Total cash and cash equivalent	-	377	current account receivable from Seat Servizi per le Aziende S.r.l.
CURRENT FINANCIAL DEBT of which:			
Telegate AG	-	45,142	cash deposits
Lighthouse International Company S.A.	1,369,500	17,375	subordinated debt and outstanding interest payable
TDL Infomedia Ltd.	3,592	10,456	current account debt
Consodata S.p.A.	1,313	3,577	current account debt
Prontoseat S.r.l.	1,014	1,294	current account debt
Pagine Gialle Phone Service S.r.l.	510	-	current account debt
Cipi S.p.A.	493	-	current account debt
Telegate GmbH	43	81	current account debt
Total current financial debt	1,376,465	184,486	
COMMERCIAL DEBT of which:			
Prontoseat S.r.l.	1,600	1,930	services rendered
Consodata S.p.A.	1,175	1,569	services rendered
Pagine Gialle Phone Service S.r.l.	550	1,019	services rendered
Europages S.A.	48	4,806	services rendered
Cipi S.p.A.	423	2,816	services rendered
Total commercial debt	3,927	12,169	
Total services to be rendered and other current liabilities	1,856	4,937	debts for profits tax for period of Italian subsidiaries in the tax group
INVESTMENTS			
Consodata S.p.A.	155	140	capitalisation of software and licences
Total investments	181	140	
DISPOSALS			

32. Other information

Riepilogativo dei corrispettivi alla Società di Revisione e alle entità appartenenti alla sua rete.

Pursuant to Article 149-*duodecies* of the Consob Issuers' Regulations (Resolution no. 11971/1999, as subsequently amended), the following disclosure shows the fees for 2011 for auditing and other services carried out for SEAT Pagine Gialle S.p.A. by Reconta Ernst & Young S.p.A. and related entities.
The 2011 separate financial statements of SEAT Pagine Gialle S.p.A. were audited by Reconta Ernst & Young S.p.A. on the basis of the mandate awarded by the Shareholders' Meeting on April 27, 2006 for 2006-2011 in compliance with the Consolidated Finance Act (Legislative Decree no. 58 of February 24, 1998).
The fee for auditing the 2011 separate financial statements and verifying that the accounts are kept correctly and that the accounting entries accurately reflect operations was € 177 thousand, while the fee for the Group consolidated financial statements was € 41 thousand. The overall fee for the limited audit of the SEAT Pagine Gialle 2011 first-half report was € 45 thousand.
The External Auditors, Reconta Ernst & Young S.p.A., also charged a total of € 138 thousand for additional work relating to: *i)* quarterly checks of contracts relating to the securitization programme; *ii)* certification of Lighthouse International Company S.A. bondholders; *iii)* checks on senior debt covenants; *iv)* activities to support the change in revenue accounting criteria
Entities related to Reconta Ernst & Young S.p.A. charged € 17 thousand for additional tax consultancy services.

List of significant equity investments

Name	Registered office	Share capital		Owned by	% held by SEAT Pagine Gialle S.p.A.
CIPI S.p.A.	Milan (Italy)	Euro	1,200,000	Seat Pagine Gialle S.p.A.	100.00
CONSODATA S.p.A.	Rome (Italy)	Euro	2,446,330	Seat Pagine Gialle S.p.A.	100.00
EUROPAGES S.A.	Neuilly-sur-Seine Cedex (France)	Euro	2,800,000	Seat Pagine Gialle S.p.A.	93.562
EUROPAGES GmbH in liquidation	Munich (Germany)	Euro	25,000	Europages SA	100.00
EUROPAGES Benelux SPRL	Watermael-Boitsfort (Belgium)	Euro	20,000	Europages SA	99.00
KATALOG YAYIN VE TANITIM HIZMETLERI A.S.	Istanbul (Turkey)	YTL	26,500,000	Seat Pagine Gialle S.p.A.	50.00
LIGHTHOUSE INTERNATIONAL COMPANY S.A.	Luxembourg	Euro	31,000	Seat Pagine Gialle S.p.A.	25.00
PAGINE GIALLE PHONE SERVICE S.r.l. (ex TELEGATE Italia S.r.l.)	Turin (Italy)	Euro	129,000	Telegate AG	100.00
PRONTOSEAT S.r.l.	Turin (Italy)	Euro	10,500	Seat Pagine Gialle S.p.A.	100.00
TELEGATE HOLDING GmbH	Munich (Germany)	Euro	26,100	Seat Pagine Gialle S.p.A.	100.00
TELEGATE A.G.	Munich (Germany)	Euro	19,111,091	Telegate Holding GmbH Seat Pagine Gialle S.p.A.	61.13 16.24
11811 NUEVA INFORMACION TELEFONICA S.A.U.	Madrid (Spain)	Euro	222,000	Telegate AG	100.00
11880 TELEGATE GmbH	Vienna (Austria)	Euro	35,000	Telegate AG	100.00
DATAGATE GmbH	Munich (Germany)	Euro	60,000	Telegate AG	100.00
TELEGATE MEDIA AG	Essen (Germany)	Euro	4,050,000	Telegate AG	100.00
UNO UNO OCHO CINCO CERO GUIAS S.L.	Madrid (Spain)	Euro	3,100	Telegate AG	100.00
TELEGATE LLC	Yereva (Armenia)	Dram	50,000	Telegate AG	100.00
TDL INFOMEDIA LTD	Hampshire (UK)	Sterling	139,524,78	Seat Pagine Gialle S.p.A.	100.00
MOBILE COMMERCE LTD	Cirencester (UK)	Sterling	497	TDL Infomedia Ltd	10.00
TDL BELGIUM S.A. (in liquidation)	Brussels (Belgium)	Fr.B.	750,087,200	TDL Infomedia Ltd	49.60
THOMSON DIRECTORIES Ltd	Hampshire (UK)	Sterling	1,340,000	TDL Infomedia Ltd	100.00
THOMSON DIRECTORIES PENSION COMPANY Ltd	Hampshire (UK)	Sterling	2	Thomson Directories Ltd	100.00

Appendix

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

Introduction

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 is dependent 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 relating 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 policies for direct costs and revenues have been calculated by taking the pertinent tax effect into account.

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 in 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 on the tables below, which set out the effects of the change in the accounting policies.

(a) *Net deferred tax assets and liabilities*: the items have been adjusted to reflect the net tax effects of the change in the accounting policies for recognizing revenues and related costs.

(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 invoicing 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 mainly to 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 minority interests*: this item has been adjusted to reflect the effects of the change in the accounting policies applied by associated companies which are not wholly owned;

(i) *Other provisions*: 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	3,187,161			3,187,161
Intangible assets with finite useful life	76,338			76,338
Property, plant and equipment	11,690			11,690
Leased assets	60,081			60,081
Investments	165,892			165,892
Other non-current financial assets from third parties	2,198			2,198
Deferred tax assets, net	25,193	(a)	22,250	47,443
Other non-current assets	75			75
Total non-current assets	3,528,628		22,250	3,550,878
Current assets				
Inventories	7,260			7,260
Trade receivables	557,307			557,307
Current tax assets	2,945			2,945
Other current assets	65,037	(b)	12,679	77,716
Current financial assets to third parties	1,918			1,918
Current financial assets to related parties	85,853			85,853
Cash and cash equivalents	155,445			155,445
Total current assets	875,765		12,679	888,444
Non-current assets held for sale and discontinued operations	326			326
Total assets	4,404,719		34,929	4,439,648

Liabilities

(euro/thousand)	As at 01.01.2010 (*)	Notes	Adjustments	As at 01.01.2010 restated
Equity				
Share capital	450,266			450,266
Additional paid-in capital	466,843			466,843
Legal reserve	50,071			50,071
Retained earnings (losses)	(86,438)	(i)	(73,861)	(160,299)
Reserve for "cash flow hedge" instruments	(22,214)			(22,214)
Reserve for actuarial gains (losses)	765			765
Other reserves	163,765			163,765
Profit (loss) for the period	-			-
Total equity	1,023,058		(73,861)	949,197
Non-current liabilities				
Non-current financial debts to third parties	870,368			870,368
Non-current financial debts to releated parties	1,408,807			1,408,807
Non-current reserves to employees	19,189			19,189
Other non-current liabilities	28,295			28,295
Total non-current liabilities	2,326,659			2,326,659
Current liabilities				
Current financial debts to third parties	596,836			596,836
Current financial debts to related parties	111,981			111,981
Trade payables	202,291	(c)	(10,073)	192,218
Payables for services to be rendered and other current liabilities	68,757	(d)	118,863	187,620
Reserve for current risks and charges	40,857			40,857
Current tax payables	34,030			34,030
Total current liabilities	1,054,752		108,790	1,163,542
Liabilities directly associated with non-current assets held for sale and discontinued operation	250			250
Total liabilities	3,381,661		108,790	3,490,451
Total liabilities and equity	4,404,719		34,929	4,439,648

(*) The figures have been restated for the adjustment (€ 5,185 thousand) relating to transaction costs on the loan with Lighthouse International Company S.A. 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

Data not audited

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	3,187,161			3,187,161
Intangible assets with finite useful life	70,701			70,701
Property, plant and equipment	11,805			11,805
Leased assets	59,173			59,173
Investments in associates and joint ventures	165,892			165,892
Other non-current financial assets	2,197			2,197
Deferred tax assets, net	45,363	(a)	19,391	64,754
Other non-current assets	75			75
Total non-current assets	3,542,367		19,391	3,561,758
Current assets				
Inventories	11,718			11,718
Trade receivables	504,217			504,217
Current tax assets	2,990			2,990
Other current assets	66,388	(b)	9,544	75,932
Current financial assets to third parties	1,607			1,607
Current financial assets to related parties	86,232			86,232
Cash and cash equivalents	150,738			150,738
Total current assets	823,890		9,544	833,434
Non-current assets held for sale and discontinued operations	326			326
Total assets	4,366,583		28,935	4,395,518

Liabilities

(euro/thousand)	As at 03.31.2010 (*)	Notes	Adjustments	As at 03.31.2010 restated
Equity				
Share capital	450,266			450,266
Additional paid-in capital	466,843			466,843
Legal reserve	50,071			50,071
Retained earnings (losses)	(85,954)	(i)	(73,861)	(159,815)
Reserve for "cash flow hedge" instruments	(26,106)			(26,106)
Reserve for actuarial gains (losses)	765			765
Other reserves	124,916			124,916
Profit (loss) for the period	(38,636)		9,490	(29,146)
Total equity	980,801		(64,371)	916,430
Non-current liabilities				
Non-current financial debts to third parties	1,392,898			1,392,898
Non-current financial debts to related parties	1,379,726			1,379,726
Non-current reserves to employees	17,919			17,919
Other non-current liabilities	23,821			23,821
Total non-current liabilities	2,814,364			2,814,364
Current liabilities				
Current financial debts to third parties	70,365			70,365
Current financial debts to related parties	136,760			136,760
Trade payables	157,211	(c)	(10,230)	146,981
Payables for services to be rendered and other current liabilities	136,837	(d)	103,536	240,373
Reserve for current risks and charges	40,621			40,621
Current tax payables	29,374			29,374
Total current liabilities	571,168		93,306	664,474
Liabilities directly associated with non-current assets held for sale and discontinued operation	250			250
Total liabilities	3,385,782		93,306	3,479,088
Total liabilities and equity	4,366,583		28,935	4,395,518

(*) The figures have been restated for the adjustment (€ 5,185 thousand) relating to transaction costs on the loan with Lighthouse International Company S.A. 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

Data not audited

(euro/thousand)	1st quarter 2010	Notes	Adjustments	1st quarter 2010 restated
Sales of goods	809			809
Rendering of services	99,563		11,895	111,458
Revenues from sales and services	100,372	(e)	11,895	112,267
Other income	1,781			1,781
Total revenues	102,153		11,895	114,048
Costs of materials	(878)			(878)
Costs of external services	(55,881)	(f)	454	(55,427)
Salaries, wages and employee benefits	(20,194)			(20,194)
Other valuation adjustments	(9,524)			(9,524)
Provisions to reserves for risks and charges, net	(2,262)			(2,262)
Other operating expenses	(694)			(694)
Operating income before amortization, depreciation, non-recurring and restructuring costs, net	12,720		12,349	25,069
Amortization, depreciation and write-downs	(12,064)			(12,064)
Non-recurring costs, net	(817)			(817)
Restructuring costs, net	(30)			(30)
Operating result	(191)		12,349	12,158
Interest expense	(62,037)			(62,037)
Interest income	4,521			4,521
Gains (losses) on disposal of investments	-			-
Profit (loss) before income taxes	(57,707)		12,349	(45,358)
Income taxes for the period	19,071	(g)	(2,859)	16,212
Profit (loss) on continuing operations	(38,636)		9,490	(29,146)
Profit (loss) from non-current assets held for sale and discontinued operations	-			-
Profit (loss) for the period	(38,636)		9,490	(29,146)

		At 03.31.2010	At 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 shares	*No.*	*680,373*	*680,373*
Profit (loss) for the period	€/thousand	(38,635)	(29,146)
Profit (loss) per share	€	(0.020)	(0.015)

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

Data not audited

(euro/thousand)	1st quarter 2010	Adjustments	1st quarter 2010 restated
Profit (loss) for the year	(38,636)	9,490	(29,146)
Profit (loss) for "cash flow hedge" instruments	(3,892)		(3,892)
Actuarial gain (loss) recognized to equity	-		-
Total other comprehensive profit (loss) for the period, net of tax effect	(3,892)	-	(3,892)
Total comprehensive profit (loss) for the period	(42,528)	9,490	(33,038)

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

Data not audited

(euro/thousand)	1st quarter 2010	Adjustments	1st quarter 2010 restated
Cash inflow (outflow) from operating activities			
Operating result	(191)	12,349	12,158
Amortization, depreciation and write-downs	12,064		12,064
Change in working capital	59,352	(12,349)	47,003
Income taxes paid	(45)		(45)
Other movements	(1,050)		(1,050)
Cash inflow (outflow) from operating activities	70,130	-	70,130
Cash inflow (outflow) for investments			
Purchase of intangible assets with finite useful life	(4,410)		(4,410)
Purchase of property, plant and equipment	(1,226)		(1,226)
Proceeds from disposal of non-current assets	11		11
Cash inflow (outflow) for investments	(5,625)		(5,625)
Cash inflow (outflow) for financing			
Proceeds from Senior Secured Bonds	536,799		536,799
Repayment of non-current loans	(543,078)		(543,078)
Paid interest expense, net	(11,963)		(11,963)
Payment of transaction financial costs	(22,147)		(22,147)
Change in financial assets and liabilities	(28,823)		(28,823)
Cash inflow (outflow) for financing	(69,212)		(69,212)
Increase (decrease) in cash and cash equivalents in the year	(4,707)		(4,707)
Cash and cash equivalents at beginning of the year	155,445		155,445
Cash and cash equivalents at end of the year	150,738		150,738

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

Data not audited

(euro/thousand)	Share capital	Additional paid-in capital	Reserve for "cash flow hedge" instruments	Reserve for acturial gains and (losses)	Other reserves	Profit (loss) for the period	Total
At 01.01.2010 (*)	450,266	466,843	(22,214)	765	127,398	–	1,023,058
Restatement due to changes in accounting policies	–	–	–	–	(73,861)	–	(73,861)
At 01.01.2010 restated	450,266	466,843	(22,214)	765	53,537	–	949,197
Total comprehensive profit (loss) for the period restated	–	–	(3,892)	–	271	(29,146)	(32,767)
At 03.31.2010 restated	450,266	466,843	(26,106)	765	53,808	(29,146)	916,430

(*) The figures have been restated for the adjustment (€ 5,185 thousand) relating to transaction costs on the loan with Lighthouse International Company S.A. 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	3,187,161			3,187,161
Intangible assets with finite useful life	66,376			66,376
Property, plant and equipment	10,479			10,479
Leased assets	58,266			58,266
Investments	171,426			171,426
Other non-current financial assets from third parties	2,075			2,075
Deferred tax assets, net	25,205	(a)	23,732	48,937
Other non-current assets	48			48
Total non-current assets	3,521,036		23,732	3,544,768
Current assets				
Inventories	10,143			10,143
Trade receivables	536,062			536,062
Current tax assets	3,048			3,048
Other current assets	61,396	(b)	10,902	72,298
Current financial assets to third parties	5,022			5,022
Current financial assets to related parties	92,250			92,250
Cash and cash equivalents	188,100			188,100
Total current assets	896,021		10,902	906,923
Non-current assets held for sale and discontinued operations	326			326
Total assets	4,417,383		34,634	4,452,017

Liabilities

(euro/thousand)	As at 06.30.2010	Notes	Adjustments	As at 06.30.2010 restated
Equity				
Share capital	450,266			450,266
Additional paid-in capital	466,843			466,843
Legal reserve	50,071			50,071
Retained earnings (losses)	(84,423)	(i)	(73,861)	(158,284)
Reserve for "cash flow hedge" instruments	(23,338)			(23,338)
Reserve for actuarial gains (losses)	100			100
Other reserves	161,750			161,750
Profit (loss) for the period	(3,814)		(4,918)	(8,732)
Total equity	1,017,455		(78,779)	938,676
Non-current liabilities				
Non-current financial debts to third parties	1,356,336			1,356,336
Non-current financial debts to related parties	1,397,173			1,397,173
Non-current reserves to employees	18,875			18,875
Other non-current liabilities	23,876			23,876
Total non-current liabilities	2,796,260			2,796,260
Current liabilities				
Current financial debts to third parties	116,012			116,012
Current financial debts to related parties	109,620			109,620
Trade payables	166,501	(c)	(11,965)	154,536
Payables for services to be rendered and other current liabilities	137,594	(d)	125,378	262,972
Reserve for current risks and charges	35,952			35,952
Current tax payables	37,739			37,739
Total current liabilities	603,418		113,413	716,831
Total liabilities	3,399,678		113,413	3,513,091
Liabilities directly associated with non-current assets held for sale and discontinued operation	250			250
Total liabilities and equity	4,417,383		34,634	4,452,017

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	1,763			1,763
Rendering of services	351,932		(9,423)	342,509
Revenues from sales and services	353,695	(e)	(9,423)	344,272
Other income	4,213			4,213
Total revenues	357,908		(9,423)	348,485
Costs of materials	(10,416)			(10,416)
Costs of external services	(140,907)	(f)	3,023	(137,884)
Salaries, wages and employee benefits	(41,062)			(41,062)
Other valuation adjustments	(13,871)			(13,871)
Provisions to reserves for risks and charges, net	(438)			(438)
Other operating expenses	(1,318)			(1,318)
Operating income before amortization, depreciation, non-recurring and restructuring costs, net	149,896		(6,400)	143,496
Amortization, depreciation and write-downs	(24,601)			(24,601)
Non-recurring costs, net	(4,832)			(4,832)
Restructuring costs, net	(51)			(51)
Operating result	120,412		(6,400)	114,012
Interest expense	(126,920)			(126,920)
Interest income	10,892			10,892
Gains (losses) on disposal of investments	-			-
Profit (loss) before income taxes	4,384		(6,400)	(2,016)
Income taxes for the period	(8,198)	(g)	1,482	(6,716)
Profit (loss) on continuing operations	(3,814)		(4,918)	(8,732)
Profit (loss) from non-current assets held for sale and discontinued operations				
Profit (loss) for the period	(3,814)		(4,918)	(8,732)

		At 06.30.2010	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 shares	*No.*	*680,373*	*680,373*
Profit (loss) for the period	€/thousand	(3,814)	(8,732)
Profit (loss) per share	€	(0.002)	(0.005)

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

(euro/thousand)	1st half year 2010	Adjustments	1st half year 2010 restated
Profit (loss) for the year	(3,814)	(4,918)	(8,732)
Profit (loss) for "cash flow hedge" instruments	(1,124)		(1,124)
Actuarial gain (loss) recognized to equity	(665)		(665)
Total other comprehensive profit (loss) for the period, net of tax effect	(1,789)		(1,789)
Total comprehensive profit (loss) for the period	(5,603)	(4,918)	(10,521)

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

(euro/thousand)	1st half year 2010	Adjustments	1st half year 2010 restated
Cash inflow (outflow) from operating activities			
Operating result	120,412	(6,400)	114,012
Amortization, depreciation and write-downs	24,601		24,601
Costi per stock option	(800)		(800)
Change in working capital	39,804	6,400	46,204
Income taxes paid	13		13
Other movements	(951)		(951)
Cash inflow (outflow) from operating activities	183,079	-	183,079
Cash inflow (outflow) for investments			
Purchase of intangible assets with finite useful life	(10,572)		(10,572)
Purchase of property, plant and equipment	(1,508)		(1,508)
Equity investiments and other financial investiments	(5,540)		(5,540)
Proceeds from disposal of non-current assets	1,307		1,307
Cash inflow (outflow) for investments	(16,313)		(16,313)
Cash inflow (outflow) for financing			
Proceeds from Senior Secured Bonds	536,799		536,799
Repayment of non-current loans	(543,899)		(543,899)
Paid interest expense, net	(85,261)		(85,261)
Payment of transaction financial costs	(20,680)		(20,680)
Change in financial assets and riabilities	(21,070)		(21,070)
Cash inflow (outflow) for financing	(134,111)		(134,111)
Increase (decrease) in cash and cash equivalents in the year	32,655		32,655
Cash and cash equivalents at beginning of the year	155,445		155,445
Cash and cash equivalents at end of the year	188,100		188,100

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

(euro/thousand)	Share capital	Additional paid-in capital	Reserve for "cash flow hedge" instruments	Reserve for acturial gains and (losses)	Other reserves	Profit (loss) for the period	Total
Al 01.01.2010 (*)	450,266	466,843	(22,214)	765	127,398	–	1,023,058
Restatement due to changes in accounting policies	–	–	–		(73,861)	–	(73,861)
At 01.01.2010 restated	450,266	466,843	(22,214)	765	53,537	–	949,197
Total comprehensive profit (loss) for the period restated	–	–	(1,124)	(665)	–	(8,732)	(10,521)
At 06.30.2010 restated	450,266	466,843	(23,338)	100	53,537	(8,732)	776,926

(*) The figures have been restated for the adjustment (€ 5,185 thousand) relating to transaction costs on the loan with Lighthouse International Company S.A. 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 September 30, 2010

Data not audited

Assets

(euro/thousand)	As at 09.30.2010	Notes	Adjustments	As at 09.30.2010 restated
Non-current assets				
Intangible assets with indefinite useful life	3,187,161			3,187,161
Intangible assets with finite useful life	61,039			61,039
Property, plant and equipment	9,826			9,826
Leased assets	57,358			57,358
Investments in associates and joint ventures	171,426			171,426
Other non-current financial assets	2,174			2,174
Deferred tax assets, net	22,110	(a)	22,701	44,811
Other non-current assets	48			48
Total non-current assets	3,511,142		22,701	3,533,843
Current assets				
Inventories	7,609			7,609
Trade receivables	519,644			519,644
Current tax assets	24,680			24,680
Other current assets	55,607	(b)	12,390	67,997
Current financial assets to third parties	3,983			3,983
Current financial assets to related parties	88,961			88,961
Cash and cash equivalents	147,396			147,396
Total current assets	847,880		12,390	860,270
Non-current assets held for sale and discontinued operations	-			-
Total assets	4,359,022		35,091	4,394,113

Liabilities

(euro/thousand)	As at 09.30.2010	Notes	Adjustments	As at 09.30.2010 restated
Equity				
Share capital	450,266			450,266
Additional paid-in capital	466,843			466,843
Legal reserve	50,071			50,071
Retained earnings (losses)	(84,423)	(i)	(73,861)	(158,284)
Reserve for "cash flow hedge" instruments	(18,230)			(18,230)
Reserve for actuarial gains (losses)	100			100
Other reserves	161,750			161,750
Profit (loss) for the period	45,659		(1,498)	44,161
Total equity	1,072,036		(75,359)	996,677
Non-current liabilities				
Non-current financial debts to third parties	1,186,060			1,186,060
Non-current financial debts to related parties	1,385,660			1,385,660
Non-current reserves to employees	16,402			16,402
Other non-current liabilities	24,676			24,676
Total non-current liabilities	2,612,798			2,612,798
Current liabilities				
Current financial debts to third parties	236,704			236,704
Current financial debts to releated parties	122,465			122,465
Trade payables	147,726	(c)	(11,184)	136,542
Payables for services to be rendered and other current liabilities	78,995	(d)	121,634	200,629
Reserve for current risks and charges	31,938			31,938
Current tax payables	56,110			56,110
Total current liabilities	673,938		110,450	784,388
Total liabilities	3,286,736		110,450	3,397,186
Liabilities directly associated with non-current assets held for sale and discontinued operation	250			250
Total liabilities and equity	4,359,022		35,091	4,394,113

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

Data not audited

(euro/thousand)	9 months 2010	Notes	Adjustments	9 months 2010 restated
Sales of goods	2,789			2,789
Rendering of services	606,765		(4,354)	602,411
Revenues from sales and services	609,554	(e)	(4,354)	605,200
Other income	5,784			5,784
Total revenues	615,338		(4,354)	610,984
Costs of materials	(17,630)			(17,630)
Costs of external services	(210,674)	(f)	2,405	(208,269)
Salaries, wages and employee benefits	(56,928)			(56,928)
Other valuation adjustments	(16,444)			(16,444)
Provisions to reserves for risks and charges, net	(2,778)			(2,778)
Other operating expenses	(1,790)			(1,790)
Operating income before amortization, depreciation, non-recurring and restructuring costs, net	309,094		(1,949)	307,145
Amortization, depreciation and write-downs	(36,922)			(36,922)
Non-recurring costs, net	(6,622)			(6,622)
Restructuring costs, net	(107)			(107)
Operating result	265,443		(1,949)	263,494
Interest expense	(193,872)			(193,872)
Interest income	13,543			13,543
Gains (losses) on disposal of investments	-			-
Profit (loss) before income taxes	85,114		(1,949)	83,165
Income taxes for the period	(39,455)	(g)	451	(39,004)
Profit (loss) on continuing operations	45,659		(1,498)	44,161
Profit (loss) from non-current assets held for sale and discontinued operations				
Profit (loss) for the period	45,659		(1,498)	44,161

		At 09.30.2010	At 09.30.2010 restated
Number of SEAT Pagine Gialle S.p.A. shares		1,927,707,706	1,927,707,706
- ordinary shares		*1,927,027,333*	*1,927,027,333*
- savings shares		*680,373*	*680,373*
Profit (loss) for the period	€/thousand	45,659	44,161
Profit (loss) per share	€	0.024	0.023

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

Data not audited

(euro/thousand)	9 months 2010	Adjustments	9 months 2010 restated
Profit (loss) for the period	45,659	(1,498)	44,161
Profit (loss) for "cash flow hedge" instruments	3,984		3,984
Actuarial gain (loss) recognized to equity	(665)		(665)
Total other comprehensive profit (loss) for the period, net of tax effect	3,319		3,319
Total comprehensive profit (loss) for the period	48,978	(1,498)	47,480

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

Data not audited

(euro/thousand)	9 months 2010	Adjustments	9 months 2010 restated
Cash inflow (outflow) from operating activities			
Operating result	265,443	(1,949)	263,494
Amortization, depreciation and write-downs	36,922		36,922
(Gains) losses on disposal of non-current assets	(803)		(803)
Change in working capital	(20,270)	1,949	(18,321)
Income taxes paid	(27,664)		(27,664)
Other movements	(2,680)		(2,680)
Cash inflow (outflow) from operating activities	250,948		250,948
Cash inflow (outflow) for investments			
Purchase of intangible assets with finite useful life	(15,590)		(15,590)
Purchase of property, plant and equipment	(1,919)		(1,919)
Equity investments and other financial investments	(5,540)		(5,540)
Proceeds from disposal of investments	1,316		1,316
Cash inflow (outflow) for investments	(21,733)		(21,733)
Cash inflow (outflow) for financing			
Proceeds from Senior Secured Bonds	536,799		536,799
Repayment of non-current loans	(579,855)		(579,855)
Paid interest expense, net	(124,983)		(124,983)
Payment of transaction financial costs	(22,198)		(22,198)
Change in financial assets and liabilities	(47,027)		(46,827)
Cash inflow (outflow) for financing	(237,264)		(237,264)
Increase (decrease) in cash and cash equivalents in the year	(8,049)		(8,049)
Cash and cash equivalents at beginning of the year	155,445		155,445
Cash and cash equivalents at end of the year	147,396		147,396

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

Data not audited

(euro/thousand)	Share capital	Additional paid-in capital	Reserve for "cash flow hedge" instruments	Reserve for acturial gains and (losses)	Other reserves	Profit (loss) for the period	Total
At 01.01.2010 (*)	450,266	466,843	(22,214)	765	127,398	–	1,023,058
Restatement due to changes in accounting policies	–	–	–		(73,861)		(73,861)
At 01.01.2010 restated	450,266	466,843	(22,214)	765	53,537	–	949,197
Total comprehensive profit (loss) for the period restated	–	–	3,984	(665)	–	44,161	47,480
At 06.30.2010 restated	450,266	466,843	(18,230)	100	53,537	44,161	996,677

(*) The figures have been restated for the adjustment (€ 5,185 thousand) relating to transaction costs on the loan with Lighthouse International Company S.A. 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	2,536,714			2,536,714
Intangible assets with finite useful life	62,465			62,465
Property, plant and equipment	10,095			10,095
Leased assets	56,451			56,451
Investments in associates and joint ventures	138,761			138,761
Other non-current financial assets	1,730			1,730
Deferred tax assets, net	19,772	(a)	38,099	57,871
Other non-current assets	139			139
Total non-current assets	2,826,127		38,099	2,864,226
Current assets				
Inventories	7,603			7,603
Trade receivables	551,897			551,897
Current tax assets	644			644
Other current assets	58,925	(b)	15,817	74,742
Current financial assets to third parties	670			670
Current financial assets to related parties	85,081			85,081
Cash and cash equivalents	133,698			133,698
Total current assets	838,518		15,817	854,335
Non-current assets held for sale and discontinued operations	-			-
Total assets	3,664,645		53,916	3,718,561

Liabilities

(euro/thousand)	As at 12.31.2010	Notes	Adjustments	As at 12.31.2010 restated
Equity				
Share capital	450,266			450,266
Additional paid-in capital	466,843			466,843
Legal reserve	50,071			50,071
Retained earnings (losses)	(84,423)	(i)	(73,861)	(158,284)
Reserve for "cash flow hedge" instruments	(12,608)			(12,608)
Reserve for actuarial gains (losses)	873			873
Other reserves	161,750			161,750
Profit (loss) for the period	(656,756)		(52,613)	(709,369)
Total equity	376,016		(126,474)	249,542
Non-current liabilities				
Non-current financial debts to third parties	1,327,193			1,327,193
Non-current financial debts to releated parties	1,276,023			1,276,023
Non-current reserves to employees	15,089			15,089
Other non-current liabilities	35,311			35,311
Total non-current liabilities	2,653,616			2,653,616
Current liabilities				
Current financial debts to third parties	117,183			117,183
Current financial debts to releated parties	184,486			184,486
Trade payables	193,696	(c)	(16,510)	177,186
Payables for services to be rendered and other current liabilities	54,619	(d)	196,900	251,519
Reserve for current risks and charges	40,762			40,762
Current tax payables	44,017			44,017
Total current liabilities	634,763		180,390	815,153
Liabilities directly associated with non-current assets held for sale and discontinued operation	250			250
Total liabilities	3,288,629		180,390	3,469,019
Total liabilities and equity	3,664,645		53,916	3,718,561

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	6,361			6,361
Rendering of services	869,182		(78,007)	791,175
Revenues from sales and services	875,543	(e)	(78,007)	797,536
Other income	8,331			8,331
Total revenues	883,874		(78,007)	805,867
Costs of materials	(28,822)			(28,822)
Costs of external services	(296,699)	(f)	9,545	(287,154)
Salaries, wages and employee benefits	(75,754)			(75,754)
Other valuation adjustments	(28,814)			(28,814)
Provisions to reserves for risks and charges, net	(4,234)			(4,234)
Other operating expenses	(2,702)			(2,702)
Operating income before amortization, depreciation, non-recurring and restructuring costs, net	446,849		(68,462)	378,387
Amortization, depreciation and write-downs	(700,326)			(700,326)
Non-recurring costs, net	(8,274)			(8,274)
Restructuring costs, net	(26,280)			(26,280)
Operating result	(288,031)		(68,462)	(356,493)
Interest expense	(273,256)			(273,256)
Interest income	37,035			37,035
Gains (losses) on disposal of investments	(30,816)			(30,816)
Profit (loss) before income taxes	(555,068)		(68,462)	(623,530)
Income taxes for the year	(101,688)	(g)	15,849	(85,839)
Profit (loss) on continuing operations	(656,756)		(52,613)	(709,369)
Profit (loss) from non-current assets held for sale and discontinued operations	-			-
Profit (loss) for the year	(656,756)		(52,613)	(709,369)

		At 12.31.2010	At 12.31.2010 restated
Number of SEAT Pagine Gialle S.p.A. shares		1,927,707,706	1,927,707,706
- *ordinary shares*		*1,927,027,333*	*1,927,027,333*
- *savings shares*		*680,373*	*680,373*
Profit (loss) for the year	€/thousand	(656,756)	(709,369)
Profit (loss) per share	€	(0.341)	(0.368)

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	(656,756)	(52,613)	(709,369)
Profit (loss) for "cash flow hedge" instruments	9,606		9,606
Actuarial gain (loss) recognized to equity	108		108
Total other comprehensive profit (loss) for the year, net of tax effect	9,714	-	9,714
Total comprehensive profit (loss) for the year	(647,042)	(52,613)	(699,655)

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	(288,031)	(68,462)	(356,493)
Amortization, depreciation and write-downs	700,326		700,326
(Gains) losses on disposal of non-current assets	(803)		(803)
Change in working capital	(22,156)	68,462	46,306
Income taxes paid	(79,377)		(79,377)
Other movements	7,766		7,766
Cash inflow (outflow) from operating activities	317,725	-	317,725
Cash inflow (outflow) for investments			
Purchase of intangible assets with finite useful life	(27,967)		(27,967)
Purchase of property, plant and equipment	(3,289)		(3,289)
Equity investments and other financial investments	(6,203)		(6,203)
Proceeds from disposal of investments	1,318		1,318
Cash inflow (outflow) for investments	(33,722)	-	(33,722)
Cash inflow (outflow) for financing			
Proceeds from Senior Secured Bonds	716,799		716,799
Repayment of non-current loans	(753,136)		(753,136)
Paid interest expense, net	(176,463)		(176,463)
Payment of transaction financial costs	(26,557)		(26,557)
Change in financial assets and liabilities	(66,393)		(66,393)
Cash inflow (outflow) for financing	(305,750)		(305,750)
Increase (decrease) in cash and cash equivalents in the year	(21,747)		(21,747)
Cash and cash equivalents at beginning of the year	155,445		155,445
Cash and cash equivalents at end of the year	133,698		133,698

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

(euro/thousand)	Share capital	Additional paid-in capital	Reserve for "cash flow hedge" instruments	Reserve for acturial gains and (losses)	Other reserves	Profit (loss) for the year	Total
At 01.01.2010 (*)	450,266	466,843	(22,214)	765	127,398	–	1,023,058
Restatement due to changes in accounting policies	–	–	–		(73,861)	–	(73,861)
At 01.01.2010 restated	450,266	466,843	(22,214)	765	53,537	–	949,197
Total comprehensive profit (loss) for the year restated	–	–	9,606	108	–	(709,369)	(699,655)
At 12.31.2010	450,266	466,843	(12,608)	873	53,537	(709,369)	249,542

(*) The figures have been restated for the adjustment (€ 5,185 thousand) relating to transaction costs on the loan with Lighthouse International Company S.A. 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

Data not audited

Assets

(euro/thousand)	As at 03.31.2011	Notes	Adjustments	As at 03.31.2011 restated
Non-current assets				
Intangible assets with indefinite useful life	2,536,714			2,536,714
Intangible assets with finite useful life	59,254			59,254
Property, plant and equipment	9,229			9,229
Leased assets	55,543			55,543
Investments in associates and joint ventures	138,761			138,761
Other non-current financial assets	1,568			1,568
Deferred tax assets, net	39,529	(a)	34,297	73,826
Other non-current assets	203			203
Total non-current assets	2,840,801		34,297	2,875,098
Current assets				
Inventories	10,626			10,626
Trade receivables	510,622			510,622
Current tax assets	709			709
Other current assets	56,425	(b)	14,150	70,575
Current financial assets to third parties	4,460			4,460
Current financial assets to related parties	83,453			83,453
Cash and cash equivalents	80,744			80,744
Total current assets	747,039		14,150	761,189
Total assets	3,587,840		48,447	3,636,287

Liabilities

(euro/thousand)	As at 03.31.2011	Notes	Adjustments	As at 03.31.2011 restated
Equity				
Share capital	450,266			450,266
Additional paid-in capital	466,843			466,843
Legal reserve	50,071			50,071
Retained earnings (losses)	(741,179)	(i)	(126,474)	(867,653)
Reserve for "cash flow hedge" instruments	(7,977)			(7,977)
Reserve for actuarial gains (losses)	873			873
Other reserves	161,750			161,750
Profit (loss) for the period	(21,706)		12,623	(9,083)
Total equity	358,941		(113,851)	245,090
Non-current liabilities				
Non-current financial debts to third parties	1,329,924			1,329,924
Non-current financial debts to releated parties	1,277,353			1,277,353
Non-current reserves to employees	13,158			13,158
Other non-current liabilities	32,409			32,409
Total non-current liabilities	2,652,844			2,652,844
Current liabilities				
Current financial debts to third parties	99,022			99,022
Current financial debts to releated parties	142,868			142,868
Trade payables	144,680	(c)	(15,626)	129,054
Payables for services to be rendered and other current liabilities	106,092	(d)	177,924	284,016
Reserve for current risks and charges	36,476			36,476
Current tax payables	46,667			46,667
Total current liabilities	575,805		162,298	738,103
Liabilities directly associated with non-current assets held for sale and discontinued operation	250			250
Total liabilities	3,228,899		162,298	3,391,197
Total liabilities and equity	3,587,840		48,447	3,636,287

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

Data not audited

(euro/thousand)	1st quarter 2011	Notes	Adjustments	1st quarter 2011 restated
Sales of goods	627			627
Rendering of services	116,564		17,335	133,899
Revenues from sales and services	117,191	(e)	17,335	134,526
Other income	1,348			1,348
Total revenues	118,539		17,335	135,874
Costs of materials	316			316
Costs of external services	(55,846)	(f)	(910)	(56,756)
Salaries, wages and employee benefits	(16,550)			(16,550)
Other valuation adjustments	(4,297)			(4,297)
Provisions to reserves for risks and charges, net	(3,673)			(3,673)
Other operating expenses	(510)			(510)
Operating income before amortization, depreciation, non-recurring and restructuring costs, net	37,979		16,425	54,404
Amortization, depreciation and write-downs	(11,919)			(11,919)
Non-recurring costs, net	(1,200)			(1,200)
Restructuring costs, net	(18)			(18)
Operating result	24,842		16,425	41,267
Interest expense	(68,016)			(68,016)
Interest income	3,633			3,633
Profit (loss) before income taxes	(39,541)		16,425	(23,116)
Income taxes for the period	17,835	(g)	(3,802)	14,033
Profit (loss) on continuing operations	(21,706)		12,623	(9,083)
Profit (loss) from non-current assets held for sale and discontinued operations	-			-
Profit (loss) for the period	(21,706)		12,623	(9,083)

		At 03.31.2011	At 03.31.2011 restated
Number of SEAT Pagine Gialle S.p.A. shares		1,927,707,706	1,927,707,706
- ordinary shares		*1,927,027,333*	*1,927,027,333*
- savings shares		*680,373*	*680,373*
Profit (loss) for the period	€/thousand	(21,706)	(9,083)
Profit (loss) per share	€	(0.011)	(0.005)

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

Data not audited

(euro/thousand)	1st quarter 2011	Adjustments	1st quarter 2011 restated
Profit (loss) for the period	(21,706)	12,623	(9,083)
Profit (loss) for "cash flow hedge" instruments	4,631		4,631
Actuarial gain (loss) recognized to equity	-	-	-
Total other comprehensive profit (loss) for the period, net of tax effect	4,631	-	4,631
Total comprehensive profit (loss) for the period	(17,075)	12,623	(4,452)

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

Data not audited

(euro/thousand)	1st quarter 2011	Adjustments	1st quarter 2011 restated
Cash inflow (outflow) from operating activities			
Operating result	24,842	16,425	41,267
Amortization, depreciation and write-downs	11,919		11,919
Change in working capital	36,270	(16,425)	19,845
Income taxes paid	30		30
Other movements	(1,886)	-	(1,886)
Cash inflow (outflow) from operating activities	71,175	-	71,175
Cash inflow (outflow) for investments			
Purchase of intangible assets with finite useful life	(6,829)		(6,829)
Purchase of property, plant and equipment	(105)		(105)
Equity investments and other financial investments	(64)		(64)
Proceeds from disposal of investments	2		2
Cash inflow (outflow) for investments	(6,996)		(6,996)
Cash inflow (outflow) for financing			
Repayment of non-current loans	(844)		(844)
Paid interest expense, net	(44,666)		(44,666)
Payment of transaction financial costs	-		-
Change in financial assets and liabilities	(71,623)		(71,623)
Cash inflow (outflow) for financing	(117,133)		(117,133)
Increase (decrease) in cash and cash equivalents in the year	(52,954)		(52,954)
Cash and cash equivalents at beginning of the year	133,698		133,698
Cash and cash equivalents at end of the year	80,744		80,744

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

Data not audited

(euro/thousand)	Share capital	Additional paid-in capital	Reserve for "cash flow hedge" instruments	Reserve for acturial gains and (losses)	Other reserves	Profit (loss) for the year	Total
At 12.31.2010	450,266	466,843	(12,608)	873	127,398	(656,756)	376,016
Restatement due to changes in accounting policies	-	-	-	-	(73,861)	(52,613)	(126,474)
At 12.31.2010 restated	450,266	466,843	(12,608)	873	53,537	(709,369)	249,542
Allocation of the previous year result restated	-	-	-	-	(709,369)	(709,369)	-
Total comprehensive profit (loss) for the period restated	-	-	4,631	-	-	(9,083)	(4,452)
At 03.31.2011 restated	450,266	466,843	(7,977)	873	(655,832)	(9,083)	245,090

Certification of the separate financial statements pursuant to art. 81-ter of Consob Regulation No. 11971 of May 14, 1999 as subsequently amended

1. The undersigned Enrico Giliberti (Chairman), behalf of the Board of Directors, and Massimo Cristofori, acting in his capacity as Manager Responsible for the Preparation of the Financial Statements of SEAT Pagine Gialle S.p.A., hereby declare, taking due account of section 154-bis, sub-sections 3 and 4 of Legislative Decree No. 58 of February 24, 1998, that in the preparation of the Financial Statements for the period all administrative and accounting procedures considered appropriate to the nature of the undertaking were applied in 2011.
2. All administrative and accounting procedures relating to the preparation of the Financial Statements as at December 31, 2011 were critically reviewed during the year to ensure their relevance and full application. The review did not reveal any anomalies.
3. We furthermore declare that:
   - 3.1. the Financial Statements for 2011:
     - have been prepared in accordance with the IAS/IFRS recognised as applicable by the European Community and under section 9 of Legislative Decree 38/2005 and that they offer a true and fair view of the Company's assets and economic and financial position;
     - agree with the books and accounting records;
     - offer a true and fair view of the assets and economic and financial position of the Company;
   - 3.2. the Report on Operations includes a reliable analysis of operating performance and results, of the position of the Company and a description of the main risks and uncertainties to which it is exposed.

Milan, April 30, 2012

Behalf of the Board of Directors
Chairman

Enrico Giliberti

Manager responsible for the
preparation of the financial statements

Massimo Cristofori

Report of the Board of Statutory Auditors to the Shareholders' Meeting of SEAT Pagine Gialle S.p.A. on the financial statements as at December 31, 2011, in accordance with article 2429 of the Civil Code and article 153 Legislative Decree No. 58/98

Dear Shareholders,

In this report the Board of Statutory Auditors are referring to their activities as required by Article 2429 of the Civil Code and by Article 153 of Legislative Decree No. 58/1998, also taking into account the code of conduct recommended by the National Board of Accountants and Auditors and the Consob on April 6, 2001 and later amendments and additions; the Board waived the terms set forth in Article 2429 of the Civil Code.

1. Comments on the most important economic, financial and investment transactions carried out by the Company and their compliance with legal requirements and the Memorandum of Association.

   The Board of Statutory Auditors notes the following transactions of major significance that took place in 2011:

   a) Financial restructuring: during 2011 the Company conducted complex negotiations with various parties involved (Lighthouse Bondholders, Senior Creditor, Senior Secured Bond Creditors and Leading Shareholders) aimed at a long-term stabilisation of the financial structure of the Group. The phases of those negotiations are described in detail both in the consolidated financial statements as well as in the separate financial statements, and they have been the subject of frequent specific reports to Consob and of communications to the market.

      Starting from the month of October 2011 the Parent Company, in the context of ongoing negotiation, decided not to pay amounts related to the debt maturities and interests under the Lighthouse International Company S.A. notes, the RBOS facilities agreement and Senior Secured Bonds.

      On March 7, 2012, full acceptance of the Final Proposal took place, at a level significantly higher, for each party involved, than the necessary threshold.

      The plan is now in the phase of implementation of its legal, tax and accounting aspects.

      The main effect of implementing the plan will be, essentially, a reduction of about € 1.2 billion in principal on the subordinated debt to Lighthouse (with the allotting of ordinary shares, representing 88% of the capital of the Parent Company, to Lighthouse bondholders) and the extension of repayment terms of the final maturity of financial debt.

      The Final Proposal of Restructuring provides the implementation in a context of reorganization plan as stipulated in article 67, paragraph 3, letter d) R.D. 267/42. In the month of March 2012 the Company received the positive certification of this reorganization plan from and independent expert meeting of necessary requirements.

      As indicated in paragraph 2.1 in the report of the Board the complex restructuring has been elaborated, analyzed and evaluated through legal, financial and accounting aspects thanks to definitive advisors. The directors believe that the only unforeseeable risk derives from the actual implementation phase, the outcome of which cannot be determined ex ante.

   b) Starting with the Interim Condensed Financial Statements as at June 30, 2011, the Group has changed its policies for determining the revenues and the pertinent costs deriving from the provision of on-line and on-voice services, which are now recognized on the basis of the contractual term. Based on IAS/IFRS standards, the results for financial year 2010 have been restated as well, as shown in the breakdown contained in the Appendix to the financial statements.

   c) The statement of financial position as at 30 June 2011 demonstrated a significant circumstance within the meaning of Article 2446, paragraph 2, of the Civil Code. The Extraordinary Shareholders' Meeting of October 6, 2011 resolved to postpone adopting the appropriate measures to a date not after the date of the approval of the separate financial statements as at December 31, 2012. This circumstance was overcome by the results of the 2011 financial statement, as indicated subsequently in paragraph 2.

   d) Notice served by the Communications Regulator (AGCOM): AGCOM complained to the Company that it had failed to make payment of the contribution due to it and, pending the current legal proceeding, the Company has set aside the entire amount of the contribution demanded for the years 2006 to 2010, equal to € 3,450 thousand.

   e) On September 7, 2011 Consob requested that the Company publish significant information on a monthly basis about the Companies and the Group in accordance with Article 114, paragraph 5, of Legislative Decree No. 58/98. The first report was issued on September 30, 2011, and subsequently each month.

   f) The Company carried out the impairment test on intangible assets with an indefinite useful life (basically, the goodwill acquired through business combinations). The test on the various CGUs resulted in a writedown of assets of € 696,284 thousand on the consolidated financial statements and € 733,606 thousand on the separate financial statements. The assumptions made in the calculations carried out are indicated in detail in Note 7 to the consolidated financial statements and Note 7 to the separate financial statements.

The Board believes that the above transactions comply with the law and the Memorandum of Association, are in the company's interests and are not contrary to the resolutions adopted by the Shareholders' Meeting.

2. Article 2447 c.c. and merger plan

a) The board of Directors resolved on April 30, 2012 the merger by acquisition of Lighthouse International Company S.A. and approved the relating merger plan; the same resolution has been taken by Lighthouse International Company S.A. The merger process (included in the restructuring financial plan of which paragraph 1 of this Report) and its main implications are synthetically described in the press release issued by the Company on April 30, 2012.

b) The shareholders' equity of the Parent Company is negative for € 557.1 million following the loss of the period equal to € 817.9 million and consequently the case envisaged by Article 2447 of the Italian Civil Code has entailed. The Board of Directors, relying on economic and accounting, as well as legal analysis, believes that the merger transaction of which previous point a) will be effective in remedying the situation pursuant to Article 2447 of the Italian Civil Code, and will enable the Company, once restructured, to engage in its activities as a going concern. The Board of Directors note that no events or circumstances are known that could entail the termination of and/or withdrawal from the agreements in the restructuring process; in light of the foregoing, the Board of Directors has therefore acquired the reasonable expectation that the current restructuring transaction is likely to be completed in a reasonable timeframe such as to allow for the long-term financial stabilization. The Board of Directors continue therefore to adopt the assumption of a going concern in preparing this report on operations.

The Board of Statutory Auditors believes the assumptions of Board of Directors reasonable and agree with its resolution.

c) On April 30, 2012, the Board of Directors further more resolved to attend the Shareholders' Meeting to appoint a winding up of the Company, in the event the merger does not become effective within the settled terms. The adoption of this resolution constituted the necessary technical execution pursuant article 2447 c.c.

3. Transactions with related parties

On 10 November 2010, the Board of Directors approved the "Procedure on the subject of transactions with related parties" implementing the Regulation approved by Consob Resolution No. 17221 of 12 March 2010 and later amendments. The Board of Statutory Auditors believes that the procedures adopted by the company conform with the principles of the Consob Regulation.

3.1. With respect to:

- atypical and/or unusual transactions with third parties;
- atypical and/or unusual transactions, or of an extraordinary nature with related parties

the Board of Statutory Auditors has found none, with the exception of the transactions relating to the financial restructuring plan referred to in paragraph 1.

3.2 As far as ordinary and financial transactions with related parties are concerned, the Company maintains investment, economic and financial relations as indicated in Note 34 to the consolidated financial statements and Note 31 to the separate financial statements; the transactions have taken place at market values.

As regards intra-group and related party transactions, the Board of Statutory Auditors believes that the amounts are consistent and that the transactions are in the company's interest.

4. The Board of Statutory Auditors believes that the information provided by the directors in the financial statements concerning inter-group and related party transactions is adequate.

5. On April 30, 2012 the independent auditors Reconta Ernst & Young SpA issued a report pursuant to Article 156 of Legislative Decree No. 58/98.

The independent auditors formalized reminder to Directors' considerations on the negative results of the year and on the actions planned in order to complete the financial restructuring and to remedy the situation pursuant to Article 2447 of the Italian Civil Code; on these actions is also based the Directors' assessment of the going concern assumption underlying the preparation of financial statements as at December 31, 2011.

6. During the Extraordinary Shareholders' Meeting of October 6, 2011, two shareholders made verbal complaints to the Board of Statutory Auditors under Article 2408 of the Civil Code; during that meeting:

a) One shareholder questioned the assumption of going concern as of the date of the Shareholders' Meeting.

The Board found this complaint to lack merit, given that the Board accepted the assertions of the Company in the 30/6/2011 half-yearly report and in the 31/12/2011 financial statements as to the foreseeability of success of the restructuring operations.

b) Another shareholder criticized "the tardy valuation of revenues deriving from the on-line business, which caused a tardy adoption of the applicable IAS criteria, thus making the accounting position set forth in the financial statements as at December 31, 2010 untrue."

The Board found that this criticism lacked merit, given that the underlying circumstances for changing the accounting policies (circumstances that, given their nature, could not have changed "instantaneously") materialised in 2011 with the development of on-line revenues compared to traditional revenues.

7. The following additional tasks were given to the independent auditors Reconta Ernst & Young S.p.A. for a total of € 138 thousand relating to:
   - procedures for verifying the data relating to the securitization € 20 thousand;
   - certification for Lighthouse bondholders € 65 thousand;
   - covenants € 23 thousand;
   - work in support of the change in accounting policies € 30 thousand.

8. An additional tax consultancy engagement was given to entities connected to Reconta Ernst & Young S.p.A. for a total of € 17 thousand.

9. The Board of Statutory Auditors has issued favourable opinions on:
   - approval of the Guidelines for MBO 2011;
   - the procedure followed by the Board of Directors for evaluating the independence of Directors;
   - within the meaning of and for the purposes of Article 2389, third paragraph, of the Civil Code, the compensation package proposed for Mr. Cappellini following his appointment as General Manager
   - the adoption, starting from the half-yearly Financial Report as at June 30, 2011, of a policy for determining revenues (and pertinent costs) from the on-line and on-voice businesses, broken down according to the duration of the services
   - application of a Seat PG Disaster Recovery (DR) System Implementation Study referred to as the "Dual Site model"
   - formulation of the criteria for determining the objectives under the "MBO 2011 System for the Managing Director" and the "MBO 2011 System for the General Manager", to which the variable compensation of the Managing Director and of the General Manager is linked for 2011;
   - allotting of supplementary compensation for Mr. Benassi for his participation in the Steering Committee (representing the Committee of Independent Directors) created by board resolution of April 13, 2011;
   - Legislative Decree No. 39/2010 (Article 13) provides that the supervisory body is to issue a reasoned proposal to the shareholders' meeting on the appointment of the entity that is to be placed in charge of the statutory auditing of the accounts. With regard to that task, the Board has carried out various fact-finding activities on the subject and has decided to propose to the shareholders' meeting that the company PricewaterhouseCoopers be appointed as new statutory auditor for the financial years 2012 to 2020.

10. The following meetings were held:
    - 22 meetings of the Board of Directors;
    - 9 meetings of the Board of Statutory Auditors;
    - 7 meetings of the Internal Control Committee;

The Board of Statutory Auditors, or some of its members, has attended all of the above meetings and at all Steering Committee meetings (responsible to follow all phases of the process of the financial restructuring operation)
There were also 3 meetings of the Remuneration Committee.

11. The Board of Statutory Auditors has investigated and ensured, within the scope of its authority, the compliance of the correct principles of administration, through direct observations, the collection of information from the managers of departments and through meetings with the Independent Auditors to exchange relevant data and information.
    No issues were disclosed with regard to this point.

12. The Board of Statutory Auditors has also investigated and ensured, within the scope of its authority, the suitability of the company organizational structure and has not discovered any problems to report.

13. The Board of Statutory Auditors has monitored the internal control system and the administration/accounting system, to ensure that they are adequate and that the latter system reliably records transactions, by:
    (i) examining the reports on the administration and accounting and the internal control and corporate reporting systems; (ii) obtaining information from the various department heads; (iii) relations with the auditing firm (iv) participating in the work of the Internal Control Committee.
    In accordance with the provisions of Article 19 of Legislative Decree No. 39 of January 27, 2010, the Board has also monitored:
    - the financial information process;
    - the statutory audit of the annual accounts and consolidated accounts;
    - the independence of the statutory auditors, especially as far as the provision of non-auditing services to the company is concerned.

    From the activities carried out no irregularities have emerged that could be considered as indicative of the unsuitability of the internal control system.

14. The Board of Statutory Auditors believes that the administrative/accounting system is adequate and reliably records transactions.

15. The company has provided the subsidiaries with the information they require to meet their reporting duties under Article 114, paragraph 2 of Legislative Decree No. 58/98.

16. During meetings with the independent auditors pursuant to Article 150, paragraph 2, of Legislative Decree No. 58/98, no important matters arose.

17. As far as Corporate Governance is concerned and the practical application of the corporate governance rules set out in the Code of Conduct issued by Borsa Italiana, the Company's adherence is described in the special report presented to the Shareholders' Meeting, with the contents of which the Board of Statutory Auditors concurs.

18. During its supervision and controls, the Board of Statutory Auditors has discovered nothing of material importance to report to the supervisory bodies or to mention in this report.

19. The Board of Statutory Auditors, having taken into account the results of the separate financial statements as at December 31, 2011, which show a loss of € 817,856 thousand, have no objections to the proposed resolutions presented by the Board of Directors on the subject.

Milan, April 30, 2012

The Board of Statutory Auditors

Enrico Cervellera

Vincenzo Ciruzzi

Andrea Vasapolli

ERNST & YOUNG

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Independent auditors' report
pursuant to art. 14 and 16 of Legislative Decree n. 39 dated 27 January 2010
(Translation from the original Italian text)

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

1. We have audited the financial statements of SEAT Pagine Gialle S.p.A. as of 31 December 2011 and for the year then ended, comprising the statement of financial position, the statement of operations, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows and the related explanatory notes. The preparation of these financial statements in compliance with International Financial Reporting Standards as adopted by the European Union and with art. 9 of Legislative Decree n. 38/2005 is the responsibility of SEAT Pagine Gialle S.p.A.'s Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with auditing standards recommended by CONSOB (the Italian Stock Exchange Regulatory Agency). In accordance with such standards, we planned and performed our audit to obtain the information necessary to determine whether the financial statements are materially misstated and if such financial statements, taken as a whole, may be relied upon. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, as well as assessing the appropriateness of the accounting principles applied and the reasonableness of the estimates made by Directors. We believe that our audit provides a reasonable basis for our opinion.

   The financial statements of the prior year are presented for comparative purposes. As described in the explanatory notes, Directors have restated certain comparative data related to the prior year with respect to the data previously presented, on which we issued our auditor's report dated 29 March 2011. We have examined the method used to restate the comparative financial data and the information presented in the explanatory notes in this respect, for the purpose of expressing our opinion on the financial statements as of 31 December 2011 and for the year then ended.

3. In our opinion, the financial statements of SEAT Pagine Gialle S.p.A. at 31 December 2011 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with art. 9 of Legislative Decree n. 38/2005; accordingly, they present clearly and give a true and fair view of the financial position, the results of operations and the cash flows of SEAT Pagine Gialle S.p.A. for the year then ended.

4. We would like to draw attention to the "Going Concern Evaluation" paragraph of the explanatory notes, which summarizes the Directors' considerations on the negative results of the year and on the actions planned in order to complete the financial restructuring and to remedy the situation pursuant to Article 2447 of the Italian Civil Code; on these actions is also based the Directors' assessment of the going concern assumption underlying the preparation of the financial statements as at December 31, 2011.

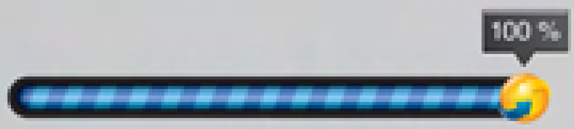
5. The Directors of SEAT Pagine Gialle S.p.A. are responsible for the preparation, in accordance with the applicable laws and regulations, of the Report on Operations and the Report on Corporate Governance and on the ownership structures of SEAT Pagine Gialle S.p.A. published in the section "Governance" of SEAT Pagine Gialle S.p.A.'s website. Our responsibility is to express an opinion on the consistency with the financial statements of the Report on Operations and of the information presented in compliance with art. 123-bis of Legislative Decree n. 58/1998, paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b) in the Report on Corporate Governance and the Company's Ownership Structure, as required by law. For this purpose, we have performed the procedures required under Auditing Standard 001 issued by the Italian Accounting Profession (CNDCEC) and recommended by CONSOB. In our opinion, the Report on Operations and the information presented in compliance with art. 123-bis of Legislative Decree n. 58/1998, paragraph 1, letters c), d), f), l), m) and paragraph 2), letter b) in the Report on Corporate Governance and the Company's Ownership Structure , are consistent with the financial statements of SEAT Pagine Gialle S.p.A. at 31 December 2011.

Turin, 30 April 2012

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.

11 Other information



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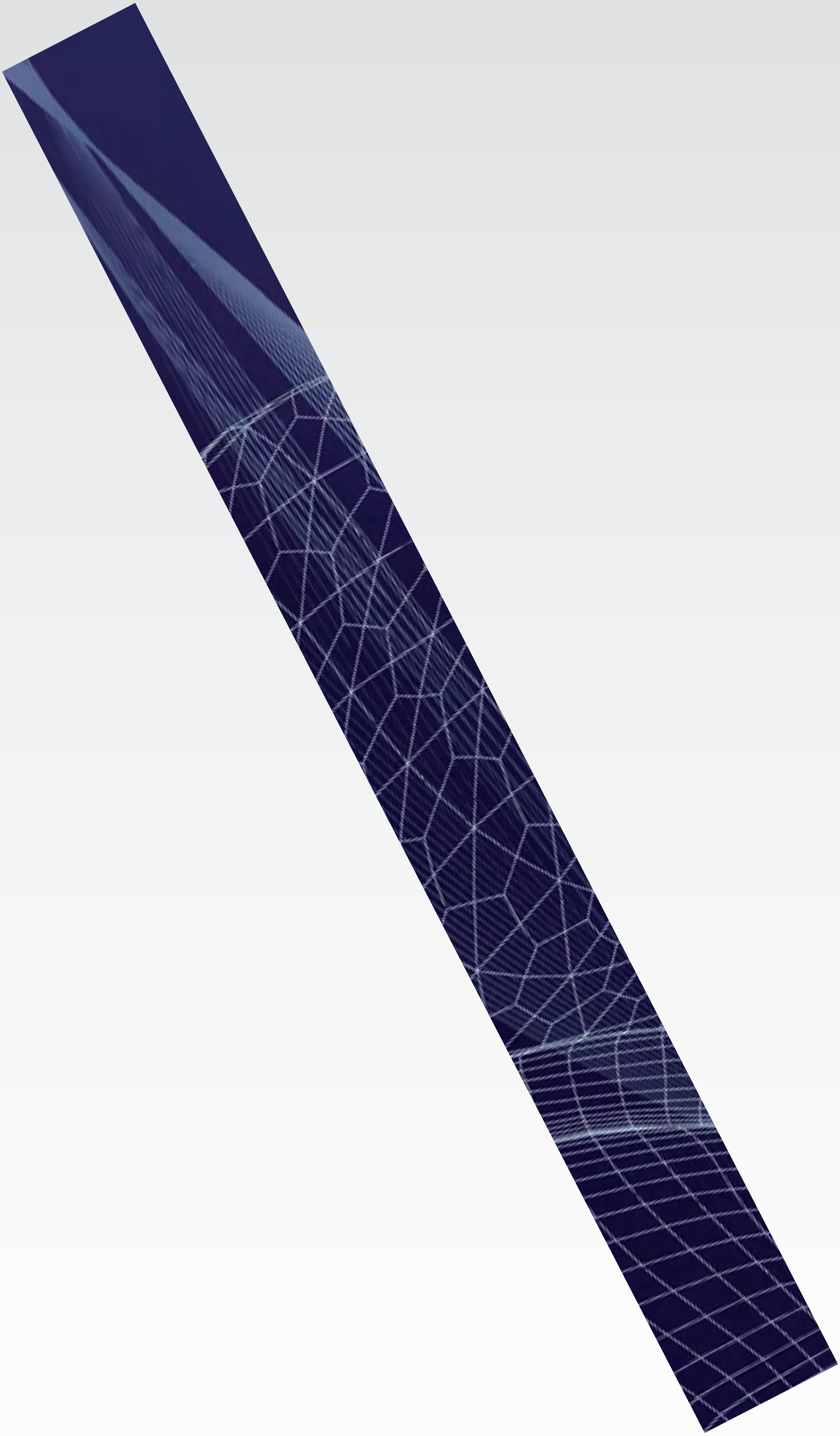

Proposed resolutions

Dear Shareholders,

The Board of Directors has called this Annual General Meeting to submit for your approval the Financial Statements for SEAT Pagine Gialle S.p.A. as at December 31, 2011, which show a loss for the year of € 817,856,510.61. As at December 31, 2011:

I. The total amount of losses is equal to € 1,685,503,400.91 and it's composed by:

a. loss of the year, amounted to € 817,856,510.61 as indicated above;
b. losses carrying forward equal to € 867,646,890.30;

II. the share capital amount to 450,265,793.58;

III. the total amount of Net Reserves is € 678,126,127.49;

IV. the shareholders' equity of the Company is € -567,111,479.84 and consequently negative;

V. this result has entailed the case envisaged by Article 2447 of the Italian Civil Code, that will be handled during the Extraordinary shareholders' meeting.

We therefore submit the following proposed resolution for your attention:

The General Shareholders' Meeting of SEAT Pagine Gialle S.p.A., having
a) examined the Annual Financial Statements for the Company as at December 31, 2011;
b) read the Report on Operations accompanying the Annual Financial Statements;
c) read the reports of the Board of Statutory Auditors and of Reconta Ernst & Young S.p.A., the External Auditors;

resolves

- to approve the Report on Operations prepared by the Board of Directors, the Statement Of Financial Position, Statements of Operations and Notes to the Financial Statements of SEAT Pagine Gialle S.p.A., which show a loss for the year of € 817,856,510.61;
- to carry forward to Extraordinary Shareholders' Meeting resolutions due to the result of the year and the measures related to the total amount of losses.

Shareholder’s meeting resolutions

On June 12, 2012, the Seat Pagine Gialle S.p.A. Ordinary and Extraordinary Shareholders’ Meeting was held, in a single call, at the Company’s Sub Office at 22 Corso Mortara in Turin.

The Ordinary Shareholders’ Meeting resolved the following:
- to approve the Board of Directors’ Report on Operations and the Seat Pagine Gialle S.p.A. Financial Statements, which recorded an operating loss of € 817,856,510.61;
- to establish the number of members of the Board of Directors as nine, establishing their term in office as until the approval of the financial statements for the year ending December 31, 2012 and establishing € 307,000 as the total fees due to the members of the Board of Directors appointed;
- to appoint the following persons as Directors: Messrs. Enrico Giliberti, Dario Cossutta, Pietro Masera, Antonio Tazartes, Marco Tugnolo, Nicola Volpi, Lino Benassi, Alberto Giussani and Maurizio Dallocchio, also appointing Mr. Enrico Giliberti (Lawyer) as Chairman of the Board of Directors;
- to appoint Messrs. Enrico Cervellera, Andrea Vasapolli and Vincenzo Ciruzzi as Acting Auditors and Messrs. Guido Costa and Guido Vasapolli as Alternate Auditors, also appointing Enrico Cervellera as Chairman of the Board of Statutory Auditors. The annual compensation due to the Chairman of the Board of Statutory Auditors and to each Acting Auditor was established as € 180,000and € 120,000 respectively;
- to appoint PricewaterhouseCoopers S.p.A. for the financial years for the nine-year period from 2012 to 2020 as the independent auditors for the Seat Pagine Gialle S.p.A. accounts;
- to approve Section I of the Remuneration Report pursuant to Article 123-ter of Legislative Decree no. 58 of February 24, 1998;
- to approve the proposal put forward by shareholders Al Sub Silver S.A., Sterling Sub Holdings S.A. and Subcart S.A., approving and ratifying, inter alia, the actions of the persons who acted as members of the Board of Directors from April 9, 2009, the persons who were members of the Board of Statutory Auditors from April 9, 2009, and the persons who acted as the Director in charge of preparing the company financial documents, waiving any responsibility for the actions of said persons, also with regard to actions undertaken under mandate prior to April 9, 2009, as well as indemnifying them and holding them harmless for any demands and/or claims and/or requests for compensation from creditors and/or third parties and/or shareholders pursuant to Articles 2395 and/or 2407 of the Italian Civil Code and/or civil or administrative penalties of a pecuniary nature which may be imposed on them, also in relation to actions as directors or auditors in Seat Pagine Gialle S.p.A. subsidiaries.

The Extraordinary Shareholders’ Meeting resolved the following:
- to approve the Seat Pagine Gialle S.p.A. economic and financial position as at March 31, 2012, illustrated in the report produced pursuant to Articles 2446 and 2447 of the Italian Civil Code and Article 74 of the Issuers’ Regulations, and which record shareholders’ equity which is negative by € 558.3 million;
- to approve the merger by incorporation of Lighthouse International Company S.A. into Seat Pagine Gialle S.p.A. under the terms indicted in the Joint Merger Project and, as a consequence, proceed (i) to issue ordinary shares, with no nominal value, to be allocated to the Lighthouse shareholders, and (ii) to issue free warrants relating to ordinary and savings shares to be allocated before the effective date of the actual merger, also as a remedy for the situation in Article 2447 of the Italian Civil Code;

- to approve that, if the above merger operation is not effective within the reasonable time which will be identified by the Board of Directors as a date no later than December 31, 2012, the said Board will adopt measures to place Seat Pagine Gialle S.p.A. in liquidation, appointing a Board of Liquidators for this purpose comprising Messrs. Silvano Corbella as Chairman, Francesco D'Aniello and Alessandro Gallone, defering to a future meeting the establishment of the relative fees.
- to approve the statutory changes resulting from the above-mentioned resolutions as well as the changes proposed in Articles 4 (Subject), 14 (Composition of the Board of Directors) and 22 (Board of Statutory Auditors) of the Company Bylaws, in addition to the inclusion of Article 28 (Interim arrangements).

seatpg
PAGINE GIALLE
motore di relazioni

THE LOCAL MARKETING COMMUNICATION AGENCY

To contact SEAT Pagine Gialle S.p.A.

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10149 Turin (Italy)
Fax: +39.011.435.2722
E-mail: investor.relations@seat.it

A copy of official documents available on the website

www.seat.it

Official documents may be requested to

SEAT Pagine Gialle S.p.A.
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Fax: +39.011.435.4252
E-mail: ufficio.societario@seat.it

Art direction Satiz S.r.l.
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