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First Half Report
as at June 30, 2012

SEAT PG
PAGINE GIALLE

'12

First Half Report as at June 30, 2012

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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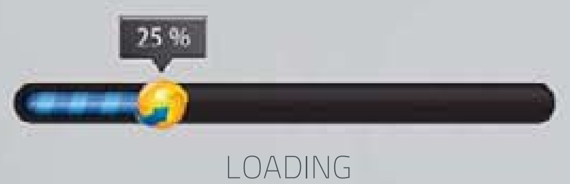
Highlights and general information



Company Boards

(Information updated as at August 7, 2012)

Board of Directors (*)

Chairman
Enrico Giliberti

Directors
Lino Benassi (I)
Dario Cossutta
Maurizio Dallocchio (I)
Alberto Giussani (I)
Pietro Masera
Antonio Tazartes
Marco Tugnolo
Nicola Volpi

Remuneration Committee

Chairman
Lino Benassi
Pietro Masera
Nicola Volpi

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

General Manager (**)

Ezio Cristetti

Chief Financial Officer

Massimo Cristofori

Independent Auditors (*)

PricewaterhouseCoopers S.p.A.

(*) The Board of Directors, the Board of Statutory Auditors and the Independent Auditors were appointed by the Shareholders' Meeting held on June 12, 2012.

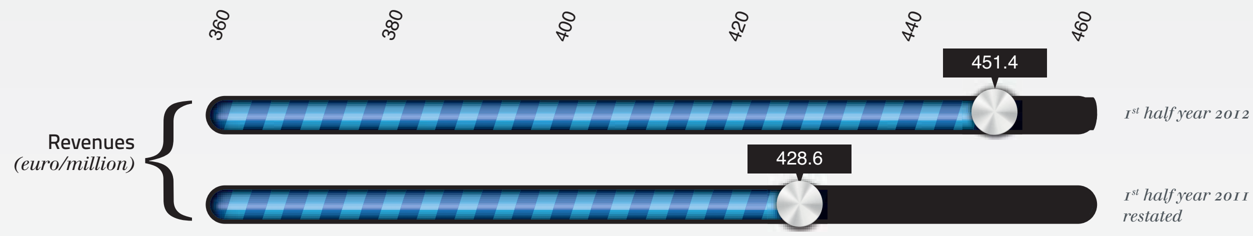
(**) The meeting of the Board of Directors held on May 10, 2011 appointed the Chief Executive Officer, Alberto Cappellini, as General Manager of the Company. Mr. Cappellini died on March 24, 2012.
On April 4, 2012, the Board of Directors of the Company resolved to keep the General Management office until the inauguration of the new Board of Directors, which will be appointed once the financial-restructuring process has been completed, unless otherwise decided by the Board of Directors, and, in any case, not beyond the end of the term of office of the Board of Directors, which will be appointed at the next Shareholders' Meeting. Ezio Cristetti was appointed as General Manager for the interim period.

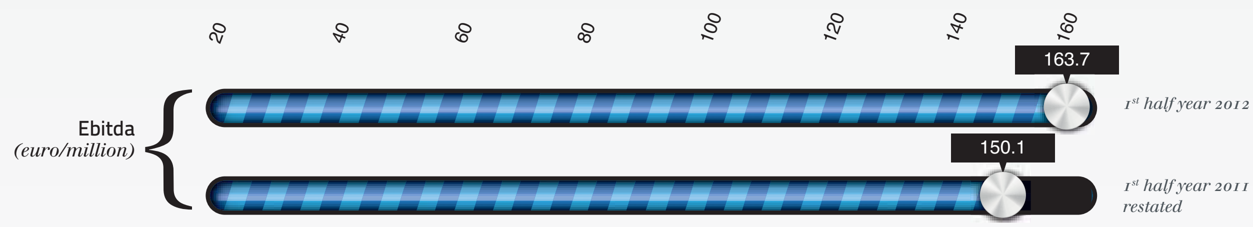
(I) (I) Meets the requirements set forth in Article 148, paragraph 3 of Legislative Decree 58/98 and in the Code of Corporate Governance for Listed Companies in order to qualify as independent.

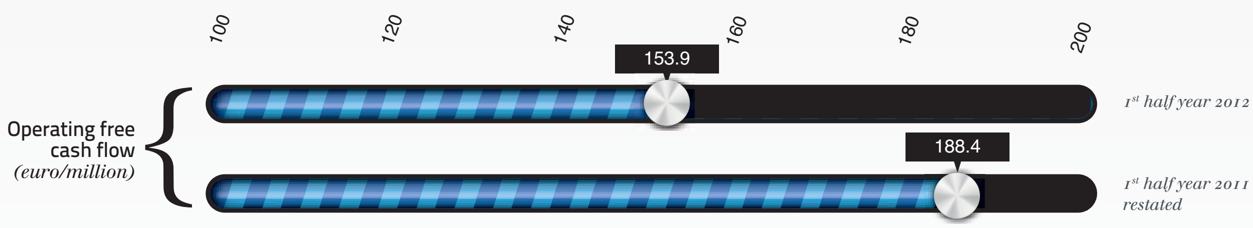
Economic and financial highlights of the Group

The financial results of the SEAT Pagine Gialle Group for the first half of 2012 and the first half of 2011 have been prepared in accordance with the international accounting standards issued by the International Accounting Standards Board and approved by the European Union (IFRS).

- Consolidated REVENUES totaled € 451.4 million, up by 5.3% (down by 5.1% at constant publication volumes and exchange rates), boosted by the performance of the Company's online activities in Italy (+17.7%).
- Consolidated EBITDA amounted to € 163.7 million, an increase of 9.1% (a reduction of 10.4% at constant publication volumes and exchange rates), generating an operating margin of 36.3%, thanks mainly to cost-cutting measures.
- OPERATING FREE CASH FLOW totaled € 153.9 million, while NET FINANCIAL INDEBTEDNESS at June 30, 2012 stood at € 2,674.6 million.







(euro/million)	1st half year 2012	1st half year 2011 restated(**)	Year 2011 restated(**)
Economic and financial data			
Revenues from sales and services	451.4	428.6	948.0
GOP (*)	195.3	174.8	409.8
EBITDA (*)	163.7	150.1	369.6
EBIT (*)	66.1	92.9	(432.5)
Pre-tax profit (loss)	(9.4)	(36.6)	(701.3)
Profit (loss) on continuing operations	(26.5)	(32.1)	(788.6)
Profit (loss) pertaining to the Group	(26.8)	(32.6)	(789.8)
FCF (*)	153.9	188.4	364.6
Capital expenditure	17.4	20.5	47.8
Net invested capital (*)	2,069.0	2,840.5	2,147.5
of which goodwill and customer database	*1,937.2*	*2,630.5*	*1,951.9*
of which net operating working capital (*)	*83.3*	*87.7*	*96.1*
Equity of the Group	(599.0)	192.3	(568.8)
Net financial debt (*)	2,674.6	2,682.5	2,734.2
Economic and financial ratios			
EBITDA/Revenues	36.3%	35.0%	39.0%
EBIT/Revenues	14.6%	21.7%	(45.6%)
EBIT/Net invested capital	3.2%	3.3%	(20.1%)
Profit (loss) for the period/Equity of the Group	n.s.	(17.0%)	138.9%
FCF/Revenues	34.1%	44.0%	38.5%
Operating working capital/Revenue	18.5%	20.5%	10.1%
Workforce			
Workforce at the end of the period (units)	4,042	4,552	4.257
Average workforce for the period	3,465	3,808	3,755
Revenues/Average workforce	130	113	252

(*) See "Non-GAAP measures" below for details of items.
(**) See "Report on Operations, paragraph Introduction" for further details of first half year and year 2011 restated

Non-GAAP measures

In addition to the conventional IFRS indicators, this First Half Report at June 30, 2012 includes some other financial performance indicators with a view to providing a better assessment of the Group's 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 results of the Group or its capital or financial position. Since these measures are not governed by the benchmark accounting standards, the calculation methods used by the Company may not be consistent with those implemented by others, meaning that the measures may not be comparable. These indicators are as follows:

- **GOP** (*gross operating profit*) refers to EBITDA before other operating income and expense, net valuation adjustments and provisions to reserves for risks and charges.
- **EBITDA** (*operating income before amortization, depreciation, and other net non-recurring and restructuring costs*) refers to **EBIT** (*operating result*) before net non-recurring and restructuring costs, and operating amortization, depreciation and write-downs (relating to intangible assets with a finite useful life and tangible assets) and non-operating amortization and write-downs (relating to goodwill and customer databases).
- **Operating working capital and non-operating working capital** are calculated respectively as operating current assets (relating to operating revenues) net of operating current liabilities (relating to operating costs) and as non-operating current assets net of non-operating current liabilities; neither item includes current financial assets or liabilities.
- **Net invested capital** is the sum of operating working capital, non-operating working capital, goodwill and customer databases, and other operating and non-operating non-current assets and liabilities.
- **Net financial indebtedness (book value)** is the sum of cash and cash equivalents and current and non-current financial assets and liabilities.
- **Net financial indebtedness** refers to net financial indebtedness (book value) gross of net adjustments relating to cash flow hedge instruments and transaction costs.
- **FCF** (*free cash flow*) is the EBITDA, adjusted to take into account the effect of capital expenditure and the change in operating working capital and non-current operating liabilities on the net financial position.

Information for shareholders

Shares

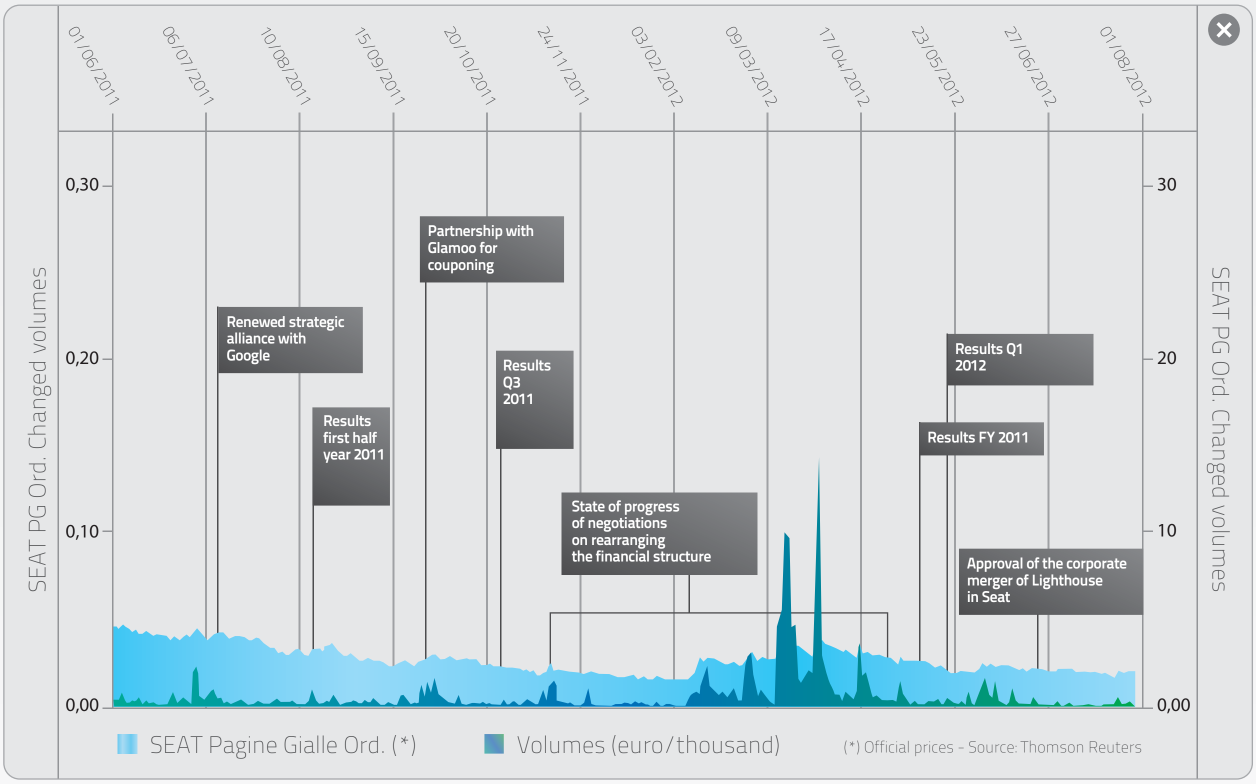
(euro/thousand)		As at 06.30.2012	As at 12.31.2011	As at 06.30.2011
Share capital	euro	450,265,793.58	450,265,793.58	450,265,793.58
Number of ordinary shares	No.	1,927,027,333	1,927,027.333	1,927,027,333
Number of savings shares	No.	680,373	680.373	680,373
Market capitalisation - *(based on average market price)*	*euro/mln*	*64*	*56*	*122*
SEAT Pagine Gialle S.p.A. share weighting (SPG ordinary shares) - *Ftse Italia All Share (ex Mibtel)*		*0.021%*	*0.016%*	*0.019%*
Equity par share	euro	(0.311)	(0.295)	0.100
Profit (loss) par share	euro	(0.014)	(0.410)	(0.017)

SEAT Pagine Gialle S.p.A. ratings (information correct as at August 7, 2012)

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

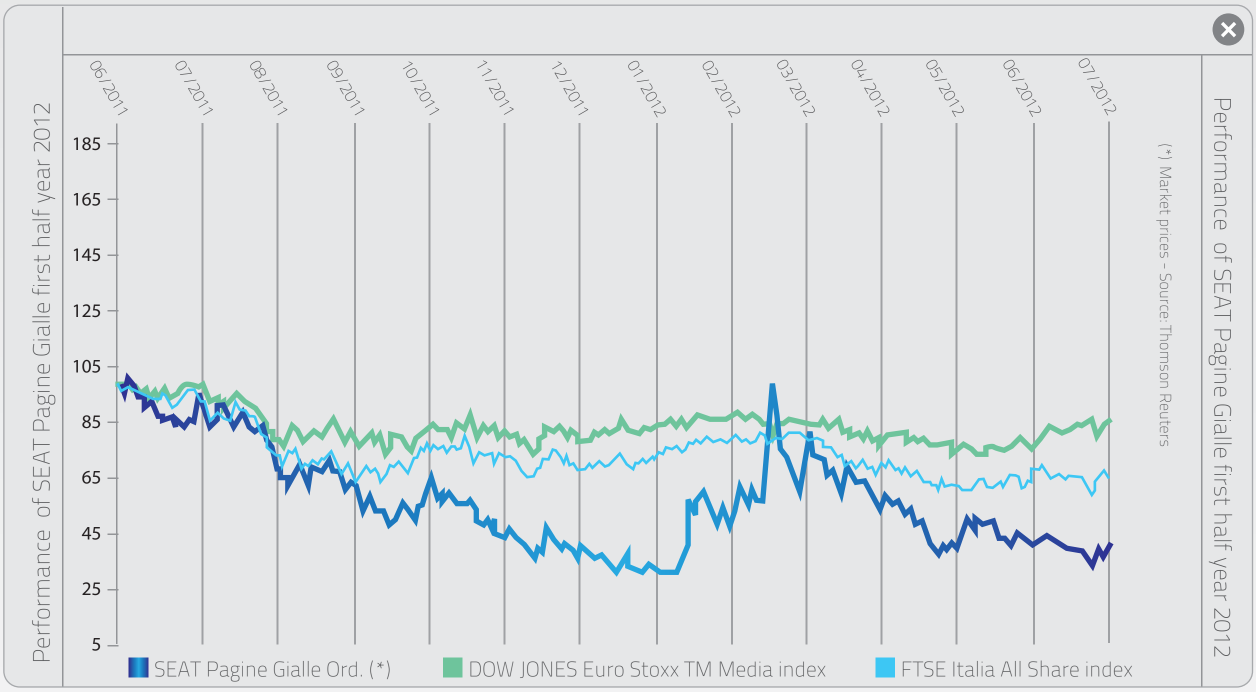
Market performance of ordinary shares over the last 12 months and volumes traded

SEAT Pagine Gialle shares closed at € 0.031 on June 30, 2012, an increase on the price of € 0.025 recorded on December 31, 2011, following the announcement of news about the restructuring.
The positive performance of the shares was influenced by the structure of the Company's enterprise value, which consists predominantly of debt. Slight improvements in the Company's enterprise value (with the debt calculated at the nominal value and not at the market value) were translated into increasingly significant increases in its market value, represented by its share price. From the end of December 2011 to the end of June 2012, the enterprise value expressed by SEAT Pagine Gialle shares increased by 0.7%.
The first half saw other companies in the sector experience a fall in both enterprise value, which fell by -38.19% for Canadian firm Yellow Media, -18.9% for Yell and -15.7% for Eniro, and share prices, with Yellow Media shares down by -81.1%, Yell shares by -70.7% and Pages Jaunes shares by -38.9%.

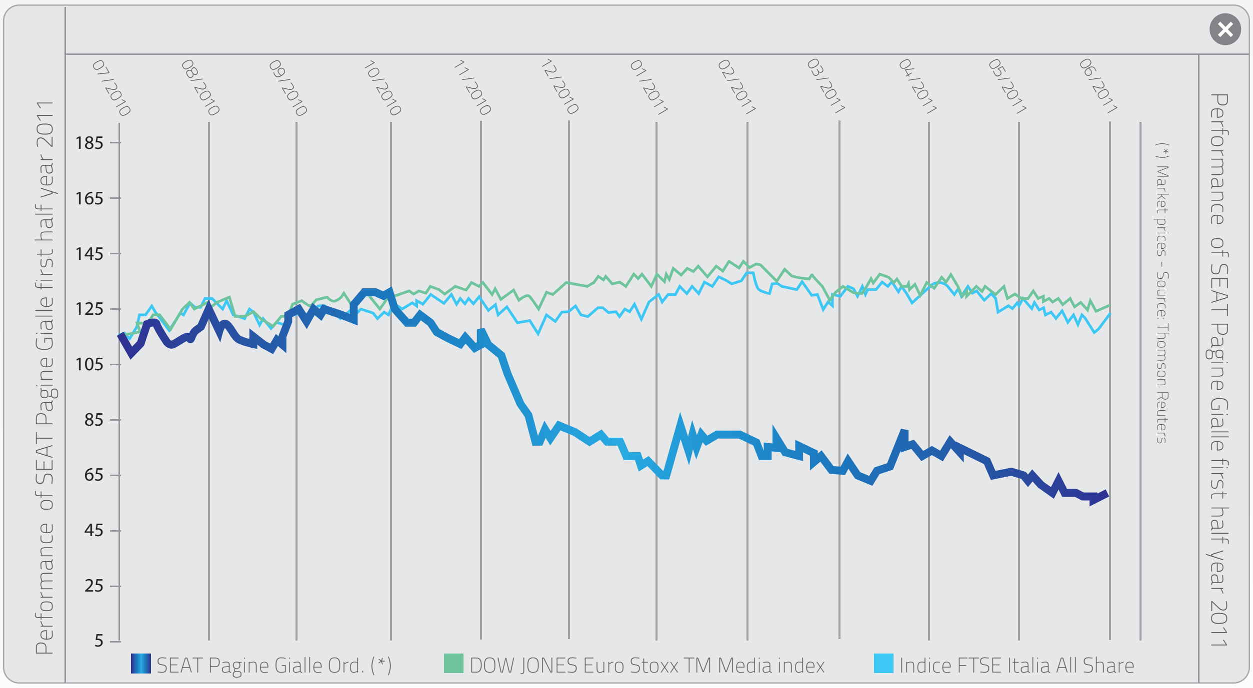


Performance of SEAT Pagine Gialle S.p.A. shares in the first half of 2012 vs. FTSE Italia All-Share Index a nd Dow Jones Euro Stoxx Media Index

(Information updated as at August 1, 2012)



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



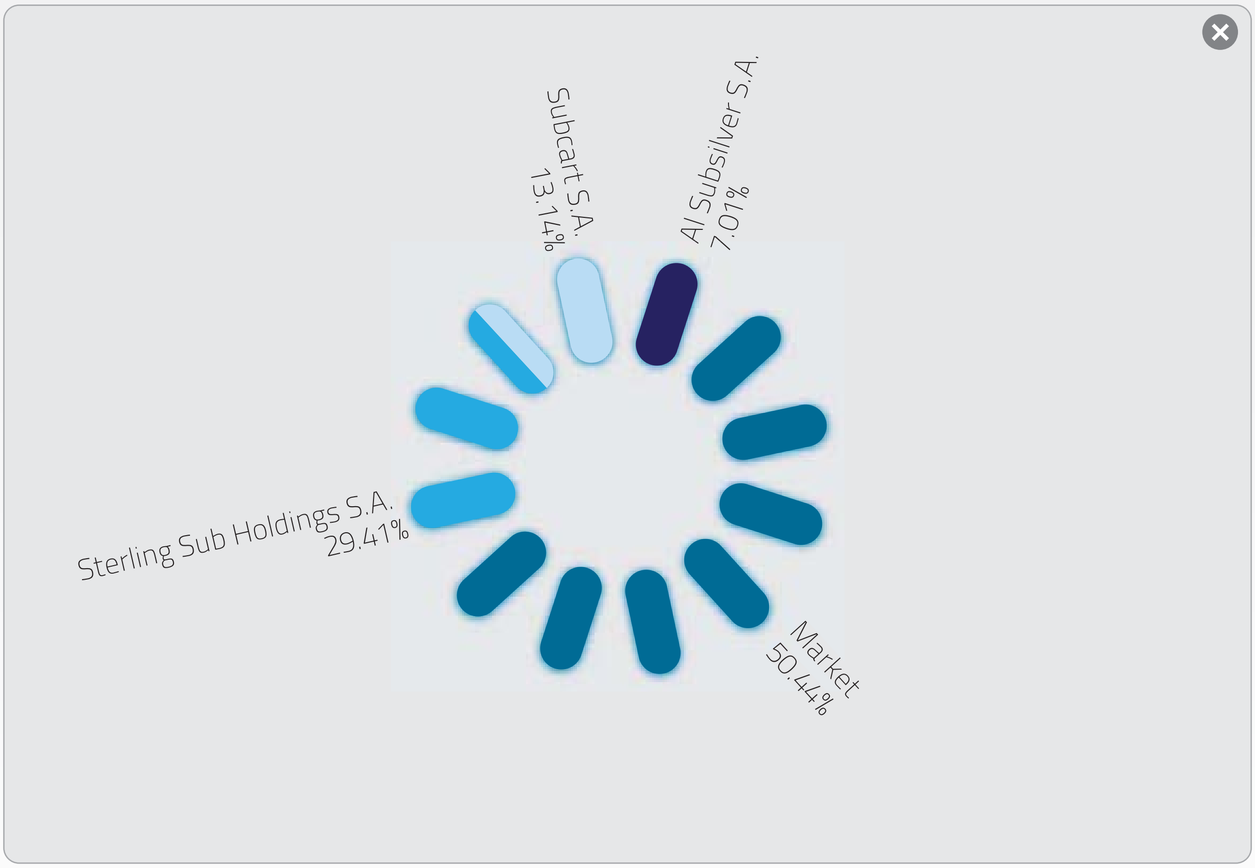
Shareholders

The table below lists the ordinary shareholders of SEAT Pagine Gialle S.p.A. which hold more than 2% of the Company's share capital as at June 30, 2012.

Shareholders as at June 30, 2012	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

(*) It should be pointed out that (i) on April 22, 2004, a deed of pledge (as subsequently extended and confirmed) was drawn up concerning the shares held by the aforementioned direct shareholders, guaranteeing the fulfillment of the obligations arising from, *inter alia*, the facilities agreement signed by the Company on May 25, 2005 with, *inter alia*, Royal Bank of Scotland Plc and the related financial documents, as well as the obligations connected with the issuance by Lighthouse International Company S.A. of the securities named "€ 1,300,000,000 8% Senior Notes Due 2014"; (ii) on January 28, 2010, an additional deed of pledge was drawn up concerning the aforementioned shares, guaranteeing the fulfillment by the Company of all its obligations arising from the bonds issued on the same date, named "€ 550,000,000 10 ½ Senior Secured Notes Due 2017"; and (iii) on October 8, 2010, an additional deed of pledge was drawn up concerning the same shares, guaranteeing the fulfillment by the Company of all its obligations connected with the issuance, on the same date, of the bonds named "€ 200,000,000 10 ½ Senior Secured Notes Due 2017".

SEAT Pagine Gialle S.p.A. shareholder structure as at June 30, 2012



Organizational structure of the Group

(Information updated as at August 7, 2012)

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

LEGENDA

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

WebAGE

La svolta digitale

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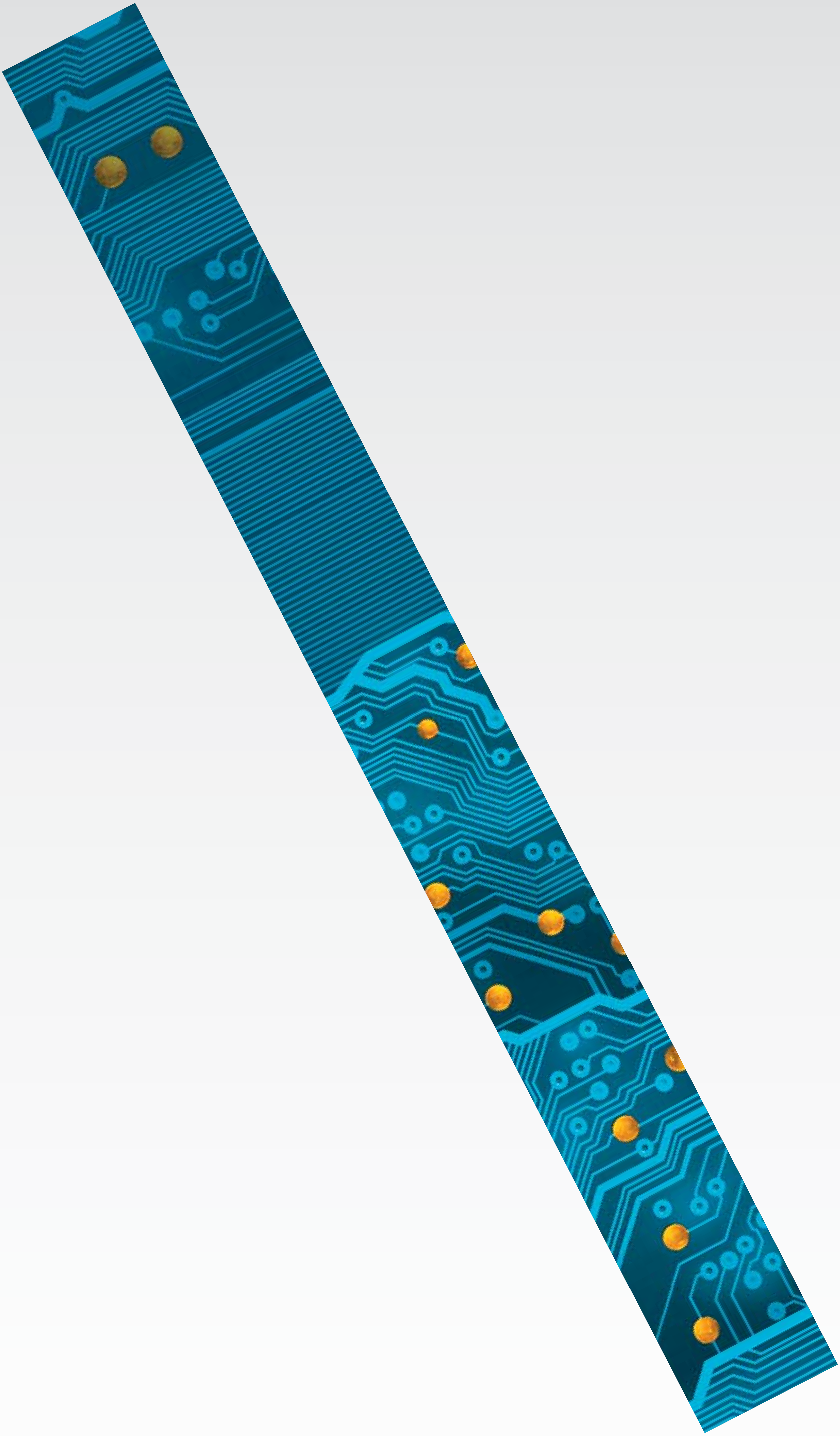
Report on Operations



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Economic and financial performance of the Group

Introduction

During the first half of 2012, Telegate AG began the process of selling subsidiaries 11811 Nueva Información Telefónica S.A.U. and 11850 Uno Uno Ocho Cinco Cero Guías S.L., which operate on the Spanish market, with a view to focusing on its activities in Germany. Consequently, the first-half financial results and end-of-period statement of financial position figures of these companies have been reclassified under "Non-current assets held for sale and discontinued operations", in accordance with the provisions of IFRS 5. Also pursuant to IFRS 5, the income statement and statement of cash flows figures for the first half and the full year of 2011 that were published at the time have been restated.

Facts regarding the financial restructuring

A. Start of negotiations and creditors' acceptance of the Company's final proposal

As discussed extensively in the introduction to the report on operations included in the consolidated and separate financial statements of the Company at December 31, 2011, approved by shareholders' meeting on June 12, 2012, the Company, began with the help of its advisors to study various options in March 2011 to make the Group's financial structure more stable in the long term, focusing on the 'equitization' option since the approval of the first half report at June 30, 2011. This would involve the direct or indirect conversion into equity of a significant portion of the Lighthouse International Company S.A. ("**Lighthouse**") debt, with the consequent extinguishment of a significant portion of the Company's subordinated debt arising from the € 1,300 million "**Proceeds Loan**" agreement between the Company and Lighthouse.

The Company gradually began to negotiate with the various parties involved and, in particular, with the committees that were set up straight away to act as a first interface for negotiating with the Company.

The long and complex negotiating process thus launched and was aimed at drawing up a financial-restructuring agreement, through which the Company would be committed to finding a mediating position between the various parties involved. Eventually this process resulted in the Company drafting and approving a final proposal on January 31, 2012 for a consensual financial restructuring (the "**Final Proposal**"), the main terms of which were set out in a term sheet appended to the press release issued on the same date.

The Final Proposal stipulated that, *inter alia*:

(i) the total debt owed by Lighthouse to holders of the "€ 1,300,000,000 8% Senior Notes Due 2014" bonds issued by Lighthouse (the "**Lighthouse Bondholders**"), in the amount of the principal and including interest accrued as at December 31, 2011, but excluding a principal amount equal to € 65 million (the "**Residual Debt**"), would be 'equitized' and the Lighthouse Bondholders will be allocated SEAT ordinary shares equal to 90% of share capital;

(ii) the Lighthouse Bonds relating to the Residual Debt, which would not be converted into SEAT ordinary shares, would be exchanged for new bonds issued by the Company to the Lighthouse Bondholders, under the terms set out in the term sheet (the "**Stub Bonds**");

(iii) investors which are ordinary shareholders as at the date immediately prior to the date of execution of the restructuring agreement would hold, in total, immediately after the execution of the restructuring agreement and as a result of the aforementioned conversion of the Lighthouse Bondholders' debt into equity, 10% of the Company's ordinary share capital, and these shareholders would be entitled to receive new ordinary shares for a total amount equal to 2% of the post-restructuring ordinary share capital in the 30 days after the date of execution of the restructuring agreement. Subject to the fulfillment of the conditions set out in the term sheet, such shareholders would be entitled to receive new ordinary shares for a total amount equal to 3% of the post-restructuring ordinary share capital in the two years after that date;

(iv) SEAT would essentially transfer all its assets and liabilities to a wholly owned company ("**OpCo**"), which would assume liability for the debts connected to (a) the senior facilities agreement, (b) the senior secured bonds and (c) the Stub Bonds, pursuant to and for the purposes of Article 2560 of the Italian Civil Code on debts pertaining to a transferred business, although the Company would continue to be liable for such debts towards third-party creditors, according to seniority;

(v) SEAT would create a pledge in favor of the senior creditors on all the OpCo shares to secure the bonds referred to under (a), (b) and (c) of point (iv) above, and the transfer of the business unit would take place upon the cancellation of the pledge on around 49.6% of the Company's shares held by the three leading shareholders (the "**Reference Shareholders**");

(vi) the two fixed-term credit lines that make up the Senior Facilities Agreement of March 25, 2005, as subsequently amended (the **Senior Facilities Agreement**), entered into between, *inter alia*, the Company and The Royal Bank of Scotland (the "**Senior Creditor**"), would be consolidated into a single fixed-term credit line of € 596.1 million, with a maturity of June 30, 2016, and the revolving credit line of € 90 million would be renewed, all of which would be subject to the contractual terms set out in the aforementioned term sheet, including the relevant securities.

On March 7, 2012, the Company eventually obtained the full acceptance of the Final Proposal (including the amendments made on February 22, 2012 and reflected in the term sheet appended to the press release issued on the same date) by all categories of creditors (the Lighthouse Bondholders, the Senior Creditor and the senior secured bondholders), with approval levels well above the required threshold (over 90% for the Lighthouse Bondholders and over 98% for the senior secured bondholders). The Reference Shareholders also expressed a favorable opinion on the proposal.

B. Signing of the first agreements

Around the same time that the Final Proposal was accepted, the Company signed a set of agreements with the Lighthouse Bondholders and the Reference Shareholders. These agreements were intended, on the one hand, to govern the terms and conditions of the mutual commitments appropriate and/or necessary for the execution of the financial restructuring, and, on the other hand, to express the level of consensus reached through a series of lock-up commitments for the time necessary to complete the agreed restructuring process.

Specifically, the Company signed the following agreements, with effect from March 12, 2012:

(i) a lock-up agreement with over 90% of the Lighthouse Bondholders, pursuant to which the latter undertook, *inter alia*, not to transfer their bonds for a given period of time and to support the restructuring;

(ii) an agreement with the Reference Shareholders, pursuant to which the latter undertook to support the restructuring;

(iii) an agreement, published pursuant to law, governing the commitment by the Reference Shareholders to vote at the relevant meetings in favor of the restructuring and not to transfer their shares in SEAT under the terms set out therein.

The senior secured bondholders, were asked, as part of the negotiation process, to waive certain rights pursuant to the agreements governing the contractual terms and conditions of the bonds with a view to ensuring a successful outcome of the restructuring ("Indentures"). They were also asked to accept certain technical amendments to these contractual provisions and a consensus was subsequently confirmed by a favorable vote at the second session of the bondholders' meeting held on March 30, 2012. This then led to the signing, on April 11, 2012 of the "Supplemental Indentures" relating to the two senior secured bond issues. Moreover, as stated in the press release of March 23, 2012, the Company received certification of the reasonableness of the restructuring plan outlined in the Final Proposal from an independent expert (that meets the requirements set out in Article 28, (a) and (b) of the Bankruptcy Act), in accordance with the provisions of Article 67, paragraph 3, d) of the Bankruptcy Act.

C. Implementation phase

After signing the aforementioned agreements, the Company began the process of negotiating and defining, with the relevant counterparties, the documentation needed to implement the consensual restructuring outlined in the Final Proposal, as well as undertaking a number of activities necessary to execute the operation.

During the negotiations relating to the Senior Facilities Agreement, certain counterparties raised objections regarding the consequences of the restructuring of the current senior debt on the applicable tax regime. The Company, with the help of the analyses conducted by its tax consultants, believes that the restructuring will not alter the tax regime applicable to the Senior Facilities Agreement.

The main stages of the implementation of the restructuring, which presuppose the completion of a number of complex technical, contractual and corporate steps (some of which are governed by foreign legislation), were as follows:

(i) the presentation, approval and ratification by a UK court confirming the effectiveness of the scheme of arrangement[1];
(ii) the equitization of the Lighthouse Bonds into shares in Lighthouse, following a request for the latter to go into administration pursuant to the Insolvency Act 1986 under UK law;
(iii) the merger by incorporation of Lighthouse into the Company, as a result of which SEAT shares will be issued to the Lighthouse Bondholders that have become, following the aforementioned equitization, shareholders of Lighthouse, as well as the allocation of share warrants to the existing shareholders of the Company;
(iv) the issuance of the Stub Bonds and their exchange for the bonds relating to the Residual Debt;
(v) the transfer of essentially all the Company's assets and liabilities to OpCo;
(vi) the refinancing of the senior debt.

The activities necessary for the completion of the consensual restructuring that have already been put in place as at June 30, 2012 include the resolution, passed on June 12, 2012 by the shareholders' meeting, to approve the merger by incorporation of Lighthouse into the Company under the terms set out in the Joint Merger Plan, including the redistribution of share capital following the merger among the Lighthouse Bondholders and the existing shareholders. This would take place via the allocation of shares representing 88% of the share capital to the former and of shares representing 12% to the latter, with existing shareholders being granted free share warrants, as an integral part of the swap ratio, that would, subject to given terms and conditions, allow them to receive 3% of the Company's post-restructuring share capital. The merger was approved by the shareholders' meeting in order to rectify the Company's current situation of negative equity and consequently avoid the recurrence of the circumstances referred to in Article 2447 of the Italian Civil Code, as acknowledged by the Board of Directors on April 30, 2012 with the approval of the draft financial statements at December 31, 2011[2].

The following events have taken place between June 30, 2012 and the date of this Interim Report:

(i) the Company signed a framework restructuring agreement with, *inter alia*, Lighthouse, an ad hoc committee made up of Lighthouse Bondholders, the Senior Creditor and the members of a committee comprising the Senior Creditor and some other interested parties, in order to set out the detailed terms and conditions governing the implementation of the consensual restructuring, as well as the time frame for implementation (the "**Framework Restructuring Agreement**");
(ii) on July 23, 2012, pursuant to the term and conditions of the Framework Restructuring Agreement, in order to implement the restructuring and the refinancing of the debt rising under the Senior Facilities Agreement, the Company presented a proposed "scheme of arrangement" under Part 26 of the English Companies Act 2006 (the "**Scheme**");
(iii) on July 27, 2012, the High Court of Justice in England and Wales granted an order to allow the Company to convene the Scheme creditors meeting for the purpose of considering the approval of the Scheme (the "**Scheme Sanctions Hearing**");

[1] The scheme of arrangement, provided for by UK 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, for our purposes, its creditors, or one or more classes of its creditors, which is considered established and binding, including with regard to creditors (of the class in question) that have not consented to the agreement, when *(i)* the draft proposal, which is formulated via a procedure that is supervised by a UK court, is approved by a per capita majority representing 75% in value of each class of scheme creditors present and voting at the relevant scheme creditors' meeting, and *(ii)* such agreement is subsequently ratified by a UK court.

[2] The shareholders' meeting of June 12, 2012 also resolved that, in the event that the merger by incorporation of Lighthouse into SEAT does not become effective within a suitable deadline, which, taking into account the relevant circumstances, will be set by the Board of Directors at a date no later than December 31, 2012, the Board of Directors will adopt measures to put the Company into liquidation.

(iv) on July 27, 2012, pursuant to an order of the High Court of Justice in England and Wales, made under paragraph 12 of Schedule B1 of the Insolvency Act 1986, the Administrators were appointed to act as joint administrators of Lighthouse;
(v) on August 1, 2012, Lighthouse, according to its communications with the Company, launched a "consent solicitation" procedure, by publication of a consent solicitation statement (the "**Consent Solicitation Statement**"), seeking to obtain the consent of 90% (in value) of the Lighthouse Bondholders to the Framework Restructuring Agreement, which is one of the conditions set out in the aforementioned agreement concerning the equitization, as well as the amendment of the contractual provisions relating to the Lighthouse Bonds for the purposes of the equitization and the issuance of the Stub Bonds.

The Company is still extremely busy carrying out the activities necessary to fully implement the complex consensual restructuring process this year, with a view to completing it within the indicative time frame announced on June 12, 2012 pursuant to Article 114, paragraph 5 of Legislative Decree 58/1998.

Circumstances pursuant to Article 2447 of the Italian Civil Code and related measures

On April 30, 2012, the Board of Directors of SEAT Pagine Gialle S.p.A. approved the consolidated financial statements and the draft separate financial statements at December 31, 2011, which presented negative equity of € 568,759 thousand and € 557,111 thousand respectively. This placed the Parent Company, which was already in a situation pursuant to Article 2446 of the Italian Civil Code, under circumstances pursuant to Article 2447 of said code.

On June 12, 2012, the Extraordinary Shareholders' Meeting called by the Board of Directors resolved to approve:
(i) the income statement and statement of financial position of SEAT Pagine Gialle S.p.A. at March 31, 2012, as illustrated in the report prepared pursuant to Articles 2446 and 2447 of the Italian Civil Code and Article 74 of the Issuers' Regulation, presenting negative equity of € 558,289 thousand;
(ii) the merger by incorporation of Lighthouse International Company S.A. into SEAT Pagine Gialle S.p.A. under the terms set out in the Joint Merger Plan, in order to rectify the situation pursuant to Article 2447 of the Italian Civil Code, and the issuance of both ordinary shares with no nominal value, to be allocated to Lighthouse shareholders, and free share warrants on ordinary shares and savings shares, to be allocated prior to the date the merger takes effect;
(iii) the adoption by the Board of Directors, in the event that the merger does not become effective within a suitable deadline (to be set by the Board at a date no later than December 31, 2012), of measures to put SEAT Pagine Gialle S.p.A. into liquidation, appointing a Board of Liquidators comprising Silvano Corbella (Chairman), Francesco D'Aniello and Alessandro Gallone, whose remuneration shall be decided by a future Shareholders' Meeting.

Reclassified consolidated income statement for the first half of 2012

Revenues from sales and services totaled € 451,357 thousand in the first half of 2012, down by 5.1% at constant publication basis and constant euro/sterling exchange rates compared with the first half of 2011 *restated*.
In the Italian Directories Business Area, the publication of volumes for 27 directory areas, which generated € 44,082 thousand in the second half of 2011, was brought forward to the first half for 2012.
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.*) amounted to € 367,337 thousand, down by 3.2% year on year at constant publication basis. Core products (print-online&mobile-voice) saw revenues fall by 2.5% at constant publication volumes, due to the decline in print and voice products, though this was offset by the increase in online activities (+17.7%), which were boosted by ongoing product development and the launch of new multimedia services, and accounted for 61% of total revenues. As in previous periods, the overall rate of revenue growth was slowed by a fall in voice traffic generated by the 89.24.24 Pronto PAGINEGIALLE® and 12.40 Pronto PAGINEBIANCHE® services;
- revenues from the *UK Directories* (*TDL Infomedia group*) Business Area amounted to € 24,286 thousand, a reduction of 15.6% at constant exchange rates and publication basis compared with the first half of 2011. This result reflects a slowdown in growth for online products, in relation to which the group is currently carrying out a restructuring of its website and product range. Revenues from print directories remained more or less stable (+1% compared with the corresponding period of the previous year). This was thanks partly to a different publication timetable compared with the first half of 2011;
- revenues from the *Directory Assistance* Business Area (Telegate group, SEAT Pagine Gialle Italia and Prontoseat) totaled € 49,803 thousand, down by 11.7% compared with the first half of 2011 *restated* (€ 56,360 thousand). The fall was due mainly to the Telegate group, which generated revenues of € 45,065 thousand, down by around 12% compared with the first half of 2011 *restated* (€ 51,236 thousand), due to the ongoing structural difficulties of the telephone assistance services market, with a drop in call volumes only partially offset by an increase in online revenues. Prontoseat's revenues amounted to € 4,323 thousand in the first half of 2012, down by 10.4% year on year, as a result of the continued decline in inbound revenues (-44.1%);
- revenues from the *Other Activities* Business Area (*Europages, Consodata* and *Cipi*) totaled € 20,356 thousand, a decline of 1.4% compared with the first half of 2011 (€ 20,683 thousand), which was attributable mainly to the fall in Cipi's revenues.

Costs of materials and external services, net of costs charged to third parties included in the IFRS financial statements under the item "Other revenues and income", totaled € 167,608 thousand for the period, an increase of € 2,744 thousand compared with the first half of 2011 *restated* (€ 164,864 thousand). This reflects the fact that the publication of volumes for 27 directory areas (including Savona, Aosta and Imperia) that in 2011 took place in the second half was brought forward to the first half for 2012.
The total increase of € 4,983 thousand in *industrial costs* (which totaled € 66,097 thousand) was due partly to the fact that the publication of the aforementioned directories was brought forward (in relation to paper consumption, production costs and distribution and storage costs) and partly to the increase in costs of data transmission and digital services related to online products, in the amount of € 1,618 thousand, and in commissions to web publishers as part of new online offers aimed at boosting web traffic, in the amount of € 591 thousand.
Commercial costs totaled € 56,587 thousand, against € 59,152 thousand in the first half of 2011 restated). This fall was due essentially to a reduction in advertising expenditure, which was down by € 3,291 thousand compared with the first half of 2011 *restated*).
Overheads amounted to € 44,924 thousand, more or less in line with the figure recorded in the first half of 2011 *restated* (€ 44,598 thousand).

Salaries, wages and employee benefits, less recovered costs, which are included in the IFRS financial statements under the item "Other revenues and income", amounted to € 88,439 thousand in the first half of 2012, down by € 483 thousand compared with the first half of 2011 *restated* (€ 88,922 thousand). This change was due to the reduced average workforce of the Telegate group (-€ 3,555 thousand), which fell from 1,542 employees in the first half of 2011 *restated* to 1,219 in the first half of 2012, though this was partly offset by an increase at SEAT, due mainly to the renewal of the national collective labor agreement.
The Group's workforce, including directors, project workers and interns, consisted of 4,042 employees as at June 30, 2012 (against 4,257 employees as at December 31, 2011 *restated*). The average workforce (FTE) in the first half of 2012 was 3,465 employees (against 3,808 employees in the first half of 2011 *restated*).

Gross operating profit (GOP), at € 195,310 thousand, was up by € 20,504 thousand compared with the first half of 2011 *restated* (€ 174,806 thousand). The operating margin was 43.3%, up from 40.8% in the first half of 2011 *restated*.

Valuation adjustments and provisions to reserves for risks and charges totaled € 29,669 thousand (against € 22,723 in the first half of 2011 restated). Of the net valuation adjustments, which totaled € 25,951 thousand, € 25,824 thousand related to the allowance for doubtful trade receivables, which increased by € 10,709 thousand compared with the first half of 2011 *restated*, meaning that the coverage of overdue receivables remained sufficient. This item also includes net provisions to reserve for operating risks and charges of € 3,718 thousand (against € 7,615 thousand in the first half of 2011), down by € 3,897 thousand due to a reduction in the Parent Company's provisions to reserve for commercial risks.

Other operating income and expenses presented a negative balance of € 1,969 thousand, compared with a negative figure of € 2,004 thousand in the first half of 2011 *restated*.

Operating income before amortization, depreciation, and other net non-recurring and restructuring costs (EBITDA) totaled € 163,672 thousand, an increase of 9.1% compared with the first half of 2011 *restated* (€ 150,079 thousand), yielding an operating margin of 36.3% (35.0% in the first half of 2011 *restated*). At constant exchange rates and volumes published, EBITDA fell by 10.4%.

Operating amortization, depreciation and write-downs, totaling € 25,181 thousand, fell by € 4,635 thousand from € 29,816 thousand in the first half of 2011 *restated*. Of this figure, € 19,420 thousand related to intangible assets with a finite useful life (€ 24,046 thousand in the first half of 2011 *restated*), and € 5,761 thousand to property, plant and equipment (€ 5,770 thousand in the first half of 2011 *restated*).

Non-operating amortization and write-downs amounted to € 14,864 thousand (€ 18,980 thousand in the first half of 2011), comprising the amortization of the customer database of German subsidiary Telegate and a € 13,578 write-down of goodwill for the TDL group. In the first half of 2011, this item included write-downs of goodwill in the amount of € 16,364 thousand for the TDL group and of € 1,329 thousand for Telegate Holding GmbH, which were recorded following impairment tests.

Net non-recurring and restructuring costs totaled € 57,522 thousand (€ 8,364 thousand in the first half of 2011). Non-recurring costs amounted to € 56,454 thousand (€ 7,023 thousand in the first half of 2011), of which € 54,672 thousand pertained to the Parent Company, mainly for expenses relating to its debt restructuring. The item also includes € 1,306 thousand of costs incurred by the Telegate group, relating partly to the scaling back of its call centers in Germany and partly to management support activities aimed at developing its new-media business. Restructuring costs totaled € 1,068 thousand (€ 1,341 thousand in the first half of 2011) and consisted mainly of a provision of € 913 thousand relating to the closure of Telegate call centers, for which a provision had already been made in the previous financial year.

Operating income (EBIT) stood at € 66,105 thousand (€ 92,919 thousand in the first half of 2011 restated). In addition to the Group's business performance, measured in terms of GOP and EBITDA, operating income also reflects the costs of the Group's financial restructuring.

Net interest expense, totaling € 75,489 thousand (€ 129,510 thousand in the first half of 2011 *restated*), represents interest expense of € 80,123 thousand (€ 139,115 thousand in the first half of 2011 restated) less interest income of € 4,634 thousand (€ 9,605 thousand in the first half of 2011). Net interest expense was reduced by € 54,021 thousand as a direct result of the debt restructuring agreement, pursuant to which the debt owned to associate company Lighthouse International Company S.A. is to be equitized and therefore ceased to accrue interest as of January 1, 2012.

Interest expense in the first half of 2012 included in particular:
- € 26,039 thousand of interest expense (against € 24,865 thousand in the first half of 2011) on the Senior Credit Agreement between SEAT Pagine Gialle S.p.A. and The Royal Bank of Scotland Plc, Milan Branch (hereinafter known as The Royal Bank of Scotland). This amount includes € 5,717 thousand relating to transaction costs for the period, € 1,561 thousand relating to the net negative impact of cash flow hedge instruments against interest rate risk and € 2,178 thousand relating to interest on the revolving credit line;
- € 42,769 thousand of interest expense paid on the senior secured bonds (compared with € 41,866 thousand in the first half of 2011). This amount includes € 1,421 thousand relating to transaction costs for the period and € 1,973 thousand relating to the issue discount;

- € 6,847 thousand relating to the full amortization for the period of the transaction costs on the fixed-rate subordinated loan with associate company Lighthouse International Company S.A.;
- € 741 thousand of interest expense (against € 1,161 thousand in the first half of 2011) on debts due to Leasint S.p.A. in relation to seven financial-leasing contracts entered into for the purchase of the Corso Mortara property complex in Turin, where SEAT Pagine Gialle S.p.A. has its offices;
- € 2,964 thousand of other interest expense (against € 4,936 thousand in the first half of 2011 *restated*), including € 2,830 thousand of interest expense from discounting non-current assets and liabilities (against € 2,254 thousand in the first half of 2011);
- € 763 thousand of foreign-exchange losses (compared with € 9,941 thousand in the first half of 2011), which was more than offset by the € 1,631 thousand in foreign-exchange gains recorded under "Interest income".

Interest income in the first half of 2012 mainly included:

- € 1,116 thousand of interest income (against € 1,106 thousand in the first half of 2011) from non-current assets, particularly assets used to finance the TDL Infomedia group's pension fund;
- € 1,833 thousand of interest income (€ 530 thousand in the first half of 2011) from the investment of short-term liquidity in the banking system at market rates well above Euribor;
- € 1,631 thousand (€ 7,853 thousand in the first half of 2011) of foreign-exchange gains recorded mainly as a result of exposure to sterling.

In the first half of 2012, the average total cost of the financial debt of SEAT Pagine Gialle S.p.A. was 7.55% (against 8.34% in the first half of 2011). This figure, which is lower than that recorded for 2011 as a whole (8.5%), is a result of the current transitional situation of the Company caused by its debt restructuring, since on January 1, 2012, interest of around 8% ceased to accrue on the € 1.3 billion Proceeds Loan with Lighthouse, and the interest on the senior bank debt does not yet reflect the new conditions that will be applied with effect from the date of completion of the restructuring.

Income taxes for the period presented a negative balance of € 17,071 thousand (against a positive balance of € 4,479 thousand in the first half of 2011 *restated*). In accordance with the provisions of IAS 34, income taxes for the period were calculated by applying the average rates expected for the 2012 financial year to the gross pre-tax income.

Profit/(loss) on continuing operations was a loss of € 26,455 thousand, against a loss of € 32,112 thousand in the first half of 2011 *restated*.

Net profit/(loss) from non-current assets held for sale and discontinued operations was a net loss of € 546 thousand, relating to the Spanish subsidiaries of the Telegate group, 11811 Nueva Información Telefónica S.A.U. and 11850 Uno Uno Ocho Cinco Cero Guías S.L.; the group has begun the process of selling these two subsidiaries.

Profit/(loss) pertaining to minority interests showed a loss of € 167 thousand (a profit of € 462 thousand in the first half of 2011) and relates mainly to minority interests of the Telegate group.

Profit/(loss) pertaining to the Group showed a loss of € 26,834 thousand (€ 32,584 thousand in the first half of 2011).

Reclassified consolidated statement of financial position as at June 30, 2012

Introduction

In compliance with the conditions of the facilities agreement with The Royal Bank of Scotland, the Indenture with Lighthouse International Company S.A. and the bonds issued in January and October 2010, SEAT Pagine Gialle S.p.A. provided the usual securities, the most significant being:
- pledge over its main trademarks;
- pledge over shares in its main subsidiaries;
- pledge over part of the Company's shares held by Sterling Sub Holdings S.A., Subcart S.A. and Al Subsilver S.A.

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

Net invested capital

Net invested capital, which stood at € 2,069,027 thousand as at June 30, 2012, fell by € 78,521 thousand compared with December 31, 2011.
Net invested capital can be broken down as follows:
- *goodwill and customer databases* totaled € 1,937,201 thousand as at June 30, 2012, of which € 1,927,003 thousand related to goodwill and € 10,198 thousand related to customer databases, recorded under the Group's assets following acquisitions. The item fell by € 14,656 thousand compared with December 31, 2011, as a result of:
  - the write-down on the TDL group's goodwill (€ 13,578 thousand);
  - amortization (€ 1,286 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, based on internal and/or expert valuations, in accordance with the provisions of IFRS 3;
- **other non-current assets** totaled € 170,344 thousand as at June 30, 2012, down by € 4,901 thousand compared with December 31, 2011 (€ 175,245 thousand). These assets include:
  - *intangible and tangible fixed assets*, which totaled € 143,321 thousand as at June 30, 2012, down by € 8,332 thousand compared with the previous year (€ 151,653 thousand as at December 31, 2011). This change reflects an increase in assets further to capital expenditure of € 17,393 thousand (€ 20,471 thousand in the first half of 2011), which was partly offset by operating amortization, depreciation and write-downs of € 25,181 thousand.

Capital expenditure covered the following areas:
- € 11,599 thousand was spent on SEAT Pagine Gialle S.p.A. (compared with € 14,616 thousand in the first half of 2011) on:
  - improvements to the online and mobile platforms. Online focused on content enrichment (acquisition of corporate and private free listings for self-provisioning activities, CMS for database management and acquisition of new content), cross-linking customer services (*What, Where, WEB*), and upgrading the infrastructure related to the online disaster recovery data center;
  - improvements to commercial online products, relating mainly to the partnership with Glamoo, as well as to the development of the PGCommerce product to provide SMBs with a more complete specialist e-commerce service that can handle effectively the computerization of purchases;
  - improvements to and purchases for infrastructure systems and commercial and administrative applications as part of the Company's cost-saving initiatives;
- € 1,542 thousand was spent on the Telegate group (compared with € 2,247 thousand in the first half of 2011 *restated*) on replacing and updating the technological equipment in the call centers and modernizing sales and administration infrastructure;
- € 1,964 thousand was spent on Consodata S.p.A. (compared with € 1,505 thousand in the first half of 2011) on buying and developing software platforms, enhancing databases (including georeferenced databases), purchasing data banks, overhauling the enterprise resource planning (ERP) and accounting system.

- net deferred tax assets, which totaled € 25,723 thousand at June 30, 2012 (against € 22,800 thousand at December 31, 2011), of which € 15,238 thousand related to SEAT Pagine Gialle S.p.A., € 2,553 thousand to the TDL Infomedia group and € 7,482 thousand to the Telegate group;

– **operating non-current liabilities** totaled € 50,752 thousand at June 30, 2012 (against € 49,029 thousand at December 31, 2011). The item includes:
  - *defined-benefit pension plans*, which totaled € 14,445 thousand as at June 30, 2012 (€ 13,047 thousand as at December 31, 2011), net of assets intended to finance such plans, totaling € 52,661 thousand as at June 30, 2012 (€ 48,374 thousand as at December 31, 2011). Both the liabilities and the assets were valued by an independent actuary using the projected unit credit method. During the first half of 2012, € 2,914 thousand was spent to increase the assets servicing the plans, in accordance with the restructuring plan for the TDL Infomedia group pension fund, which was negotiated last year. Pursuant to the provisions of IAS 19, paragraph 93A, the net actuarial profits generated in the first half, which totaled € 3,308 thousand, were recognized directly to Group equity, net of tax effect;
  - the reserve for *severance indemnities*, which totaled € 14,592 thousand at June 30, 2012 (against € 13,144 thousand at December 31, 2011);
  - the *reserve for agents' termination indemnities*, which totaled € 20,168 thousand as at June 30, 2012, down by € 401 thousand compared with December 31, 2011 (€ 20,569 thousand). This reserve represents the accrued debt at the end of the period to agents for the indemnities due to them in the event of termination of the agency contract, as provided for by current regulations. Taking into consideration expected future cash flows, the reserve was discounted using an average market rate for debts of similar duration, estimating its expected future use over time based on the average life of agency contracts;

– **non-operating non-current liabilities** totaled € 5,449 thousand at June 30, 2012 (€ 9,501 thousand at December 31, 2011), of which € 4,970 thousand pertained to deferred tax liabilities, relating mainly to the Telegate group. The reduction compared with 2011 was due to the transfer of the current portion of the restructuring reserve (€ 2,989 thousand) in connection with the continuation of the Parent Company's reorganization plan;

– **operating working capital** was positive, in the amount of € 83,297 thousand, as at June 30, 2012 (against a positive figure of € 96,051 thousand as at December 31, 2011).
Listed below are the most significant changes that took place in the first half with reference to:
  - *trade receivables*, which totaled € 458,830 thousand as at June 30, 2012, falling by € 61,967 thousand compared with December 31, 2011, and related mainly to SEAT Pagine Gialle S.p.A. (€ 53,515 thousand);
  - *payables for services* to be rendered and other current liabilities, which totaled € 246,548 thousand as at June 30, 2012, falling by € 19,283 thousand compared with December 31, 2011 in relation mainly to purchase and invoice times for advertising services;
  - *trade payables*, which amounted to € 172,796 thousand at June 30, 2012, falling by € 19,812 thousand compared with December 31, 2011, relating mainly to SEAT Pagine Gialle S.p.A.

– **non-operating working capital** was negative, in the amount of € 67,716 thousand, at June 30, 2012 (compared with a negative figure of € 16,770 thousand at December 31, 2011). The difference of € 50,946 thousand compared with December 31, 2011 was attributable mainly to:
  - *income tax payables* of € 21,292 thousand at June 30, 2012 (€ 1,992 thousand as at December 31, 2011), up by € 19,300 thousand compared with December 31, 2011 due to the provision in the income statement for taxes for the period;
  - *current tax assets* of € 27,114 thousand at June 30, 2012 (€ 26,180 thousand at December 31, 2011), up by € 934 thousand compared with December 31;
  - *provisions to reserves for non-operating current risks and charges* were € 56,097 thousand as at June 30, 2012 (against € 27,470 thousand as at December 31, 2011). This item includes the staff restructuring reserve, the sales network restructuring reserve and the provision set aside by the Parent Company in the first half, mainly to cover the consent fees (totaling around € 25 million) due to creditors that gave their consent within the given time frame to the draft agreement proposed by SEAT. These fees will be paid upon completion of the debt restructuring process.

Equity

The Group's **equity** was negative, in the amount of € 586,435 thousand, at June 30, 2012 (against a negative figure of € 555,078 thousand at December 31, 2011), of which -€ 599,023 thousand related to the Parent Company (against -€ 568,759 thousand at December 31, 2011). Equity attributable to minority interests was positive, in the amount of € 12,588 thousand, compared with € 13,681 thousand at December 31, 2011).
The reduction of € 30,265 thousand in the portion pertaining to the Parent Company was attributable to:

- a loss of € 26,834 thousand for the period;
- an increase of € 3,721 thousand (net of tax effect) in actuarial losses recorded with reference to defined-benefit pension plans, though this was partly offset by:
- an increase of € 1,561 thousand in the reserve for cash flow hedge instruments (which showed a negative balance of € 1,561 thousand at December 31, 2011); the cash flow hedge instruments in place matured and the reserve was brought back to zero.

For further details, see paragraph 14 of the explanatory notes to the condensed consolidated first half financial statements.

Net financial indebtedness

At June 30, 2012, **net financial indebtedness** totaled € 2,674,600 thousand, an improvement of € 59,588 thousand compared with December 31, 2011; this item differs from net financial indebtedness (book value) in that it is expressed gross of expenses incurred in relation to: *(i)* transaction costs on the medium- and long-term debt with The Royal Bank of Scotland; *(ii)* the subordinated loan with Lighthouse International Company S.A.; and *(iii)* the issuance of the senior secured bonds, which, net of the portions already amortized, total € 19,138 thousand.
Net financial indebtedness does not include the net value arising from the measurement 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. This value amounted to a net liability of € 1,561 thousand at December 31, 2011, and was brought back to zero as at June 30, 2012.

Net financial indebtedness as at June 30, 2012 was structured as follows:

	(euro/thousand)	As at 06.30.2012	As at 12.31.2011	Change
A	Cash	293,530	172,732	120,798
B	Cash equivalent	-	-	-
C	Trading securities	-	-	-
D=(A+B+C)	Liquidity	293,530	172,732	120,798
E.1	Current Financial Receivable to third parties	2,688	3,486	(798)
E.2	Current Financial Receivable to related parties	-	-	-
F	Current Bank debt	759,193	740,250	18,943
G	Current portion of non current debt	3,021	3,017	4
H.1	Other current financial debt to third parties	72,352	31,376	40,976
H.2	Other current financial debt to related parties	1,369,500	1.369.500	-
I=(F+G+H)	Current Financial Debt	2,204,066	2,144,143	59,923
J=(I-E-D)	Net Current Financial Indebtedness	1,907,848	1,967,925	(60,077)
K	Non current Bank loans	-	-	-
L	Bonds Issued	724,215	722,242	1,973
M.1	Other non current loans to third parties	44,825	46,319	(1,494)
M.2	Other non current loans to related parties	-	-	-
N=(K+L+M)	Non Current Financial Debt	769,040	768,561	479
O	Non Current Financial Receivable to third parties	2,288	2,298	(10)
P=(N-O)	Net non Current Financial Indebtedness	766,752	766,263	489
Q=(J+P)	Net Financial Indebtedness	2,674,600	2,734,188	(59,588)
	Transaction costs on loans and securitization costs not yet amortized and Net market value of "cash flow hedge" instruments	(19,138)	(31,562)	12,424
	Net Financial Indebtedness - book value	2,655,462	2,702,626	(47,164)

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	2,674,600	2,734,188	(59,588)
O	Non Current Financial Receivable to third parties	2,288	2,298	(10)
R=(Q+O)	Net Financial Indebtedness (ESMA Recommendation 81/2011)	2,676,888	2,736,486	(59,598)

With the aim to achieve long-term financial stability, the Company began negotiations in 2011 for a consensual financial restructuring. On March 7, 2012, it obtained the consent of the parties involved, enabling it to move on to the implementation stage of the operation. Having consulted with its advisors, the Company decided to stop, as of October 2011, payments of principal installments and interest owing to The Royal Bank of Scotland and the bondholders. More specifically, the agreement with the creditors states that: *(i)* principal and interest debts accrued with The Royal Bank of Scotland and the senior secured bondholders shall be paid at the end of the financial-restructuring process; *(ii)* interest debts accrued up to the end of December 2011 with Lighthouse International Company S.A. shall be equitized and included in the merger by incorporation into SEAT; and *(iii)* interest will no longer accrue on the debt with Lighthouse International Company S.A. as of January 1, 2012.

The non-payment of the coupon owing to senior secured bondholders did not give rise to a payment default in accordance with the agreement dated March 7, 2012, which obliges all lenders to not accelerate the debt. The senior secured bond amount of € 724,215 thousand was therefore not reclassified to current debt pursuant to IAS 1, paragraph 74.

Debt can be broken down as follows:

- **non-current financial debt** at June 30, 2012 stood at € 769,040 thousand (€ 768,561 thousand at December 31, 2011) and comprises the following items:
  - the *senior secured bonds* totaled € 724,215 thousand, corresponding to the net value at issue (€ 716,809 thousand) plus the issue discount accrued at June 30, 2012 (€ 7,406 thousand). The two issues, equal to a total nominal value of € 750,000 thousand, both mature on January 31, 2017 and bear a nominal yield of 10.5% to be paid half-yearly at the end of January and the end of July. The issue discounts (the first tranche was issued on January 28, 2010 at a price equal to 97.5998% of the nominal value, while the second tranche was issued on October 8, 2010 at a price equal to 90.0% of the nominal value) mean these bonds had a yield upon placement of 11% p.a. for the first issue and 12.85% p.a. for the second.
  - Other *non-current financial debts* totaled € 44,825 thousand as at June 30, 2012, relating 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 46 remaining installments on the contracts with effect from December 2008 and 50 remaining installments on the contract with effect from October 2009. All installments are quarterly deferred installments subject to a floating interest rate equal to three-month Euribor plus a spread of around 65 basis points p.a. The residual value is fixed at around 1% of the value of the property complex.
- **current financial debt** totaled € 2,204,066 thousand at June 30, 2012 (against € 2,144,143 thousand at December 31, 2011) and consisted mainly of:
  - *current bank debts*, which totaled € 759,193 thousand at June 30, 2012 (€ 740,250 thousand at December 31, 2011) and related mainly to the senior debt with The Royal Bank of Scotland, broken down as follows:

a) € 184,517 thousand relating to tranche A, which includes the principal installment of € 35,196 thousand due on December 28, 2011 and the principal installment of € 149,321 thousand due on June 8, 2012, which were not repaid for the reasons set out above, subject to a floating interest rate equal to Euribor plus a spread of 3.41% p.a. Principal amounts that have matured and not been repaid are also subject to additional interest accrued on late payments, at a rate of 1%;

b) € 446,794 thousand relating to tranche B, repayable in a single installment on June 8, 2013 and bearing a floating interest rate equal to Euribor plus a spread of 3.91% p.a.;

c) € 90,000 thousand relating to the revolving credit line intended to cover the working-capital needs of SEAT Pagine Gialle S.p.A. or its subsidiaries, due on June 8, 2012 but not repaid, for the reasons set out above, subject to a floating interest rate equal to the rate applicable to tranche A, in addition to interest accrued on late payments. This credit line was used in full as of April 21, 2011 to meet the Company's working-capital needs following the closure of the revolving trade receivables securitization program, which was completed on June 15, 2011;

d) € 34,802 thousand relating to interest expense accrued and not yet paid on tranches A and B and on the revolving credit line with The Royal Bank of Scotland; the interest installments due in December 2011 and in the first half of 2012, payment of which was suspended, amount to € 34,540 thousand;

e) € 2,899 thousand relating to the non-payment of interest arising from the residual differences on hedging instruments connected with the loan due to The Royal Bank of Scotland;

- *other financial debts to third parties*, which totaled € 72,352 thousand. These refer mainly to interest expense accrued and not yet paid to senior secured bondholders; the half-yearly coupon due on January 31, 2012 and not paid amounts to € 39,375 thousand;
- *other financial debts to related parties*, which relate to debts to Lighthouse International Company S.A. and totaled € 1,369,500 thousand at June 30, 2012. This amount includes the principal installment of € 1,300,000 thousand and interest of € 69,500 thousand accrued and not yet paid at December 31, 2011, of which € 52,125 thousand was due on October 31, 2011 and was not paid, since it is due to be *equitized*.

The facilities agreement with The Royal Bank of Scotland requires SEAT Pagine Gialle S.p.A. to comply with specific financial covenants, which are monitored on a quarterly basis 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 principal payable in each reference period).

As at June 30, 2012 (the date of this report), the aforementioned covenants and all the obligations arising from the facilities agreement had not been complied with, resulting in another default pursuant to the agreement, on which the Company was granted forbearance.

The senior facilities with The Royal Bank of Scotland and the debt to Leasint S.p.A. are subject to floating interest rates linked to Euribor. Due to the high proportion of debt represented by fixed-rate loans, it was not considered necessary to take out any new hedging instruments.

For the 2012-2014 period, around 60% of total debt will be subject to fixed rates, with this figure rising to 82% for 2015-2016, based on the expected financial structure resulting from the restructuring currently under way;

- **current financial receivables and cash and cash equivalents** totaled € 296,218 thousand at June 30, 2012 (€ 176,218 thousand at December 31, 2011), including € 293,530 thousand of cash and cash equivalents (€ 172,732 thousand at December 31, 2011). Cash and cash equivalents were positively affected by the failure to service debt, as mentioned above, in the amount of € 164,135 thousand;
- **non-current financial receivables** totaled € 2,288 thousand as at June 30, 2012 (€ 2,298 thousand as at December 31, 2011) and comprise loans to employees issued at market rates for similar transactions;

Risk from high levels of financial debt

At June 30, 2012, the SEAT Pagine Gialle Group had a high level of debt, characterized by leverage equivalent to more than seven times EBITDA and a total average life as at December 31, 2011 of four years.

The maturities of the financial instruments in place are as follows:

	Due date - by						
(in €/000's)	06.30.2013	06.30.2014	06.30.2015	06.30.2016	06.30.2017	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.	3,087	3,251	3,422	3,601	3,793	30,680	47,834
Total non-current financial debt (gross value)	277,604	1,750,045	3,422	3,601	753,793	30,680	2,819,145

(*) In the consolidated financial statements was shown net of the issue discount and amounted to € 724,215 thousand.

Pursuant to the financial-stabilization agreement reached on March 7, 2012 with all categories of creditors involved, the maturities of the financial instruments provided for under the restructuring are as follows:

	Due date - by						
(Due date - by)	06.30.2013	06.30.2014	06.30.2015	06.30.2016	06.30.2017	Beyond five year	Total
SSB (*)	-	-	-	-	815,000	-	815,000
The Royal Bank of Scotland (**)	185,196	75,000	87,500	373,615	-	-	721,311
Debts due to Leasint S.p.A.	3,087	3,251	3,422	3,601	3,793	30,680	47,834
Total non-current financial debt (gross value)	188,283	78,251	90,922	377,216	818,793	30,680	1,584,145

(*) In the First Half Report at June 30, 2012 was shown net of the issue discount and amounted to € 724.2 million. The total amount at 2017 is composed by the nominal value of the two senior secured bonds already issued for € 750 million and € 65 million of bonds "Stub Bond" issued as part of the restructuring process.

(**) The amount shown as due on June 30, 2013 includes € 35 million for the payment of the installment on the A tranche expired on December 28, 2011 and the rate that will expire in accordance with the new contract on December 28, 2012 and June 28, 2013 respectively € 25 million and € 35 million. In addition, this amount includes the value of the redemption of the Revolving Facility, although this line is available for the Company until June 28, 2015.

The Company's difficult financial situation and, more specifically, the non-payment decisions are reflected in the ratings assigned to SEAT Pagine Gialle S.p.A. by Standard & Poor's and Moody's. As at the date of approval of this report, the rating given to the Company by Standard & Poor's was D, while Moody's placed the Company under review on April 5, 2012.

A rating assessment process will be put in place following the successful completion of the consensual restructuring, with a view to obtaining appropriate ratings.

Liquidity risk and obtaining financial resources

The clear risk of insufficient liquidity led to the start of negotiations for a consensual financial restructuring of the Company, as described above.

Significant agreements involving SEAT and/or its subsidiaries that will become effective, be amended or be terminated should SEAT undergo a change of control

The agreements in place as at June 30, 2012 are summarized below.

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

According to the Indenture (which is subject to US law) governing the notes (bonds) totaling € 1,300,000,000 issued on April 22, 2004 by Luxembourg-based company Lighthouse International Company S.A. and guaranteed by SEAT, if, *inter alia*, *(i)* a party other than the investment funds which, as at the date of approval of this document, considered jointly, indirectly hold an interest of around 49.6% in SEAT's ordinary share capital becomes, either directly or indirectly, the beneficial owner of more than 30% of SEAT's voting capital (and the total proportion of SEAT's voting capital held indirectly by the aforementioned funds falls below this percentage and the funds, considered collectively, are not entitled or able to appoint or nominate the majority of the members of the Board of Directors); or *(ii)* all or more or less all of SEAT's assets, as calculated on a consolidated basis, are transferred (unless, as a result of the transfer, the transferee becomes an obligor in relation to the notes issued by Lighthouse International Company S.A. and a subsidiary of the party transferring such assets); or *(iii)* Lighthouse International Trust Limited (or another trust whose beneficiary is a charitable organization) and SEAT cease to collectively hold 99% of the share capital of Lighthouse International Company S.A., each holder of the notes will, under the terms and conditions set out in the Indenture, be entitled to request that Lighthouse International Company S.A. buy back all or part of the notes held by said party at a price, to be paid in cash, equal to 101% of the nominal value of the notes held (in addition to interest accrued and not yet paid at the buyback date). Based on the contractual instruments in place, in this case SEAT would have to provide Lighthouse International Company S.A. with the resources to carry out any such buybacks.

As part of the Company's financial-restructuring process, the debt relating to the notes issued pursuant to the Indenture is to be discharged and replaced with new instruments issued by Lighthouse International Company S.A. that will be partly convertible into Lighthouse shares and partly exchangeable for new bonds issued by SEAT pursuant to the Indenture relating to the "€ 550,000,000 10½% Senior Secured Notes Due 2017". The new bonds will be subject to the same provisions in relation to a change of control, as described in the following paragraph.

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

According to the two Indentures (which are subject to US law) governing the notes (bonds) issued on January 28, 2010 and October 8, 2010, respectively, by SEAT, for a total of € 750,000,000, if *(i)* as a result of a merger of SEAT with or into another person, a party other than parties pertaining to the investment funds which, as at the date of approval of this report, considered jointly, indirectly hold an interest of around 49.6% of SEAT's ordinary share capital becomes, either directly or indirectly, the beneficial owner of more than 30% of SEAT's voting capital (and the total proportion of SEAT's voting capital held indirectly by the aforementioned funds falls below this percentage and the funds, considered collectively, are not entitled or able to appoint or nominate the majority of the members of the Board of Directors); or *(ii)* all or more or less all of SEAT's assets, as calculated on a consolidated basis, are transferred (unless, as a result of the transfer, the transferee becomes an obligor in relation to the notes issued by SEAT and a subsidiary of the party transferring such assets), each holder of the notes will, under the terms and conditions set out in each Indenture, be entitled to request that SEAT buy back all or part of the notes held by said party at a price, to be paid in cash, equal to 101% of the nominal value of the notes held, in addition to any interest accrued and not yet paid at the buyback date.

Pursuant to the terms and conditions of the two Supplemental Indentures signed on April 11, 2012, which, *inter alia*, amended some of the provisions of the Indentures relating to the bonds referred to in this paragraph:

a) the execution of certain transactions and acts planned for the purposes of implementing the proposal for the consensual restructuring of SEAT, as set out in the term sheet published by the Company on February 22, 2012, may not constitute a change of control pursuant to the clauses of the aforementioned Indentures. Specifically (and purely by way of a summary), the scope of application of the change-of-control clause contained in each Indenture excludes the issuance of SEAT ordinary shares in favor of Lighthouse International Company S.A. or of Lighthouse bondholders, as well as the signing of agreements or execution of acts by *(i)* Lighthouse International Company S.A., *(ii)* Lighthouse bondholders, *(iii)* parties pertaining to the investment funds which, as at the date of approval of this report, considered jointly, indirectly hold an interest of around 49.6% of SEAT's ordinary share capital, and *(iv)* SEAT, provided that such agreements or acts comply with the terms set out therein and are carried out in the context of and for the purposes of the implementation of SEAT's financial restructuring, by the date of the first SEAT Shareholders' Meeting following the date of execution of the restructuring, which will appoint the members of the Board of Directors;
b) with effect from the date of execution of SEAT's financial restructuring, the change-of-control clause contained in each Indenture will cease to contain any reference to parties pertaining to the aforementioned investment funds and will apply if *(i)* as a result of a merger of SEAT with or into another person, a party becomes, either directly or indirectly, the beneficial owner of more than 30% of SEAT's voting capital; or *(ii)* all or more or less all of the assets of SEAT, or of SEAT Interco (a company subject to Italian law directly and wholly owned by SEAT, identified in accordance with the provisions of the Supplemental Indentures), as calculated on a consolidated basis, are transferred (unless, as a result of the transfer, the transferee becomes an obligor in relation to the notes issued by SEAT and a subsidiary of the party transferring such assets).

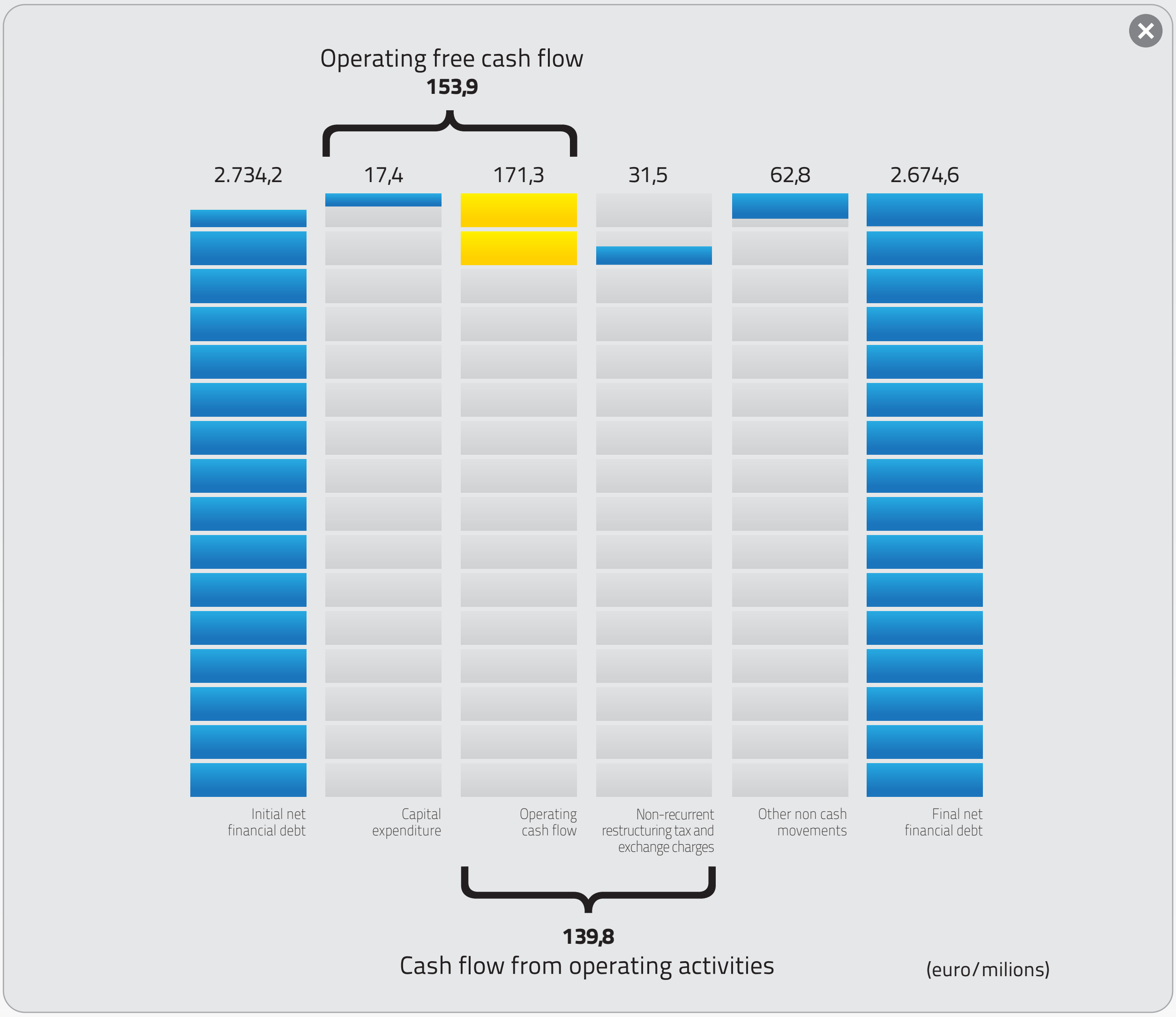
3. *Term and Revolving Facilities Agreement*
Pursuant to paragraph 8.6 of the Term and Revolving Facilities Agreement, signed by, *inter alia*, SEAT, as Borrower, and The Royal Bank of Scotland Plc (RBS), as Lender, on May 25, 2005 for a total of € 2,620,100,000 (as subsequently amended), in the event of a "Change of Control", the Lender's commitment to disburse new sums pursuant to the aforementioned facilities agreement will immediately be considered null and void, and the Borrower must immediately repay prematurely all sums disbursed to it and all amounts relating to letters of credit issued in its favor pursuant to the agreement. Pursuant to the agreement, a "Change of Control" occurs if: (a) the current direct or indirect shareholders of each of Sterling Holdings S.A., Silcart S.A., Siltarc S.A. and AI Silver S.A. cease to hold, in total, either directly or indirectly, at least 50% of the voting capital of each of these companies, or (b) any one of Sterling Sub Holdings S.A., Subcart S.A. and AI Subsilver S.A. ceases to be fully held (less one share each), either directly or indirectly, by, respectively, 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. hold or come to hold, in total, a proportion of less than 30% of SEAT's voting capital, or (d) any event or situation occurs that constitutes a "Change of Control" pursuant to the Indenture (the contract subject to US law signed on April 22, 2004 between, *inter alia*, SEAT and RBS, governing the notes issued on the same date by Lighthouse International Company S.A.), the SSB Indenture and the AFI Loan Facilities Agreement (both as defined in the "Intercreditor Deed" signed by, *inter alia*, SEAT and RBS on May 25, 2005, as subsequently amended). As part of the Company's financial restructuring, a new facilities agreement will be signed that will include a change-of-control clause, taking into account the new ownership structure of SEAT resulting from the restructuring.

Credit risk

There is no change from the consolidated and separate financial statements as at December 31, 2011.

Consolidated statement of cash flows for the first half of 2012

The following graphic summarizes the main elements that contributed to the change in net financial indebtedness in the first half of 2012.



Operating free cash flow generated in the first half of 2012 totaled € 153,937 thousand, down by € 34,469 thousand compared with the first half of 2011 *restated* (€ 188,406 thousand). This reduction reflects the fall of € 58,321 thousand in cash flow generated from the change in operating working capital (which fell by € 12,344 thousand in the period, against a decline of € 70,665 thousand in the first half of 2011 *restated*), due largely to changes in directory publication schedules, and partly offset by a reduction of € 3,078 thousand in capital expenditure.

Reclassified consolidated statement of operations

(euro/thousand)	1st half year 2012	1st half year 2011 restated	Change Absolute	%	Year 2011 restated
Revenues from sales and services	451,357	428,592	22,765	5.3	948,008
Cost of materials and external services (*)	(167,608)	(164,864)	(2,744)	(1.7)	(359,727)
Salaries, wages and employee benefits (*)	(88,439)	(88,922)	483	0.5	(178,499)
GOP	195,310	174,806	20,504	11.7	409,782
% on revenues	*43.3%*	*40.8%*	–	–	*43.2%*
Valuation adjustments and provisions to reserves for risks and charges, net	(29,669)	(22,723)	(6,946)	(30.6)	(38,448)
Other operating income (expense)	(1,969)	(2,004)	35	1.7	(1,775)
EBITDA	163,672	150,079	13,593	9.1	369,559
% on revenues	*36.3%*	*35.0%*	–	–	*39.0%*
Operating amortization, depreciation and write-down	(25,181)	(29,816)	4,635	15.5	(62,084)
Non-operating amortization, depreciation and write-down	(14,864)	(18,980)	4,116	21.7	(698,858)
Non-recurring and restructuring costs, net	(57,522)	(8,364)	(49,158)	n.s.	(41,134)
EBIT	66,105	92,919	(26,814)	(28.9)	(432,517)
% on revenues	*14.6%*	*21.7%*	–	–	*(45.6%)*
Interest expense, net	(75,489)	(129,510)	54,021	41.7	(268,378)
Gain (loss) on investments accounted for at equity	–	–	–	n.s.	(378)
Profit (loss) before income taxes	(9,384)	(36,591)	27,207	74.4	(701,273)
Income taxes for the period	(17,071)	4,479	(21,550)	n.s.	(87,313)
Profit (loss) on continuing operations	(26,455)	(32,112)	5,657	17.6	(788,586)
Profit (loss) from non-current assets held for sale and discontinued operations	(546)	(10)	(536)	n.s.	(382)
Profit (loss) for the period	(27,001)	(32,122)	5,121	15.9	(788,968)
- of which pertaining to the Group	(26,834)	(32,584)	5,750	17.6	(789,750)
- of which non-controlling interests	(167)	462	(629)	n.s.	782

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

Consolidated statement of comprehensive income

(euro/thousand)		1st half year 2012	1st half year 2011	Change	Year 2011
Profit (loss) for the period	(A)	(27,001)	(32,122)	5,121	(788,968)
Profit (loss) for "cash flow hedge" instruments		1,561	7,395	(5,834)	11,047
Profit (loss) for foreign exchange adjustments		(742)	956	(1,698)	(138)
Actuarial gain (loss) recognised to equity		(3,721)	2,422	(6,143)	(2,700)
Total other comprehensive profit (loss) for the year, net of tax effect	(B)	(2,902)	10,773	(13,675)	8,209
Total comprehensive profit (loss) for the period	(A+B)	(29,903)	(21,.349)	(8,554)	(780,759)
- of which pertaining to the Group		(29,736)	(21,811)	(7,925)	(781,541)
- of which non-controlling interests		(167)	462	(629)	782

Reclassified consolidated statement of financial position

(euro/thousand)		As at 06.30.2012	As at 12.31.2011	Change	As at 06.30.2011
Goodwill and customer database		1,937,201	1,951,857	(14,656)	2,630,505
Other non-current assets (*)		170,344	175,245	(4,901)	204,889
Operating non-current liabilities		(50,752)	(49,029)	(1,723)	(47,979)
Non-operating non-current liabilities		(5,449)	(9,501)	4,052	(10,060)
Operating working capital		83,297	96,051	(12,754)	87,670
- Operating working capital		*531,664*	*594,136*	(62,472)	*654,390*
- Operating current liabilities		*(448,367)*	*(498,085)*	49,718	*(566,720)*
Non-operating working capital		(67,716)	(16,770)	(50,946)	(24,308)
- Non-operating current assets		*27,561*	*26,387*	1,174	*43,761*
- Non-operating current liabilities		*(95,277)*	*(43,157)*	(52,120)	*(68,069)*
Non-current assets held for sale and discontinued operations, net		(2,102)	(305)	2,407	(250)
Net invested capital		2,069,027	2,147,548	(78,521)	2,840,467
Equity of the Group		(599,023)	(568,759)	(30,264)	192,252
Non-controlling interests		12,588	13,681	(1,093)	13,363
Total equity	(A)	(586,435)	(555,078)	(31,357)	205,615
Current financial assets, cash and cash equivalent		(296,218)	(176,218)	(120,000)	(159,070)
Non-current financial assets		(2,288)	(2,298)	10	(2,136)
Current financial debts		2,204,066	2,144,143	59,923	328,907
Non-current financial debts		769,040	768,561	479	2,514,765
Net financial debt		2,674,600	2,734,188	(59,588)	2,682,466
Transaction costs on loans and securization costs not yet amortized and net market value of "cash flow hedge" instruments		(19,138)	(31,562)	12,424	(47,614)
Net financial indebtedness - "book value"	(B)	2,655,462	2,702,626	(47,164)	2,634,852
Total	(A+B)	2,069,027	2,147,548	(78,521)	2,840,467

(*) Includes financial assets available for sale.

Consolidated statement of cash flows

(euro/thousand)	1st half year 2012	1st half year 2011 restated	Changes	Year 2011 restated
Operating income before amortization, depreciation, non-recurring and restructuring costs, net (EBITDA)	163,672	150,079	13,593	369,559
Gains (losses) from discounting operating assets and liabilities	(1,401)	(814)	(587)	(2,039)
Decrease (increase) in operating working capital (*)	12,344	70,665	(58,321)	56,475
(Decrease) increase in operating non-current liabilities (*)	(3,296)	(11,091)	7,795	(11,690)
Capital expenditure	(17,393)	(20,471)	3,078	(47,799)
(Gains) losses on disposal of non-current operating assets	11	38	(27)	60
Operating free cash flow	153,937	188,406	(34,469)	364,566
Payment of interest expense, net	1,596	(112,830)	114,426	(162,934)
Payment of income taxes	(2,434)	(5,258)	2,824	(93,998)
Payment of non-recurring and restructuring expense	(28,173)	(15,000)	(13,173)	(33,747)
Payment of transaction financial costs	(1,514)	(2,163)	649	(2,163)
Foreign exchange adjustments and other movements	(63,822)	(4,591)	(59,231)	(74,882)
Change in net financial debt	59,588	48,566	11,022	(3,156)

(*) The change doesn'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 in the first half of 2012

Financial restructuring of the Company

During the first half of 2012, the Company continued the measures it had begun in 2011 to stabilize its financial structure.
More specifically, on March 7, 2012 the Company reached an agreement with all categories of its creditors (bondholders, the Senior Creditor and senior secured bondholders) and its Reference Shareholders, enabling it to move on to the implementation phase of the operation.
For further details, please see the description of events concerning the financial restructuring in the introduction to the Report on Operations.

Notice served by the Communications Regulator ("AGCom")

Following the notice served in December 2010 to SEAT Pagine Gialle S.p.A., in which AGCom stated that the Company had failed to pay the contribution it owed towards the operating costs of the regulator for the period 2006-2010, requiring it to pay around € 8.3 million, on January 29, 2011, the Company contested the notice before the Lazio regional administrative court, claiming it was unlawful due to breach of current regulations on the payment of contributions to AGCom operating costs and due to lack of grounds.
Following the request for amendment, which was subsequently supplemented at the request of AGCom on February 16, 2011, the regulator issued a new notice on February 28, 2011 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 notice, and on May 2, 2011, the Company filed additional reasons opposing the new notice under the scope of the proceedings challenging the original notice already pending before the Lazio regional administrative court.
In a letter dated October 20, 2011, AGCom rejected the request to re-examine the notice and asked the Company to formulate a settlement proposal setting out the terms of payment of the contribution deemed due for the period 2006-2010. Following a series of meetings with the regulator, SEAT proposed the immediate payment of the contribution in the reduced amount of € 1.1 million, and – merely as a subsidiary proposal – the payment of the entire sum requested by the regulator, equal to € 3,450,284, in 72 monthly installments, with effect from the resolution of the appeal pending before the Lazio regional administrative court, if unfavorable to SEAT.
Since AGCom did not respond to the settlement proposal, on December 21, 2011, filing additional reasons, SEAT Pagine Gialle S.p.A. contested the letter rejecting the request to re-examine the notice. On January 24, 2012, AGCom rejected the settlement proposal.
The hearing on the merits of the appeal before the Lazio regional administrative court was held on May 9, 2012, following which the court, at SEAT's request, suspended the proceedings, through an order dated May 22, 2012, until the resolution of the request for a preliminary ruling referred to the European Court of Justice in the context of the appeal filed by Telecom Italia against the decisions taken by AGCom on contributions.
In light of the above, the Company set aside provisions to cover the entire 2006-2010 contribution, which is currently calculated by the regulator at € 3,450,284.

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

On January 6, 2012, Standard & Poor's decided to downgrade SEAT's senior secured bank debt rating from CCC- to D.

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

Death of the Chief Executive Officer and appointment of General Manager

Following the premature death on March 24, 2012 of Chief Executive Officer and General Manager Alberto Cappellini, on April 4, 2012 the Board of Directors resolved to keep the General Management office until the completion of the financial restructuring. Over the next few months, this process will dramatically affect the shareholder structure by converting subordinated debt into equity.

Ezio Cristetti has been named interim head of General Management. Mr. Cristetti was appointed to his current post of head of HR and Organization by Mr. Cappellini, charged with overseeing the implementation of the current corporate transformation plans and with ensuring that the Company has sufficient resources and systems to match the strategic vision of the Group.

Mr. Cristetti will be responsible for guiding and coordinating the teamwork of the various corporate divisions, ensuring complete focus on implementing the business plan set out by Mr. Cappellini.

The Administration, Finance and Control Division, whose head, Massimo Cristofori, will report to the Board of Directors via the Steering Committee, will be responsible for coordinating the preliminary and implementation phases of the financial restructuring under way.

Appointment of the Independent Auditors

On June 12, 2012, the Shareholders' Meeting resolved to appoint PricewaterhouseCoopers S.p.A. to carry out an independent audit of the financial statements of SEAT Pagine Gialle S.p.A. for the 2012-2020 financial years.

Significant events occurring after June 30, 2012

New commercial model

In July 2012, SEAT Pagine Gialle Italia S.p.A. (formerly Pagine Gialle Phone Service S.r.l.) set up a number of single-shareholder limited-liability companies operating throughout the country, with a view to improving oversight of the commercial network and providing a higher level of support to agents and customers. This should enable the Group's regional units to provide better, more standardized service to the sales force.

Dispute with Deutsche Telekom

In the dispute between Datagate GmbH, Telegate Media AG, Telegate AG and Deutsche Telekom AG over costs relating to the supply of telephone subscriber data, on July 16, 2012, the Federal Court of Justice of Germany upheld the April 13, 2011 ruling of the Düsseldorf Regional Court and rejected Deutsche Telekom AG's request for an additional challenge to said ruling. The court ordered Deutsche Telekom AG to repay the excess sums paid for the provision of telephone subscriber data, totaling € 33.6 million, plus interest of € 11.5 million.

Outlook

Throughout 2012, with Italy in recession and its GDP expected to fall again this year, stabilizing only from 2013 onwards, the Company will pursue its strategy to support small and medium-sized Italian companies through web-based commercial activities to promote their products and increase their business. As in 2011, local activities, mobile services and social networking will continue to be the key components involved in developing new products and services which, together with the existing products for small and medium-sized businesses, will allow SEAT Pagine Gialle S.p.A. to further consolidate its role as a local internet company, positioning itself as the only operator able to meet customers' communication needs through a range of turnkey products and services, in addition to high-quality support.

In this context, the Group does not believe that the revenues it generated in Italy in the first half of 2012 will be representative of the trend for the year as a whole, since the second half is expected to be more severely affected by the worsening economy. At Group level, with revenues expected to fall, EBITDA and cash flow will be boosted by cost-cutting measures and an improvement in working capital.

Going concern evaluation

The SEAT Pagine Gialle Group closed the first half of 2012 with a loss of € 26,834 thousand and negative consolidated equity of € 599,023 thousand.

On April 30, 2012, the Board of Directors of SEAT Pagine Gialle S.p.A. approved the consolidated financial statements and the draft separate financial statements at December 31, 2011, which showed negative equity of € 568,759 thousand and € 557,111 thousand respectively. This latter figure, which resulted not from ordinary operations but from the write-downs in 2011 of goodwill, equity investments and loans to subsidiaries following impairment tests, meant that the Parent Company found itself in a situation pursuant to Article 2447 of the Italian Civil Code, having already been in a situation pursuant to Article 2446 of said code.

With regard to the situation described in the first half report at June 30, 2011 and to Consob's subsequent decision to put the Company on its 'black list', developments in the negotiations for the financial restructuring of the Company meant that, although this restructuring is not yet complete, the uncertainties surrounding the going concern of the Company, which were highlighted by the Board of Directors in the first half report owing to the status of negotiations at that time, no longer applied.

As has been announced, and as reported in the "Financial restructuring of the Company" section of this First Half report at June 30, 2012, the Company finally reached an agreement with the various parties involved, and the restructuring is now being implemented.

More specifically, the following events occurred:

- the full acceptance on March 7, 2012 of the Company's Final Proposal - as published on February 22, 2012 - by all categories of creditor (*i.e.*, the Lighthouse Bondholders, the Senior Creditor, and the senior secured bondholders), with approval levels well above the required threshold (over 90% for the Lighthouse Bondholders and over 98% for the senior secured bondholders). The Reference Shareholders also expressed a favorable opinion on the Final Proposal;
- the signing with the Lighthouse Bondholders and Reference Shareholders of suitable lock-up agreements and agreements to support the restructuring, and the signing of an additional agreement, published under the terms of law, whereby the Reference Shareholders undertake to vote in favor of Shareholders' Meeting resolutions on the execution of the restructuring in accordance with the relevant term sheet;
- the signing of documents modifying the two senior secured bonds ("Supplemental Indentures"), in accordance with the current restructuring process;
- the signing of the Framework Restructuring Agreement between the Company and, *inter alia*, Lighthouse, an ad hoc committee of Lighthouse Bondholders, the Senior Creditor and members of a committee comprising the Senior Creditor and certain other interested parties.

Also taking into account the progress of the implementing activities for the restructuring operation, it is therefore reasonable to state that, in spite of the unusual complexity of the implementation *process*, all the conditions are in place to complete the restructuring as per the aforementioned agreements.

There are currently no significant obstacles to a successful outcome of the restructuring.

The cautious nature of the Board of Directors dictates, however, that the following situations be highlighted: (a) the fact that the successful conclusion of the operation still requires various and complex technical, contractual and corporate steps to be completed in different jurisdictions; (b) the recurrence at the Parent Company of the situation pursuant to Article 2447 of the Italian Civil Code; and (c) the need for some of the conditions likely to result in the termination of, or withdrawal from, the commercial agreements to not occur.

With regard to the above-mentioned aspects, the Board serves notice of the following:

- in relation to the complexity of the operation, the Board of Directors states that said operation was prepared, analyzed and evaluated from a legal, financial and accounting perspective with the help of independent advisors in the various jurisdictions providing written opinions and advice on the major aspects where necessary. In light of the above, the main risk depends on the execution phase, the result of which cannot be predetermined;
- the Board of Directors, encouraged by financial, accounting and legal analysis, believes that the merger of Lighthouse into SEAT, following the equitization of the Lighthouse Bonds, will resolve the situation pursuant to Article 2447 of the Italian Civil Code (and therefore also the negative equity, as verified most recently at June 30, 2012) and enable the Company, once restructured, to continue as a going concern;
- lastly, the Board of Directors is not aware of any events or circumstances that might lead to the termination of and/or withdrawal from the major contractual agreements. It is encouraged still further by the fact that all parties are working proactively to ensure that the operation is completed successfully.

In light of the above, and having performed the necessary checks, the Board of Directors can reasonably assume that the current restructuring operation will be completed within a reasonable time frame and will enable the Group to rebalance its finances as desired.
The Company was therefore still treated as a going concern during the preparation of this half-year report at June 30, 2012.

Economic and financial performance by Business Area

(euro/million)		Italian Directories	UK Directories	Directory Assistance"	Other Activities	Aggregate Total	Eliminations and other adjustments"	Consolidated Total"
Revenues from sales and services	1st half year 2012	367.3	24.3	49.8	20.4	461.8	(10.4)	451.4
	1st half year 2011 *restated (*)*	335.5	26.0	56.4	20.7	438.6	(10.0)	428.6
	Year 2011 *restated (*)*	748.5	60.9	111.2	49.2	969.8	(21.8)	948.0
GOP	1st half year 2012	190.0	(2.2)	6.7	0.2	194.7	0.6	195.3
	1st half year 2011 *restated (*)*	164.6	0.5	9.0	0.4	174.5	0.3	174.8
	Year 2011 *restated (*)*	379.8	7.0	16.5	5.7	409.0	0.8	409.8
EBITDA	1st half year 2012	161.8	(3.1)	5.2	(0.2)	163.7	-	163.7
	1st half year 2011 *restated (*)*	143.6	(0.4)	6.8	0.1	150.1	-	150.1
	Year 2011 *restated (*)*	345.9	4.6	13.8	5.2	369.5	0.1	369.6
EBIT	1st half year 2012	87.7	(18.2)	(0.6)	(2.7)	66.2	(0.1)	66.1
	1st half year 2011 *restated (*)*	112.8	(18.3)	0.7	(2.3)	92.9	-	92.9
	Year 2011 *restated (*)*	(402.9)	(21.4)	(8.8)	0.5	(432.6)	0.1	(432.5)
Total assets	June 30, 2012	2,751.6	44.6	176.7	41.7	3,014.6	(46.0)	2,968.6
	June 30, 2011	3,463.8	67.2	208.2	45.2	3,784.4	(89.6)	3,694.8
	December 31, 2011	2,700.5	57.4	187.2	48.0	2,993.1	(66.4)	2,926.7
Total liabilities	June 30, 2012	3,458.5	76.0	63.5	25.2	3,623.2	(68.1)	3,555.1
	June 30, 2011	3,397.3	85.7	74.9	37.1	3,595.0	(105.9)	3,489.1
	December 31, 2011	3,378.5	66.7	70.4	37.4	3,553.0	(71.2)	3,481.8
Net invested capital	June 30, 2012	1,995.3	(12.7)	77.9	15.4	2,075.9	(6.9)	2,069.0
	June 30, 2011	2,734.5	8.9	88.6	15.2	2,847.2	(6.7)	2,840.5
	December 31, 2011	2,060.6	4.7	74.4	14.7	2,154.4	(6.9)	2,147.5
Capital expenditure	1st half year 2012	11.6	2.0	1.6	2.3	17.5	(0.1)	17.4
	1st half year 2011 *restated (*)*	14.6	1.5	2.5	1.8	20.4	0.1	20.5
	Year 2011 *restated (*)*	37.0	3.3	3.0	4.6	47.9	(0.1)	47.8
Average workforce	1st half year 2012	1,065	636	1,429	335	3,465	-	3,465
	1st half year 2011 *restated (*)*	1,027	630	1,818	333	3,808	-	3,308
	Year 2011 *restated (*)*	1,029	620	1,767	339	3,755	-	3,755
Sales agents (average number)	1st half year 2012	1,196	-	-	51	1,247	-	1,247
	1st half year 2011	1,406	-	2	43	1,451	-	1,451
	Year 2011	1,350	-	1	46	1,397	-	1,397

(*) See "Report on Operations", paragraph "Introduction" for further details of June 30, 2011 and December 31, 2011 restatement.

Key performance indicators of the Group

	1st half year 2012	1st half year 2011
Number of published directories		
PAGINEBIANCHE®	58	31
PAGINEGIALLE®	112	63
ThomsonLocal	61	53
Number of distributed directories (values in million)		
PAGINEBIANCHE®	11.5	8.8
PAGINEGIALLE®	8.7	6.1
ThomsonLocal	7.6	6.2
Number of visits (values in millions)		
uninterrupted site access for 30 minutes		
PAGINEBIANCHE.it® (*)	75.9	81.1
PAGINEGIALLE.it® (*)	137.3	99.0
TuttoCittà.it®	14.2	14.7
Europages.com	28.2	28.6

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

Italian Directories

Market scenario

The SEAT Pagine Gialle Group is a local internet company that is well established throughout Italy. In addition to traditional print and voice advertising, it offers companies a complete range of support services to promote their business online via a network of agencies (WebPoints). The company's web marketing services include website and mobile site construction and management, multimedia content creation, web visibility, e-commerce and web marketing, managing clients' presence on social networks, and couponing.
During the first half of 2012, SEAT Pagine Gialle S.p.A. continued to develop its multimedia strategy by offering services aimed at helping small and medium-sized businesses become part of the web ecosystem, with a particular focus on the opportunities offered by online marketing services.

Despite the fact that the market is highly fragmented and consists mainly of small and medium-sized web agencies and freelance web designers, the Company has managed to obtain a leading position, thanks in particular to a number of competitive advantages attributable to *(i)* improved competitiveness on costs due to economies of scale and the standardization of processes; *(ii)* the possibility for customers to take advantage of the high PageRank (the popularity rating of a website assigned by Google) of SEAT proprietary websites; *(iii)* high-quality search engine optimization (SEO) techniques (activities aimed at boosting the volume of traffic that a website receives via search engines) to increase customers' web visibility; *(iv)* a number of strategic partnerships with major portals and search engines; and *(v)* the provision of multimedia content to customers (via print-voice-web/mobile channels).

Revenues by product

			1st half year 2012 % on total revenues
Print			
	PAGINE GIALLE®	classified directories of Italian business	9.3
	PAGINE BIANCHE®	alphabetical directories	9.6
	Other print product		7.2
Online&Mobile			
	PAGINE GIALLE.it®	search engine specilised in business searches	45.1
	PAGINE BIANCHE.it®	search engine specilised in subscriber searches	16.2
Voice			
	89.24.24. Pronto PAGINEGIALLE®	voice service which provides directory assistance value added services	4.5
	12.40. Pronto PAGINEBIANCHE®	voice service which provides subscriber information service	
Total core revenues			**91.9**

Economic and financial data

The operating results in the first six months of 2012 were generated in a difficult economic backround, with a Gross Domestic Product (GDP) falling by 0.8% in the first three months of the year compared with the previous quarter and by 1.4% compared with the first quarter of 2011, according to the most recent data published by Istat (the national institute of statistics). In light of these figures, the worst since the first quarter of 2009, when the Italian economy contracted by 3.5% compared with the previous quarter, Istat confirmed that the country is in recession. Specifically, Istat announced that the first quarter of 2012 saw a fall of -3.6% in investment and of -1.0% in household expenditure compared with the previous quarter.

In May, the European Commission began to show concern about the recession, which puts Italy's economy below the eurozone average, and decided to cut its forecast GDP growth for the country from +0.1% to -1.4% for 2012 and from +0.7% to +0.4% for 2013.

The table below shows the main results for the first half of 2012 compared with those from the same period of the previous year.

(euro/million)	1st half year 2012	1st half year 2011	Change Absolute	%	Year 2011
Revenues from sales and services	367.3	335.5	31.8	9.5	748.5
MOL	190.0	164.6	25.4	15.4	379.8
EBITDA	161.8	143.6	18.2	12.7	345.9
EBIT	87.7	112.8	(25.1)	(22.3)	(402.9)
Net invested capital	1,995.3	2,734.5	(739.2)	(27.0)	2,060.6
Capital expenditure	11.6	14.6	(3.0)	(20.5)	37.0
Average workforce	1,065	1,027	38	3.7	1,029

The figures for the first half of 2012, compared with those for the corresponding period of 2011, at constant publication basis, are described in detail below. The publication of directories for Liguria, Le Marche, Abruzzo, Molise and Valle d'Aosta was brought forward to the first half of 2012; the net revenues generated by these directories in the second half of 2011 totaled € 44.1 million.

SEAT Pagine Gialle S.p.A.'s **revenues from sales and services** totaled € 367.3 million in the first half of 2012, down by 3.2% compared with the first half of 2011 (€ 379.5 million) at constant publication basis. This result reflects a 2.5% fall in revenues from core services (print-online&mobile-voice), which performed better than other products, thanks in particular to growth in online activities (17.7%), which accounted for 61% of total revenues, compared with around 50% in the corresponding period of 2011.

Throughout the first half of 2012, SEAT Pagine Gialle S.p.A. pursued its activities aimed at helping small and medium-sized businesses gain a web presence, through a continued focus on innovation and the launch of new products and services, as well as its strategy to diversify its business away from the traditional channels.

More specifically:

a) Core revenues: these totaled € 337.5 million in the first half of 2012, down by 2.5%, at constant publication basis, compared with the corresponding period of the previous year. The item can be broken down as follows:
- *print*: revenues from print products, including revenues from the Pagine Gialle and Pagine Bianche iPad e-book apps launched in late April 2011, totaled € 95.9 million in the first half of 2012, down by 29.4% year on year, with a fall in revenues for both PAGINEBIANCHE® and PAGINEGIALLE®;
- *online&mobile:* online products generated revenues of € 224.9 million, an increase of 17.7% compared with the corresponding period of the previous year, and an improvement on the growth of 12.8% recorded in the first quarter of the year. Total traffic, including visits to PAGINEGIALLE.it® from both the web and mobile devices, as well as visits to customers' web and mobile sites, increased by 38.5% year on year, with visits totaling around 137.3 million. Visits to PAGINEGIALLE.it® and PagineGialle Mobile enjoyed strong growth (+24.3% to 95.7 million), as did visits to web and mobile sites created for SEAT customers (+88% to 41.6 million). Visits to PAGINEBIANCHE.it®,

however, totaled around 75.9 million, down by -6.4% compared with the first half of 2011. At the end of June, downloads of SEAT mobile apps to Apple devices and the other major platforms reached 3 million (+165% compared with the previous year), with over 1.6 million downloads (around 55% of the total) for PagineGialle Mobile, 765 thousand (around 25% of the total) for PagineBianche Mobile, 210 thousand for 89.24.24 Mobile, and 420 thousand, less than three months after its launch, for TuttoCittà Mobile, which was the most downloaded iPhone app in April. One of the Company's main product innovations was the PagineBianche Mobile app for Windows Phone, launched in June, which enables users to search for addresses and information on individuals, companies and organizations using geolocation, representing another step forward in the development of SEAT Pagine Gialle S.p.A.'s range of apps. Also in June, the Company released an update for its PagineGialle Mobile app for Windows Phone, offering users the possibility to search for information using "augmented reality" functions (where users view search results in a graphic format, superimposed onto the real world, giving directions and distance to the searched location from a given position);

- *voice:* advertising revenues from the 89.24.24 Pronto PAGINEGIALLE® and 12.40 Pronto PAGINEBIANCHE® services totaled € 16.7 million, down by € 2.7 million compared with the corresponding period of the previous year, with advertising revenues from 12.40 Pronto PAGINEGIALLE® remaining more or less stable. In June, as part of its strategy to launch added-value services to support the traditional directory assistance services, the Company rolled out a new service that enables users to reserve and buy cinema tickets via 89.24.24 Pronto PAGINEGIALLE®. The service is completely new in Italy, and allows customers to choose their seats using a personal assistant and to receive their tickets directly to their cell phone in the form of a text message, at no extra cost.

b) **Other revenues and minor products:** revenues from other products totaled € 29.8 million, down by € 3.4 million compared with the first half of 2011. This item relates in particular to revenues from call traffic (€ 18.1 million) generated by the 89.24.24 Pronto PAGINEGIALLE® and 12.40 Pronto PAGINEBIANCHE® services, down by 22.7% compared with the first half of 2011. It also includes € 3.8 million of revenues from direct-marketing products, merchandising activities and Sky offer, up by € 0.2 million year on year.

GOP totaled € 190.0 million in the first half of 2012, down by € 6.3 million year on year at constant publication basis, yielding a margin of 51.7%, in line with that recorded in the first half of 2011. The 3.2% fall in revenues was only partially offset by a reduction in operating costs. Costs of materials and external services, net of costs charged to third parties and included in the IFRS financial statements under the item "Other revenues and income", totaled € 140.5 million, falling by € 9.4 million, or -6.3%, year on year. More specifically, *industrial* costs, which totaled € 59.8 million, were more or less unchanged from the corresponding period of the previous year at constant publication basis (€ 59.7 million), due to lower printing volumes and a reduction in production costs. The decline in the number of calls to the 89.24.24 Pronto PAGINEGIALLE® and 12.40 Pronto PAGINEBIANCHE® services, as well as the reduction in tariffs achieved by outsourcing call centers, resulted in lower costs for inbound call center services (down by € 1.1 million to € 7.5 million), while costs related to digital services (up by € 1.7 million to € 10.1 million) and commissions to web publishers (up by € 0.6 million to € 10.6 million) again increased as the Company continued to focus on new online services designed to boost web traffic. *Commercial* costs, totaling € 54.1 million, fell by € 8.4 million compared with the first half of 2011 (€ 62.5 million), due mainly to a reduction of -€ 3.4 million in advertising expenditure and lower commisions and sales costs.
Overhead amounted to € 26.5 million, down by € 1.2 million year on year as a result of the Company's cost-cutting measures.

Salaries, wages and employee benefits, net of recovered costs for personnel seconded to other Group companies, totaled € 36.8 million, an increase of 10.6% compared with the corresponding period of 2011 (€ 33.3 million). This increase was due mainly to the renewal of the national collective labor agreement, together with the increase in the average workforce, which rose from 1,027 employees in the first half of 2011 to 1,065 in the first six months of 2012. The workforce, including directors, project workers and interns, consisted of 1,220 employees as at June 30, 2012 (compared with 1,254 employees as at December 31, 2011).

EBITDA amounted to € 161.8 million, down by € 13.6 million year on year at constant publication basis, yielding a margin of 44.0% (46.2% in the corresponding period of 2011). The margin reflects the reduction in GOP, and was also affected by an increase of € 11.5 million in the allowance for doubtful trade receivables to enable the Company to maintain sufficient coverage of overdue receivables, which was partially offset by a reduction of -€ 3.9 million in provisions for commercial risks, which are closely linked to revenues.

Operating income (EBIT) totaled € 87.7 million (against € 144.5 million in the first half of 2011), down by € 56.8 million, due mainly to an increase in non-recurring costs incurred by SEAT Pagine Gialle S.p.A. in relation to its debt restructuring.

Net invested capital amounted to € 1,995.3 million at June 30, net of the book value of equity investments in subsidiaries, down by € 65.3 million compared with December 31, 2011 (€ 2,060.6 million).

Capital expenditure totaled € 11.6 million and related mainly to: *(i)* improvements to the online and mobile platforms, with online focusing on content enrichment (acquisition of corporate and private free listings for self-provisioning activities, CMS for database management and acquisition of new content), cross-linking customer services (What, Where, WEB), and upgrading the infrastructure related to the online disaster recovery data center; *(ii)* improvements to commercial online products, relating mainly to the partnership with Glamoo, as well as to the development of the PGCommerce product to provide SMBs with a more complete specialist e-commerce service that can handle effectively the computerization of purchases; and *(iii)* improvements to and purchases for infrastructure systems and commercial and administrative applications as part of the Company's cost-saving initiatives.

The **average workforce** consisted of 1,065 employees in the first half of 2012, compared with 1,027 in the corresponding period of 2011. The increase of 38 reflects the hiring of 52 interns and the reduction of the workforce by 17 employees.

Regulation

The regulations applicable to the activities carried out by the SEAT Group in general and by SEAT Pagine Gialle S.p.A. in particular are regulated by a set of EU 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).

More specifically, the regulations that most affect the Group are:
- the **Access Directive,** which enables information service providers, usually without their own telecommunications network, to obtain interconnection to the network of all fixed and cellular 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 planned creation of a single database of fixed and cellular 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 of obtaining authorization to carry out telephone operator activities (extending authorization to include parties not previously eligible).

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

While the reform came into force on May 25, 2011 in most EU countries, in Italy the time frame for adoption was longer:
- on June 1, 2012, the new Electronic Communications Code came into force through Legislative Decree 70 of May 28, 2012 (implementing EU Directive 2009/140/EC). As far as SEAT Pagine Gialle is concerned, the most important aspect introduced by the decree is the exclusion of telephone directories from the universal-service obligations;
- On May 28, 2012, Legislative Decree 69 was issued, implementing EU Directives 136/2009 and 140/2009. The decree introduced a number of amendments to the Personal Data Protection Code, or Privacy Code (Legislative Decree 69/2012), and the aspect most relevant to SEAT Pagine Gialle concerns the regulations governing the use of cookies. Specifically, these regulations stipulate that users must be informed of the installation of cookies and give their express consent to such installation (based on an opt-in principle).

In June 2012, AGCOM issued Resolution 52/12/CIR, which revised the National Numbering Plan introduced four years previously that governs the content, supply and retail prices of all available telephone numbers in Italy. The resolution did not introduce any major changes affecting SEAT Pagine Gialle or directory assistance services.

In February, the Garante della Privacy (Italy's personal-data protection authority) issued order no. 73 of February 24, 2011 ("Models of information and request for consent to process personal data of subscribers to fixed and cellular telephone services"), which, in light of the introduction of the new opt-out regime for telemarketing activities (see next paragraph), is aimed at telecommunications operators, with a view to clarifying the methods of including and/or keeping the data of subscribers in the single database and the publication of such data in 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 166 of November 20, 2009 ("Urgent provisions for the implementation of EU obligations and the execution of judgments of the European Court of Justice") converted Decree 135 of September 25, 2009 (the "Malan amendment") into law and made significant amendments to Article 130 of the Personal Data Protection Code ("Unwanted communication"). The new provisions of law permit telephone processing of the data of subscribers included in telephone directories for advertising, direct sales, market research and commercial communications purposes for those who have not exercised their right to opt out. Subscribers may opt out by including their telephone number in a public opt-out register created on November 2, 2010 following the publication of Presidential Decree 178 of September 7, 2010, "Public register of subscribers opposed to the use of their telephone number for direct-marketing purposes". The register, which is managed by the Ugo Bordoni Foundation, was activated on February 1, 2011.

With effect from this date:

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

The Garante della Privacy order issued on January 19, 2011 ("Regulations on operator-assisted telephone processing of personal data for marketing purposes following the creation of the public opt-out register") stipulates that the new regulatory framework also gives businesses the right to opt out. Therefore, telesales of the products of any company aimed at a business audience may be carried out using the aforementioned matching procedure (or using lists of parties that have given their express consent). SEAT has therefore signed up to the opt-out register for matching.
Lastly, on May 22, 2011, the previous regulation on postal marketing, which established an opt-out system (the possibility of being contacted without express consent), without prejudice to the right of individuals to object to postal marketing by signing up to the public opt-out register, was modified within the "Development Decree" (Legislative Decree 70 of May 22, 2011 – Article 6). As a result, regulations on direct marketing provided for equal treatment for telephone and postal marketing.
For SEAT, the only consequence of these new provisions is the removal of the "envelope" symbol printed in the Pagine Bianche directory to indicate (under the previous regime) consent from the subscriber to receive postal marketing. This will take place as soon as an implementing order is issued by the Garante della Privacy.

UK Directories

Market scenario and strategic positioning

The TDL Infomedia group, present in the UK telephone directories market since 1980, became part of the SEAT Pagine Gialle Group at the end of 2000. As at June, the TDL Infomedia group employed 646 people and produced 61 editions of Thomson Local directories, with over 7 million copies distributed throughout the UK. It is the third-largest operator in the country, after Yell and British Telecom.
The group operates in three related business areas, and its main products are as follows:

- classified print directories under the Thomson Local brand, with a regional focus. In addition to the business section, which is classified according to categories, the product includes sections with information on public utilities, local entertainment events and street maps;
- online directories via its proprietary site, www.ThomsonLocal.com. The website is the online version of the print product and provides search services using key words. The website enables users to search Thomson's proprietary database, which can also be accessed via a network of partners on the internet;
- business information, via the sale of licenses to consult its proprietary database online and its Business Search PRO product.

Thomson has dealt with the difficult market conditions by pursuing its policy of streamlining and restructuring its organizational model and by strengthening its product range through the sale of web-driven multimedia packages and the release, in partnership with Mobile Commerce, of apps for all mobile platforms (Apple, Android, Nokia and BlackBerry). The company also signed an agreement in 2011 to become a qualified reseller for Bing (the search engine owned by Microsoft). The agreement, which was the first signed by Bing in the UK, offers customers an alternative to Google.

Thomson has also entered a commercial partnership with CBS Outdoor, the UK's leading outdoor advertising company, to offer its customers the chance to access a platform that was not previously available to them due to cost or know-how.

Structure of the Business Area

The UK Directories Business Area is organized as follows

MAIN COMPANIES

↓

TDL Infomedia Ltd.

↓

Thomson Directories Ltd.

↓

Thomson Directories Pension Company Ltd.

Main company events

No significant events took place during the first half of 2012..

Economic and financial data

The table below shows the main results for the first half of 2012 compared with those from the same period of the previous year.

(euro/million)	1st half year 2012	1st half year 2011	Change Absolute	%	Year 2011
Revenues from sales and services	24.3	26.0	(1.7)	(6.5)	60.9
GOP	(2.2)	0.5	(2.7)	n.s.	7.0
EBITDA	(3.1)	(0.4)	(2.7)	n.s.	4.6
EBIT	(18.2)	(18.3)	0.1	0.5	(21.4)
Net invested capital	(12.7)	8.9	(21.6)	n.s.	4.7
Capital expenditure	2.0	1.5	0.5	33.3	3.3
Average workforce	636	630	6	1.0	620

Revenues from sales and services totaled € 24.3 million (£20.0 million) in the first half of 2012, down by € 1.7 million compared with the corresponding period of the previous year.
This result reflects a slowdown in growth for online products, in relation to which the group is currently carrying out a restructuring of its website and product range. The website overhaul, which will continue throughout 2012, is already having an effect on traffic, with visits totaling 1.6 million as at June 2012, up by 20% compared with June 2011 and by more than 50% compared with the end of 2011.
Revenues from print products remained more or less stable, benefiting from a favorable exchange rate and a change in publication schedules compared with the corresponding period of the previous year. More specifically, in the six months to June 2012, 61 Thomson Local directories were published, compared with 53 in the first half of 2011. At constant publication basis and constant euro/sterling exchange rates, revenues fell 15.6% year on year.
Revenues from direct marketing and revenues from other sales rose by € 0.8 million compared with the first half of 2011, due in particular to a contract with British Telecom to distribute print directories in the UK.
The performance of the various revenue streams reflects the positioning that Thomson has sought to obtain over the last two years, in light of the changing market context, with a view to transforming the traditional directory into a local agency capable of meeting all the needs of SMBs.

GOP showed a loss of € 2.2 million (against a gross operating profit of € 0.5 million in the first half of 2011). At constant publication basis, the result was worse still compared with the corresponding period of the previous year, falling by € 3.8 million.
This result reflects the fall in revenues and the increase in production costs, particularly the higher distribution and storage costs related to the directories distribution contract with British Telecom.

EBITDA was negative, in the amount of € 3.1 million (£2.6 million), falling by € 2.7 million compared with the first half of 2011 and performing in line with the gross operating result.

EBIT showed a negative balance of € 18.2 million (against a negative figure of € 18.3 million in the corresponding period of 2011). In addition to the negative trend in gross operating result and EBITDA, this result reflects the € 13.6 million write-down of goodwill recorded following an impairment test.

Net invested capital for the TDL Infomedia group was negative, in the amount of € 12.7 million, at June 30, 2012 (against a positive figure of € 4.7 million at December 31, 2011) and includes a defined-benefit pension fund with a net value of € 14.2 million.

Capital expenditure totaled € 2.0 million in the first half of 2012, up by € 0.5 million compared with the corresponding period of the previous year, and related mainly to the complete overhaul of the order processing and invoicing systems, as well as the website restructuring and page optimization to favor traffic from search engines.

The **average workforce** was 636 employees in the first half of 2012, six more than in the first six months of 2011.

Regulation

There is no significant change from the consolidated and separate financial statements at December 31, 2011.

Directory Assistance

Market scenario and strategic positioning

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

During the first half of 2012, Telegate AG began the process of selling subsidiaries 11811 Nueva Información Telefónica S.A.U. and 11850 Uno Uno Ocho Cinco Cero Guías S.L., which operate on the Spanish market, with a view to focusing on its activities in Germany.

Structure of the Business Area

The Directory Assistance Business Area is organized as follows.

MAIN COMPANIES

Telegate AG | **Seat Pagine Gialle Italia S.p.A.** | **Prontoseat S.r.l.**

SpaIN
- 11811 Nueva Información Telefónica S.A.U..

Germany
- WerWieWas GmbH
- Telegate Media AG

Economic and financial data

Following the decision to sell Spanish subsidiaries 11811 Nueva Información Telefónica S.A.U. and 11850 Uno Uno Ocho Cinco Cero Guías S.L., the first-half results and end-of-period statement of financial position figures of these two companies were reclassified under "Non-current assets held for sale and discontinued operations".

The table below shows the main results for the first half of 2012, compared with those from the same period of the previous year restated, pursuant to IFRS 5, so as to enable a consistent comparison of the items.

(euro/million)	1st half year 2012	1st half year 2011 restated	Change Absolute	Change %	Year 2011 restated
Revenues from sales and services	49.8	56.4	(6.6)	(11.7)	111.2
GOP	6.7	9.0	(2.3)	(25.6)	16.5
EBITDA	5.2	6.8	(1.6)	(23.5)	13.8
EBIT	(0.6)	0.7	(1.3)	n.s.	(8.8)
Net invested capital	77.9	88.6	(10.7)	(12.1)	74.4
Capital expenditure	1.6	2.5	(0.9)	(36.0)	3.0
Average workforce	1,429	1,818	(389)	(21.4)	1,767

In the first half of 2012, **revenues from sales and services** for the Directory Assistance Business Area totaled € 49.8 million, down 11.7% compared with € 56.4 million in the first half of 2011 *restated*.
EBITDA fell by € 1.6 million compared with the first half of 2011 restated, to € 5.2 million. The reductions in these items are attributable mainly to the Telegate group as a result of the difficulties in the directory assistance market, which were only partially offset by 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 16.24% and Telegate Holding GmbH holds 61.13%

Main company events

- On June 27, 2012, the Shareholders' Meeting of Telegate A.G. (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) resolved, *inter alia*, to distribute a dividend of € 0.35 for each of the Company's 19,111,091 shares.
- During the first half of 2012, subsidiary Telegate AG began the process of selling Spanish subsidiaries 11811 Nueva Información Telefónica S.A.U. and 11850 Uno Uno Ocho Cinco Cero Guías S.L., which are no longer considered to be strategic.
- On July 16, 2012, the Federal Court upheld the April 13, 2011 ruling of the Düsseldorf Regional Court and rejected Deutsche Telekom AG's request for an additional challenge to said ruling. For further details, see the section entitled "Litigation involving SEAT Pagine Gialle Group companies".

The table below shows the main results for the first half of 2012, compared with those from the previous year restated, pursuant to IFRS 5, so as to enable a consistent comparison of the items.

(euro/million)	1st half year 2012	1st half year 2011 restated	Change Absolute	Change %	Year 2011 restated
Revenues from sales and services	45.1	51.2	(6.1)	(11.9)	101.3
GOP	6.6	8.8	(2.2)	(25.0)	16.1
EBITDA	5.1	6.7	(1.6)	(23.9)	13.6
EBIT	(0.6)	0.8	(1.4)	n.s.	(8.5)
Net invested capital	58.5	67.4	(8.9)	(13.2)	55.7
Capital expenditure	1.5	2.2	(0.7)	(31.8)	2.7
Average workforce	1,219	1,542	(323)	(20.9)	1,500

Revenues from sales and services totaled € 45.1 million, down by € 6.1 million compared with the corresponding period of 2011 *restated*, due to the ongoing fall in the call volumes to traditional directory assistance services, including revenues from added-value and outsourced services.
Revenues from online advertising increased slightly, to € 17.4 million.
More specifically, in **Germany**, where 2012 saw a continued structural decline in the telephone assistance services market, on-voice revenues fell to € 27.7 million, falling by 18.5% year on year. In terms of turnover, the fall in call volumes was partly offset by an increase in call durations. The company continued the process of transforming its business model to focus on the local-search market, positioning itself as a local advertising specialist for small

and medium-sized businesses. The company also pursued its policy to promote customer loyalty, boosting its online product range on 11880.com and www.klicktel.de by offering bundles of innovative services, including website creation and mobile-presence building. Downloads of mobile apps reached 1.5 million in the first half of 2012 (+60% year on year), while a total of 27 million searches were performed, compared with 10 million in the first half of 2011.
Online-advertising revenues totaled € 17.4 million (accounting for around 39.0% of total revenues generated by the German market), in line with the corresponding period of 2011. The online component was boosted by the positive contribution made by revenues from website creation and the sale of Google Adwords™ (€ 5 million), an advertising tool that enables companies to promote their products and services on Google.

The Telegate group generated a **GOP** of € 6.6 million, down by € 2.2 million compared with the first half of 2011 *restated*. The fall in revenues was only partly offset by the reduction in advertising expenditure, database usage costs and overheads. Salaries, wages and employee benefits fell by € 3.6 million as a result of the Company's restructuring policy.

EBITDA amounted to € 5.1 million, down by € 1.6 million, performing in line with GOP.

EBIT was negative, in the amount of € 0.6 million, falling by € 1.4 million compared with the first half of 2011 *restated*. This result reflects the reduction in GOP and EBITDA, and includes non-recurring restructuring costs of € 2.2 million related to the rationalization of call centers in Germany.

Net invested capital for the Telegate group totaled € 58.5 million at June 30, 2012 (of which € 50.5 million related to goodwill and customer databases), an increase of € 2.8 million compared with December 31, 2011 *restated*.

Capital expenditure totaled € 1.5 million, down by € 0.7 million compared with the first half of 2011 *restated*, and related to the replacement and updating of technological equipment in the call centers, as well as the modernization of CRM and administration infrastructure.

The Telegate group's **average workforce** in the first half of 2012 was 1,219 employees (compared with 1,542 in the first six months of 2011 *restated*). This decrease was attributable to the reduction in the number of telephone operators following the streamlining and restructuring of certain call centers.

Seat Pagine Gialle Italia S.p.A.

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

Main company events

- On June 29, 2012, the Board of Directors of Pagine Gialle Phone Service S.r.l. approved, for all aspects falling within its competence, the long-term restructuring undertaken by its parent company, SEAT Pagine Gialle S.p.A., in its entirety, particularly with regard to the role of transferee that the Company will assume as part of the operation and the related and/or auxiliary documentation.
- On July 20, 2012, the Shareholders' Meeting of Pagine Gialle Phone Service S.r.l. resolved to transform the Company into a joint-stock company and to adopt a new company name, "SEAT Pagine Gialle Italia S.p.A.", and new Articles of Association.

The table below shows the main results for the first half of 2012 compared with those from the same period of the previous year.

(euro/million)	1st half year 2012	1st half year 2011	Change Absolute	%	Year 2011
Revenues from sales and services	0.4	0.3	0.1	33.3	0.8
GOP	(0.2)	(0.2)	-	-	(0.2)
EBITDA	(0.2)	(0.2)	-	-	(0.2)
EBIT	(0.3)	(0.4)	0.1	25.0	(0.7)
Net invested capital	(0.6)	0.5	(1.1)	n.s.	(0.3)
Average workforce	-	-	-	n.s.	2

Revenues from sales and services totaled € 0.4 million, remaining more or less in line with the figure recorded for the first six months of 2011.

GOP and EBITDA were negative, in the amount of € 0.2 million, remaining unchanged from the first half of 2011.

Prontoseat S.r.l.

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

Main company events

On April 27, 2012, the Extraordinary Shareholders' Meeting of Prontoseat S.r.l. resolved, *inter alia*, to amend Article 23 of the Articles of Association to enable the Company, including in cases where it is compulsory to appoint an auditing body, to appoint a monocratic auditing body (a "sole auditor"), a board of auditors, or an independent auditor.

The table below shows the main results for the first half of 2012 compared with those from the same period of the previous year.

(euro/million)	1st half year 2012	1st half year 2011	Change Absolute	%	Year 2011
Revenues from sales and services	4.3	4.8	(0.5)	(10.4)	9.0
GOP	0.3	0.4	(0.1)	(25.0)	0.6
EBITDA	0.3	0.3	-	-	0.5
EBIT	0.2	0.2	-	-	0.4
Net invested capital	0.1	(0.4)	0.5	n.s.	0.2
Capital expenditure	-	0.2	(0.2)	(100.0)	0.3
Average workforce	210	276	(66)	(23.9)	264

Revenues from sales and services totaled € 4.3 million in the first half of 2012, down by 10.4% compared with the first six months of 2011. This reduction was due essentially to a fall of -€ 0.7 million in inbound revenues as a result of lower call volumes for the 89.24.24 Pronto PAGINEGIALLE® service. Outbound revenues from telephone sales involving the renewal of print advertisements remained more or less stable, while telephone sales involving the renewal of advertisements on the 12.40 Pronto PAGINEBIANCHE® service slowed slightly.

Although revenues fell by € 0.5 million, **GOP** was down by just € 0.1 million compared with the first half of 2011, thanks to cost-cutting measures and a decrease in salaries, wages and employee benefits after the number of telephone operators was reduced.

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

The **average workforce** was 210 employees in the first half of 2012, 66 fewer than in the first six months of 2011.

Regulation

There is no significant change from the consolidated and separate financial statements at December 31, 2011.

Other Activities

Structure of the Business Area

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

MAIN COMPANIES

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

Main company events

On May 29, 2012, the Shareholders' Meeting of Europages S.A. approved, *inter alia*, a capital increase of € 8,303,008.00 via the issuance of 518,938 new shares with a nominal value of € 16.00 each. SEAT subscribed the portion of the capital increase attributable to it, equal to 485,526 new shares, as well as the 33,412 new shares for which no options were exercised, by way of payment of the receivable owed to it by the Company.

The Board of Directors, making use of the powers granted to it by the Shareholders' Meeting, subsequently recorded a share capital reduction of € 10,103,008.00 by reducing the nominal value of the shares from € 16.00 to € 1.45. Consequently, the Company's current share capital is € 1,000,000.00, divided into 693,938 shares with a nominal value of € 1.45 each, of which SEAT holds a total of 682,672 shares, equal to 98.37% of the share capital.

Economic and financial data

The table below shows the main results for the first half of 2012 compared with those from the same period of the previous year.

(euro/million)	1st half year 2012	1st half year 2011	Change Absolute	Change %	Year 2011
Revenues from sales and services	20.4	20.7	(0.3)	(1.4)	49.2
GOP	0.2	0.4	(0.2)	(50.0)	5.7
EBITDA	(0.2)	0.1	(0.3)	n.s.	5.2
EBIT	(2.7)	(2.3)	(0.4)	(17.4)	0.5
Net invested capital	15.4	15.2	0.2	1.3	14.7
Capital expenditure	2.3	1.8	0.5	27.8	4.6
Average workforce	335	333	2	0.6	339

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

Europages

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

Europages is one of Europe's leading online business-to-business platforms.
It can be consulted readily thanks to a multilingual search engine. Searches can be performed in 26 languages on a database of 2,300,000 companies from 35 countries, operating in 26 different sectors. The database consists of 4,000 product categories and over 50,000 key words.

The table below shows the main results for the first half of 2012 compared with those from the same period of the previous year.

(euro/million)	1st half year 2012	1st half year 2011	Change Absolute	%	Year 2011
Revenues from sales and services	8.5	8.3	0.2	2.4	16.7
GOP	1.1	1.1	-	-	2.1
EBITDA	0.9	0.9	-	-	1.9
EBIT	0.7	0.5	0.2	40.0	1.3
Net invested capital	1.1	(1.5)	2.6	n.s.	(1.9)
Capital expenditure	0.2	0.3	(0.1)	(33.3)	0.6
Average workforce	84	79	5	6.3	82

Revenues from sales and services totaled € 8.5 million, a slight increase (+€ 0.2 million) compared with the first half of 2011, due mainly to an increase in turnover in Italy, which offset the slight fall in sales in Spain. Revenues generated in France remained more or less stable.

Traffic indicators showed a significant increase in page views on the portal (+16% year on year) and in the number of clicks to customers' websites (+20%). Visits to the portal remained more or less stable, at 28.2 million.

GOP totaled € 1.1 million, in line with the result recorded in the first half of 2011, having been boosted by ongoing cost-cutting measures.

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

EBIT amounted to € 0.7 million, up by € 0.2 million year on year, thanks partly to lower amortization and depreciation due to a reduction in investments.

Net invested capital totaled € 1.1 million at June 30, 2012 (against a negative figure of € 1.9 million at December 31, 2011).

Capital expenditure for the period totaled € 0.2 million and concerned hardware renewal, improvements to the website and the development of the marketplace platform.

The **average workforce** for the period was 84 employees, compared with 79 in the first half of 2011.

Consodata S.p.A.

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

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 for over 20 years. Thanks to its extensive database, Consodata S.p.A. is able to provide its customers with information on the behavior of millions of consumers using advanced marketing intelligence tools.

The table below shows the main results for the first half of 2012 compared with those from the corresponding period of the previous year.

(euro/million)	1st half year 2012	1st half year 2011	Change Absolute	%	Year 2011
Revenues from sales and services	7.5	7.4	0.1	1.4	20.5
GOP	0.1	0.2	(0.1)	(50.0)	4.1
EBITDA	-	0.1	(0.1)	(100.0)	4.0
EBIT	(1.9)	(1.5)	(0.4)	(26.7)	0.5
Net invested capital	7.7	8.2	(0.5)	(6.1)	8.9
Capital expenditure	2.0	1.5	0.5	33.3	3.7
Average workforce	103	106	(3.0)	(2.8)	109

Revenues from sales and services totaled € 7.5 million in the first half of 2012, up by 1.4% year on year. This increase was attributable mainly to the performance of SEAT Pagine Gialle S.p.A.'s network of agents in sales of direct-marketing products related to the biggest sporting events of 2012 (the European Football Championship and the Olympic Games). The products sold by Consodata's "Large Clients" unit performed in line with the corresponding period of the previous year, with the exception of geomarketing products, which benefited from a large order for a geolocation database in the first six months of 2011. All other product lines sold by Consodata agents performed in line with the first half of 2011.

GOP fell slightly, by € 0.1 million, reflecting the diverse mix of products with different profit margins.

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

Net invested capital totaled € 7.7 million at June 30, 2012 (against € 8.9 million at December 31, 2011).

Capital expenditure amounted to € 2.0 million in the first half of 2012, up by € 0.5 million year on year, due to the fact that the investments in the Lifestyle database were brought forward. In addition to the usual development of software platforms, these investments were aimed at enhancing databases, purchasing data banks, and a major project to overhaul the accounting and enterprise resource planning (ERP) system, which will be completed in the second half of the year, as well as upgrading the production and service provision IT platforms.

The **average workforce** for the period was 103 employees, three fewer than in the first half of 2011.

Regulation

Personal Data Protection (Legislative Decree 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 data banks by issuing an order against Consodata S.p.A., served in September 2008, preventing the Company (and a number of telephone operators) from continuing to process personal data obtained from telephone directories published prior to August 1, 2005, on the grounds that the data had been obtained without providing required information to the individuals concerned or obtaining their express consent where required to do so by law.

The authority declared that the use of subscriber information contained in telephone directories and data banks 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, *inter alia*, that certain guarantees be made to subscribers, which are set out in order no. 1032397 of May 23, 2002, pursuant to which *(i)* specific consent must be requested – in addition to consent to simply be included in the telephone directory – for the use of the data for commercial purposes and to send advertising material, or to carry out market research and interactive marketing communication, and *(ii)* a uniform procedure should be put in place, which all operators are obligated to use, in order to clearly show the consent of the subscriber to the use of their data for commercial or advertising purposes, consisting of putting certain icons next to the relevant names.

Consodata S.p.A. maintained that it had lawfully acquired the data in its database and appealed to the Court of Rome to have the order annulled. A hearing was scheduled for June 2009. The appeal was rejected in light of new legislation included in the "Milleproroghe" decree, allowing subscriber data obtained prior to August 2005 to be used by direct-marketing operators until December 31, 2009.

At the end of November 2009, the authority issued a prohibitive order (served in February 2010) ending the proceedings that had started with an inspection of the Company in February 2009. Consodata S.p.A. submitted an interpretative statement and clarified its position through a series of meetings at the authority's offices. Contesting the order, Consodata lodged an appeal on March 19, 2010 with the Court of Rome, which on May 25, 2010 ruled that the order be suspended. The judge ruled that the prohibition on the use of data obtained from certain Consodata databases, due to a lack of specific consent under the terms set out by the authority, was not applicable to past instances of use of these data. The hearing was postponed until February 2011 and then until October 2011. On October 5, 2011, the Court of Rome totally rejected the appeal lodged by Consodata on March 19, 2010. It was therefore confirmed that Consodata was not able to use data obtained without specific consent, apart from for postal purposes.

Consodata, through its lawyers, then asked the sanctions department of the Garante della Privacy to determine the amount of the fine to be paid following the resolution of the appeal, and is awaiting the department's decision.

In February 2010, the authority gave notification that it was initiating a sanction procedure relating to certain databases used by Consodata S.p.A., giving the Company the possibility to either submit a statement of defense to the authority or pay a reduced amount of the fine issued via a cash settlement. The company again decided to submit a statement of defense in order to clarify its actions.

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

On April 7, 2010, Consodata submitted a request to the authority for exemption from or simplification of compliance with the privacy policy on an individual basis for the use of data obtained from the single database (containing telephone directory numbers, cell 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 submitted a request to the authority for exemption from or simplification of compliance with the privacy policy for individuals who, in relation to their personal data included in telephone directories, have expressed their consent to receive printed promotional materials or calls from telephone operators. It has not yet received a response to the request.

Cipi S.p.A.

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

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

The table below shows the main results for the first half of 2012 compared with those from the same period of the previous year.

(euro/million)	1st half year 2012	1st half year 2011	Change Absolute	%	Year 2011
Revenues from sales and services	4.3	5.0	(0.7)	(14.0)	12.1
GOP	(1.1)	(0.9)	(0.2)	(22.2)	(0.6)
EBITDA	(1.1)	(1.0)	(0.1)	(10.0)	(0.7)
EBIT	(1.6)	(1.3)	(0.3)	(23.1)	(1.3)
Net invested capital	6.6	8.2	(1.6)	(19.5)	7.8
Capital expenditure	0.1	0.1	-	-	0.3
Average workforce	148	148	-	-	149

Revenues from sales and services totaled € 4.3 million in the first half of 2012, down by 14% year on year, despite the Company's strategy, particularly in the SMB market, of retaining existing customers and attracting new ones by using new outbound offers and offers of price. The fall in sales occurred mainly during the first four months of the year, with revenues subsequently stabilizing.

Although revenues fell by € 0.7 million, **GOP** was down by just € 0.2 million, due mainly to the Company's policy to reduce salaries, wages and employee benefits by using shutdowns and the CIGS (redundancy support program), reducing hours worked by 6%.

EBITDA and **EBIT** were -€ 1.1 million and -€ 1.6 million respectively, performing in line with GOP.

Net invested capital totaled € 6.6 million as at June 30, 2012, down by € 1.2 million compared with December 31, 2011.

The Company considerably reduced its **capital expenditure** in the first half of 2012, in line with its efficiency policy.

The **average workforce** was 148 employees in the first half of 2012, in line with the corresponding period of the previous year.

Other information

Human Resources

SEAT Pagine Gialle group

	As at 30.06.2012	As at 31.12.2011 restated	Change
Employees	3,985	4,169	(184)
Directors, project workers and trainees	57	88	(31)
Total workforce at the end of the period	4,042	4,257	(215)
	1st half year 2012	1st half year 2011 restated	Change
Average workforce for the period	3,465	3,808	(343)

The SEAT Pagine Gialle group had a total workforce of 4,042 at June 30, 2012, down by 215 compared with December 31, 2011 *restated*, with an average workforce of 3,465 in the first six months of 2012, compared with 3,808 in the first half of 2011 *restated*.
The fall of 215 in the workforce is due mainly to a reduction in the number of telephone operators in the Telegate group following the restructuring and closure of call centers.
The decrease of 343 in the average workforce with respect to the same period of previous year is due mainly to a reduction in the number of call center workers at the Telegate group (-323 employees) and at subsidiary Prontoseat S.r.l. (-66 employees).

As regards the distribution of human resources across the various Business Areas, the Parent Company employed only 31% of the average total workforce, despite having generated around 80% of the Group's revenues in the period. This is attributable to the following factors:
- in Italy the sales force consists mainly of agents (1,196 as at June 30, 2012), whereas overseas it is made up of employees;
- the call centers used to provide directory assistance services employ a large number of telephone operators. The Directory Assistance Business Area employed 41% of the average total workforce in the first half of 2012, despite accounting for only around 11% of total Group revenues for the period.

SEAT Pagine Gialle S.p.A.

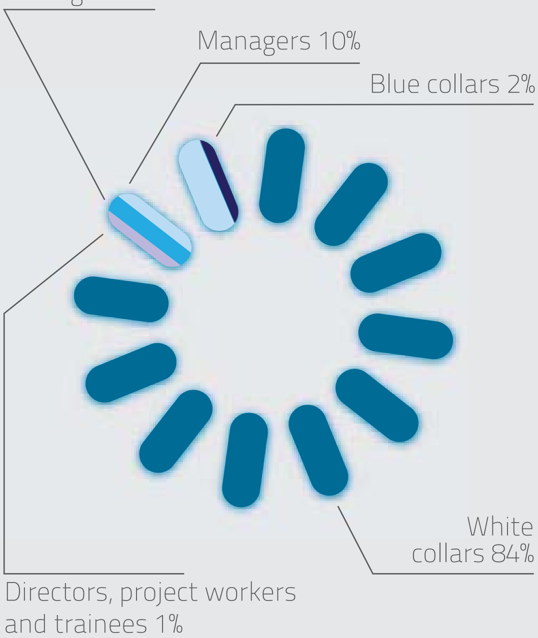
	As at 30.06.2012	As at 31.12.2011	Change
Employees	1,170	1,172	(2)
Directors, project workers and trainees	50	82	(32)
Total workforce at the end of the period	1,220	1,254	(34)
	1st half year 2012	1st half year 2011	Change
Average workforce for the period	1,065	1,027	38

SEAT Pagine Gialle S.p.A.'s average workforce during the first six months of 2012 was 1,065, an increase of around 4% compared with the end of the previous year. This was due mainly to a rise in the average number of people on traineeships (59 FTE on average in the first half of 2012, compared with 22 FTE on average during 2011).

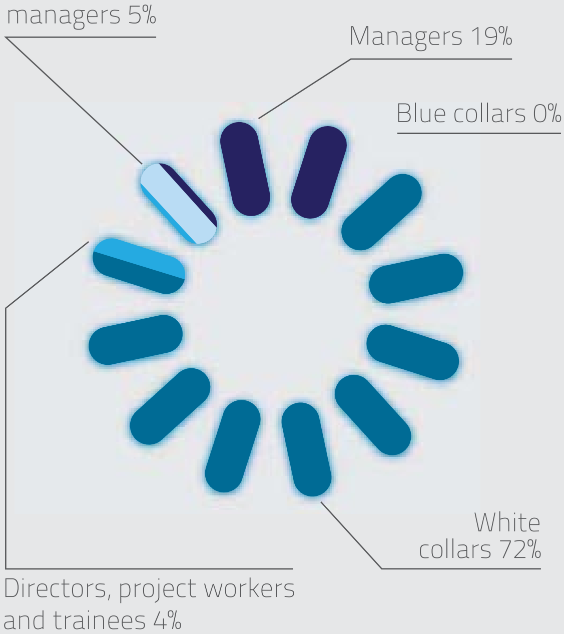
As well as providing for use of the *Cassa Integrazione Guadagni Straordinaria* (CIGS, a special redundancy support fund), the current Reorganization Plan outlines a professional retraining program in which more than 50 people took part during the first half of 2012.

The Talent Factory initiative continued in the opening six months of 2012, aiming to recruit and train young sales and marketing professionals. There were 38 graduate trainees at June 30, 2012.

SEAT Pagine Gialle Group

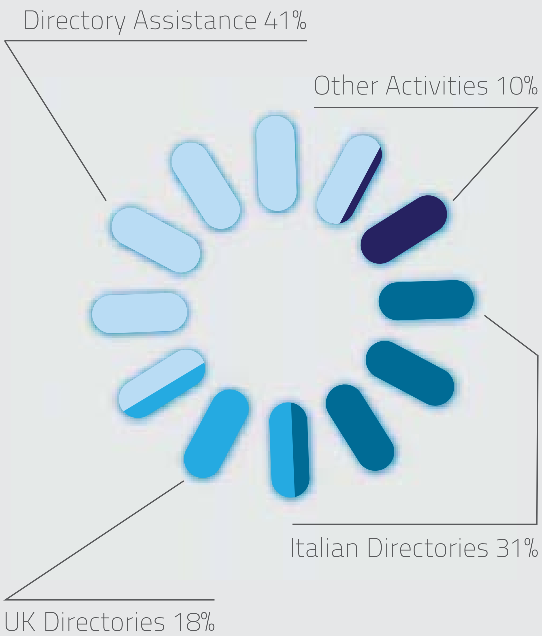


SEAT Pagine Gialle S.p.A.



Labour cost by Business Area

Average workforce by Business Area



Sales network

As at June 30, 2012, SEAT Pagine Gialle S.p.A.'s sales network comprised 1,180 agents and dealers (1,343 agents and dealers at June 2011) and 89 employees (85 employees at June 30, 2011), broken down into Customer Business Units (CBUs) categorized by type of customer and market potential: "Large Customers & Top Customers" and "SMBs & Local".

To be more specific:

- the "Large Customers & Top Customers" CBU, which is aimed at nationwide companies with specific communication needs and local SMBs with a high level 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, which oversees market changes, responds to requests for innovation and specialization, proposes and develops new solutions, ensures a web-driven market approach for service levels, and uses a Coaching and Planning team to disseminate skills within the organization. This intelligence structure also includes the Business Analysis department, which identifies the changes required to achieve strategic objectives, and the Sales Support and Quality department, which monitors the quality of sales and provides before- and after-sales support.

  The sales divisions are organized and specialized according to communication needs: National, which comprises large brands and complex clients with national networks requiring high levels of customization; Local and Central Public Administration, with institutional and public-service needs; and TOP, with local- and specialized-service needs.

  These markets are served by a sales force of 29: a Head of Department, five Sales Managers, 16 Key Account Managers and seven TOP Area Managers.

  Seven dealers and agents specialize in the Public Administration segment, while the network for complex clients comprises 44 TOP agents.
- the "SMBs & Local" Customer Business Unit targets SMBs and other small and mid-sized operators, aiming to provide the most suitable market coverage throughout Italy by offering different product ranges and business approaches according to the customers' segment. The country is split into three areas (Field Sales North/Center/South), which in turn are divided into 10 teams according to location, sales potential and operational excellence.

  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 2012.

  The "SMBs & Local" CBU has a network of 1,129 agents, coordinated by 29 Market Managers and five City Managers who cover the SMB communication market, and around 460 telesales operators.

  Preparatory work was carried out in the first half of 2012 for an organizational review of the Field Sales structure, with a view to achieving more efficient geographical and market coverage and a better-run sales network.

Organizational development

Following the death of Chief Executive Officer and General Manager Alberto Cappellini, the Company's Board of Directors decided on April 4, 2012 to retain the General Management office until the completion of the financial restructuring process, appointing Ezio Cristetti as General Manager on a temporary basis. Mr. Cristetti continues to head up the HR and Organization Division. It was also decided that the Administration, Finance and Control Division – whose head, Massimo Cristofori, will report to the Board of Directors via the Steering Committee – will oversee the preliminary stages and the implementation of the current financial restructuring.

The Legal & Corporate Affairs office within the Administration, Finance and Control Division has also been reorganized: Legal Affairs is now part of the HR and Organization Division, while Stock Exchange Relations team now reports directly to the CFO, alongside the new division Corporate Affairs. Staying with Administration, Finance and Control, the Investor Relations office is now responsible for M&A activity.

Recruitment, training and development

Significant work got under way in 2012 for the creation of a sales and marketing team to support the new Glamoo project. During the first six monthas of the year, we scouted the couponing labor market at our main competitors, and this led to the appointment of four agents, six account staff and three marketing specialists.
At the same time, we continued to boost the Company's position in the job market by recruiting employees for strategic and innovative areas of the business, in particular the Online & Mobile BU and the sales force, where 120 new agents were added.
Modern employer branding and recruiting methods were used, notably the creation of a corporate career page on LinkedIn.
The Talent@Factory completed its preliminary stage and became a concrete and successful part of the Company. During the opening months of this year, the 113 traineeships (covering 2011 and 2012) led to the appointment of 19 agents, with six more awaiting official activation, and three in-house employees. The 138 traineeships contracts awarded were worth a total of € 67,500. The Talent@ Factory interns completed 11,424 hours of training during the first half of 2012, and a Web Talent Award was introduced as we expand our online focus.
We introduced training initiatives for our employees in order to improve their managerial skills – through courses on topics such as leadership, decision making, finance, communication and project management – and their online awareness, through workshops on SEAT's commercial offering.
We also launched language courses that were split between workplace classes and distance learning. Eighty-four managers and clerical staff took part in these courses during the first half of 2012.
With regard to the new sales force appraisal process, we introduced a course showing Market Managers and Sales Managers in our Milan, Bologna, Turin and Naples offices how to access and use the Evaluaction appraisal system.

Our main initiative in terms of specialist training was organizing technical courses for IT and Online & Mobile BU staff. Around 60 people went on office automation refresher courses (of which more are planned between September and December), while we teamed up with Security Governance in the first part of this year to organize workshops on "Corporate and personal data security" in order to comply with training obligations pursuant to Law 196/2003 and to improve corporate data protection. Around 50 people attended these workshops, of which more are planned before the end of 2012. Thanks to an agreement with the labor unions, we were able to use Fondimpresa (a fund for continuing vocational training) to finance two training programs with a view to carrying out these activities.

In February and March, we staged two workshops involving the various teams from the Internet Factory and the HR and Organization Division (IT, Processes and Governance & Service Creation). During these workshops, there were presentations on the core assets, what they do and how they are structured, with a view to sharing technology expertise among the teams.
Alongside the usual sales and marketing training activities for newly appointed agents of various types (Merchant, SMB, T@lent, Media Consultant), we introduced initiatives for the "SMBs & Local" CBU: the Web Site Award, an innovative contest launched in January and aimed at regional sales managers, involved 100 people working in teams to create a professional commercial website with a view to improving awareness of technical and communication ideas based on specific requirements.
We also launched an online skills mapping and certification program, which was designed internally and features tests taken on PCs and iPads. In total, 1,089 agents took part in the program, which measured their online skills and identified shortfalls in product training, thereby enabling the creation of three training areas: Directories & Websites, Traffic and Internet Evolution.
We therefore organized three workshops, one for each training area, at the end of which participants retook the specific certification test and were automatically awarded a certificate declaring they had successfully completed the workshop. The Directory & Websites workshop was completed in the first half of 2012 (with 53 sessions and 320 participants), while the Traffic workshop (15 sessions) is ongoing.
We launched the "Universe Internet 2.0" course for the internet evolution training area, focusing on cross-media communication and the surge in popularity of mobile devices.
At the specific request of regional managers, we also held classes on sales techniques, competition and telesales.
Lastly, we started work on our new Digital Sales operational program.
At the "Large Customers & Top Customers" CBU, our Faculty Sales&Marketing training initiatives involved online tests to map specific product skills and digital capabilities across the BU: TOP agents, account staff, marketing employees and managers.
We designed and laid on the Mobile Explosion course in order to improve and harmonize our online culture as well as educate our staff on the latest digital-communication trends.
We are also preparing a training module on a more user-centric analysis of SEAT customers.

The Group has enhanced its e-learning offering by continuing to produce content for the various channels of the innovative Quick Learning Point platform. This content aims to improve understanding of the internet through online information snippets on products and network issues. It is available to agents and to in-house staff, in order to ensure that people across the group are always kept up to date.
Video tests will be rolled out in the second half of the year so people can practice and check their level. We are also developing a QLP app, a mobile training system that replicates the agent mapping program and offers targeted content. The QLP has generated 9,841 hits from 1,755 unique visitors; its 93 available modules represent 1,440 equivalent training hours.

As agreed with labor unions, the Professional Retraining Program (Law 102/2009) for people being supported by the CIGS continued in the first half of 2012. The program, which is still a work in progress, involves classroom activities, on-the-job training, and the dissemination of training material.
In the first half of 2012, we completed the employee Performance Management 2011 program by appraising performance in 2011, filling in the relevant forms online, and providing feedback to participants. With 654 participating employees, the program appraised 91% of targeted staff members. The breakdown of participants is as follows: 8% executives, 30% managers, 49% employees at AS and A levels and 13% other employee levels.
We also launched Performance Review 2012, which, at the initial stage, assigns activities and sets targets for the current year. Just like last year, the program is targeted at level-A employees and above; it is optional for other levels.

Personal services

The SEAT4PEOPLE program continued its work in the first half of 2012 by signing agreements (there are now more than 280) and creating initiatives for SEAT employees and agents, e.g. employee service desks located at Company offices, conventions and travel events.
The SEAT community is kept up to date via SEAT4PEOPLE on the Company's intranet, Company notice boards, and personalized e-mails. SEAT4PEOPLE also managed initiatives in co-operation with the Turin branch and other area branches of the CRAL DLF (workers' recreational organization).
For employees' children aged between six and 12, SEAT4PEOPLE promoted Company holiday camps for the fourth consecutive year. We are currently organizing end-of-year events relating to Company seniority and Christmas.
With a view to keeping costs down, we managed our fleet of vehicles more efficiently by using more suppliers and getting group discounts on orders for 10 or 20 vehicles at a time.
More then 4,000 members of the CASSA MUTUA health insurance scheme were provided with policy support.

The usual inspections, monitoring and maintenance took place during the first half of 2012, involving all regional headquarters to a varying degree.
At the Turin office, we focused particularly on fire prevention equipment, carried out a challenging move involving buildings C1 and C2, and contributed to organized events (Digital Festival, Web Site Award).
Following the leasing of the first floor of our Milan office in 2011, we set about the various jobs (construction, electrical and wiring) needed to renovate the area and prepare the additional workspace. Once we had finished these jobs, we moved around 100 people in the Internet Factory department into the new offices and then set about adapting the space on the fifth floor for office use, with a view to ensuring a layout that is more suited to the contingent requirements of the business, especially the various ongoing projects. We also adapted the layout of the workstations on the third floor in line with the activities performed by the various working groups.
In light of the need to move our Treviso office, we set about finding new premises and then planned how we would equip them for our needs. We hope to move to the new site in August or September 2012.

Industrial relations

During the first half of 2012, we continued to manage the corporate restructuring plan (March 7, 2011 - March 6, 2013) and the related CIGS procedure pursuant to Law 416/81, as amended. The inspections of the relevant headquarters were carried out and the first year of the plan was successfully completed. We then began the first half of the second year and obtained the relevant ministerial authorization. At the same time, the Professional Retraining Program, pursuant to Law 102/2009, as amended, continued for people supported by the CIGS but not eligible for early retirement under the above-mentioned legislation. Throughout the first half of 2012, we continued to manage labor union relations in accordance with the agreement based on the corporate Reorganization plan. We signed an agreement with the unions on a Company bonus for the 2012-2014 period, with targets relating to productivity and profits.

Litigation

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

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

1) Deed of pledge

This concerns the proceedings brought before the Court of Milan by Finmavi and Media, seeking to ascertain the invalidity or ineffectiveness of the deed of pledge with which the shares held by Media in Cecchi Gori Communication S.p.A. (now HMC) were given as security to the Spun-Off Company and, in any event, seeking an order for the Spun-Off Company to pay damages of no less than 750 billion lire 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 upheld 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 adjourned until June 26, 2012 for clarification of the concluding arguments. As at the date of this first half report, SEAT Pagine Gialle S.p.A. has received no updates on the matter.

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On April 6, 2011, Fallimento Cecchi Gori Group Fin.Ma.Vi S.p.A. in liquidation and Cecchi Gori Group Media Holding S.r.l. in liquidation served the Spun-Off Company with an injunction to pay € 387,342,672.32, corresponding to the value of 11,500 shares with a nominal value of 1 million lire, representing the entire share capital of Cecchi Gori Communications S.p.A.
By serving this injunction, the two parties requested the payment of the value of the shares given as security to the Spun-Off Company.
The request is part of the dispute mentioned earlier pending before the Appeal Court of Milan, where the Cecchi Gori Group companies have already won the right to claim compensation in the form of payment of the value of the shares given as security (the present injunction appears to have been served in order to toll the statute of limitations relating to said action for compensation, given that said action is no longer part of the pending case).
TI Media responded to the injunction with a letter dated April 7, 2011.

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

This refers to the legal proceedings brought by Finmavi and Media against HMC concerning the resolutions made 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 entered an appearance at the hearing with a counter-appeal and cross-appeal on October 16, 2007.
The hearing for debate has not yet been scheduled.

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

b) Litigation involving SEAT Pagine Gialle group companies

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

On July 16, 2012, the Federal Court upheld the April 13, 2011 ruling of the Düsseldorf Regional Court and rejected Deutsche Telekom AG's request for an additional challenge to said ruling. On April 13, 2011, the Düsseldorf Regional Court found against Deutsche Telekom AG in the litigation brought by Telegate AG subsidiaries Datagate GmbH and Telegate Media AG. The court ordered Deutsche Telekom AG to repay the excess sums paid for the provision of telephone subscriber data totaling € 33.6 million, plus interest of € 11.5 million.

On June 8, the Düsseldorf Regional Court also ruled on 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 this time reducing the amount from € 52.0 million to € 41.3 million and having awarded the interest at the start of the proceedings (in the amount of around
€ 8 million).
Despite there being no option to appeal against this ruling, Deutsche Telekom AG has requested an additional challenge.

Corporate Governance

Introduction

Pursuant to Article 123-*bis* of Legislative Decree 58/98, the Company has written and published its Report on Corporate Governance and Shareholder Structure for 2011. The report can be found on the Company's website, www.seat.it.

Below is an update concerning only events that took place in the first half of this year.

Shareholders' Meetings

On March 30, 2012, as one of the steps required to implement the restructuring process, the "€ 550,000,000 10½% Senior Secured Notes due 2017" (ISIN codes: XS0482702395; XS0482720025) and "€ 200,000,000 10½% Senior Secured Notes due 2017" (ISIN codes: XS0546483834; XS0546484303) **bondholders** acknowledged and, to the extent of their own competency, approved changes to the contractual documentation pertaining to each of the aforementioned bonds, in accordance with the proposals of the Company's Board of Directors, conferring the necessary powers to modify said documentation.

On April 12, 2012, the second session of the Company's **Special Savings Shareholders' Meeting** voted by majority to create a fund pursuant to Article 146 of the Consolidated Law on Finance (TUF), in the amount of € 150,000, to be replenished each year as necessary, to protect the interests of this share category. The same Shareholders' Meeting also voted by majority to mandate their common representative, Stella D'Atri, to work with the Company and other stakeholders to identify appropriate solutions for ensuring that the rights of the share category are respected during the Company's debt restructuring process.

On June 12, 2012, the **Ordinary Shareholders' Meeting**, as well as approving the financial statements for the year to December 31, 2011, resolved to:

- set the number of members of the Board of Directors at nine and fix its term of office until the approval of the financial statements for the year to December 31, 2012, also establishing at € 307,000 the total emoluments of the members of the Board of Directors;
- appoint Enrico Giliberti, Dario Cossutta, Pietro Masera, Antonio Tazartes, Marco Tugnolo, Nicola Volpi, Lino Benassi, Alberto Giussani and Maurizio Dallocchio as directors, and Enrico Giliberti as Chairman of the Board of Directors. The directors appointed were all taken from the only list presented to the Shareholders' Meeting, which was submitted by the outgoing Board of Directors and approved by majority. Lino Benassi, Alberto Giussani and Maurizio Dallocchio declared that they met the criteria of independence pursuant to Article 148, paragraph 3 of Legislative Decree 58/1998 and to the Code of Corporate Governance for Listed Companies;
- appoint Enrico Cervellera, Andrea Vasapolli and Vincenzo Ciruzzi as Standing Auditors, Guido Costa and Guido Vasapolli as Alternate Auditors, and Enrico Cervellera as Chairman of the Board of Statutory Auditors, establishing at € 180,000 the annual compensation owing to the Chairman of the Board of Statutory Auditors and at € 120,000 the annual compensation owing to each Standing Auditor. The Board of Statutory Auditors was appointed from the only list presented to the Shareholders' Meeting, which was submitted by the shareholder Sterling Sub Holdings S.A. and approved by majority;
- appoint PricewaterhouseCoopers S.p.A. as the independent auditors of SEAT Pagine Gialle S.p.A. for the years 2012-2020 inclusive.
- approve Section I of the Remuneration Report pursuant to Article 123-*ter* of Legislative Decree 58 of February 24, 1998;
- approve the proposal submitted by shareholders AI Sub Silver S.A., Sterling Sub Holdings S.A. and Subcart S.A., approving and ratifying, *inter alia*, the actions of members of the Board of Directors since April 9, 2009, of members of the Board of Statutory Auditors since April 9, 2009, and of Chief Financial Officers, refusing to hold them liable, including for any acts committed prior to April 9, 2009, and holding them harmless against any request or claim for damages that may arise from corporate and/or third-party and/or shareholder creditors pursuant to Articles 2395 and/or 2407 of the Italian Civil Code and/or pecuniary administrative or civil sanctions that may be sought against them, including their actions as directors or statutory auditors of SEAT Pagine Gialle S.p.A. subsidiaries.

The **Extraordinary Shareholders' Meeting** on the same day resolved to approve:
- the statement of operation and statement of financial position of SEAT Pagine Gialle S.p.A. as at March 31, 2012, as illustrated in the report prepared pursuant to Articles 2446 and 2447 of the Italian Civil Code and to Article 74 of the Issuers' Regulation, presenting negative equity of € 558.3 million;
- the merger by incorporation of Lighthouse International Company S.A. into SEAT Pagine Gialle S.p.A. under the terms set out in the Joint Merger Plan, and thereby to *(i)* issue ordinary shares with no nominal value, to be allocated to Lighthouse shareholders, and *(ii)* issue free share warrants on ordinary shares and savings shares, to be allocated prior to the date the merger takes effect, partly to resolve the situation pursuant to Article 2447 of the Italian Civil Code;
- the adoption by the Board of Directors, in the event that the merger does not become effective within a suitable deadline (to be set by the Board of Directors at a date no later than December 31, 2012), of measures to put SEAT Pagine Gialle S.p.A. into liquidation, appointing a Board of Liquidators comprising Silvano Corbella (Chairman), Francesco D'Aniello and Alessandro Gallone, whose remuneration shall be decided by a future Shareholders' Meeting;
- the changes to the Articles of Association resulting from the aforementioned resolutions, the changes proposed to Articles 4 (Company Purpose), 14 (Composition of the Board of Directors) and 22 (Board of Statutory Auditors) of the Articles of Association, and the addition of Article 28 (Temporary Measures).

Board of Directors

In the first half of the year, the Board of Directors met on 17 occasions.

General Manager

Following the death (on March 24, 2012) of CEO Alberto Cappellini, the Company's Board of Directors decided on April 4, 2012 to retain the General Management office until the completion of the current financial restructuring process. Over the next few months, this process will dramatically affect the shareholder structure by converting subordinated debt into equity. Ezio Cristetti has been named interim head of General Management. Mr. Cristetti was appointed to his current post of head of HR and Organization by Mr. Cappellini, charged with overseeing the implementation of the current corporate transformation plans and with ensuring that the Company has sufficient resources and systems to match the strategic vision of the Group.

Internal Audit Committee

On June 21, 2012, the Board of Directors reappointed the current Internal Audit Committee, comprising Alberto Giussani (Chairman), Maurizio Dallocchio and Marco Tugnolo, for a period of no more than one year.
The Internal Audit Committee met twice in the first half of 2012 and once more in subsequent months. The work carried out during the meetings included the following:
- examination and assessment of the progress of the activities set out in the internal-audit action plan for 2012, and related results;
- meeting with senior figures from the Administration, Finance and Control Department, the Board of Statutory Auditors and the Partner of the Independent Auditors to examine the main points of the first half report to June 30, 2012 and the correct use of the accounting principles adopted;
- meeting with Company management to examine some accounting matters;
- meeting with the Partner of the Independent Auditors to examine the results of the audit carried out;
- examination and assessment of the results of the Enterprise Risk Management (ERM) process aimed at identifying, evaluating, managing and monitoring the main corporate risks.

Remuneration Committee

On June 21, 2012, the Board of Directors appointed the Remuneration Committee, comprising Lino Benassi (Chairman), Nicola Volpi and Pietro Masera, for a period of no more than one year.
The Remuneration Committee met once during the first half of the year, when, among other things, it voted in favor of the 'ability to pay' method for the 2012 corporate MBO system, discussed some organizational issues relating to the financial restructuring, and approved: *(i)* definitive targets for the CEO and General Manager for 2011, and how many of these targets were met; *(ii)* the nomination of Paolo Giuri as CEO of the Thomson Group and Elio Schiavo as CEO of Telegate AG, from April 1, 2012, and Non-Executive Chairman of the Board of Thomson Directories; and *(iii)* the general remuneration policy proposed by the Remuneration Committee pursuant to Article 7 of the Code of Corporate Governance.

Board of Statutory Auditors

The Board of Statutory Auditors met twice in the first half of 2012.
During these meetings it verified, *inter alia*, the correct application of the criteria and control procedures adopted by the Board to assess the independence of its members.

Chief Financial Officer

On June 21, 2012, the Board of Directors reappointed Massimo Cristofori as Manager Responsible for the preparation of the financial statements.

Supervisory Board

Also on June 21, 2012, the Board of Directors appointed a Supervisory Board pursuant to Legislative Decree 231/2001, comprising Chairman Marco Reboa (a university professor of business and economics and previously an independent director of the Company) and two internal members: Marco Beatrice and Francesco Nigri.
During the first half of 2012, the Supervisory Board met once and performed its usual supervisory activities.
As the current Board was appointed for a year by the Shareholders' Meeting of June 12, 2012, and given that the restructuring operation brings about a significant change to its composition, the Board of Directors has decided to defer any decision on conformity with the Code of Corporate Governance, as amended in December 2011, and to adhere to the pre-existing corporate-governance guidelines.

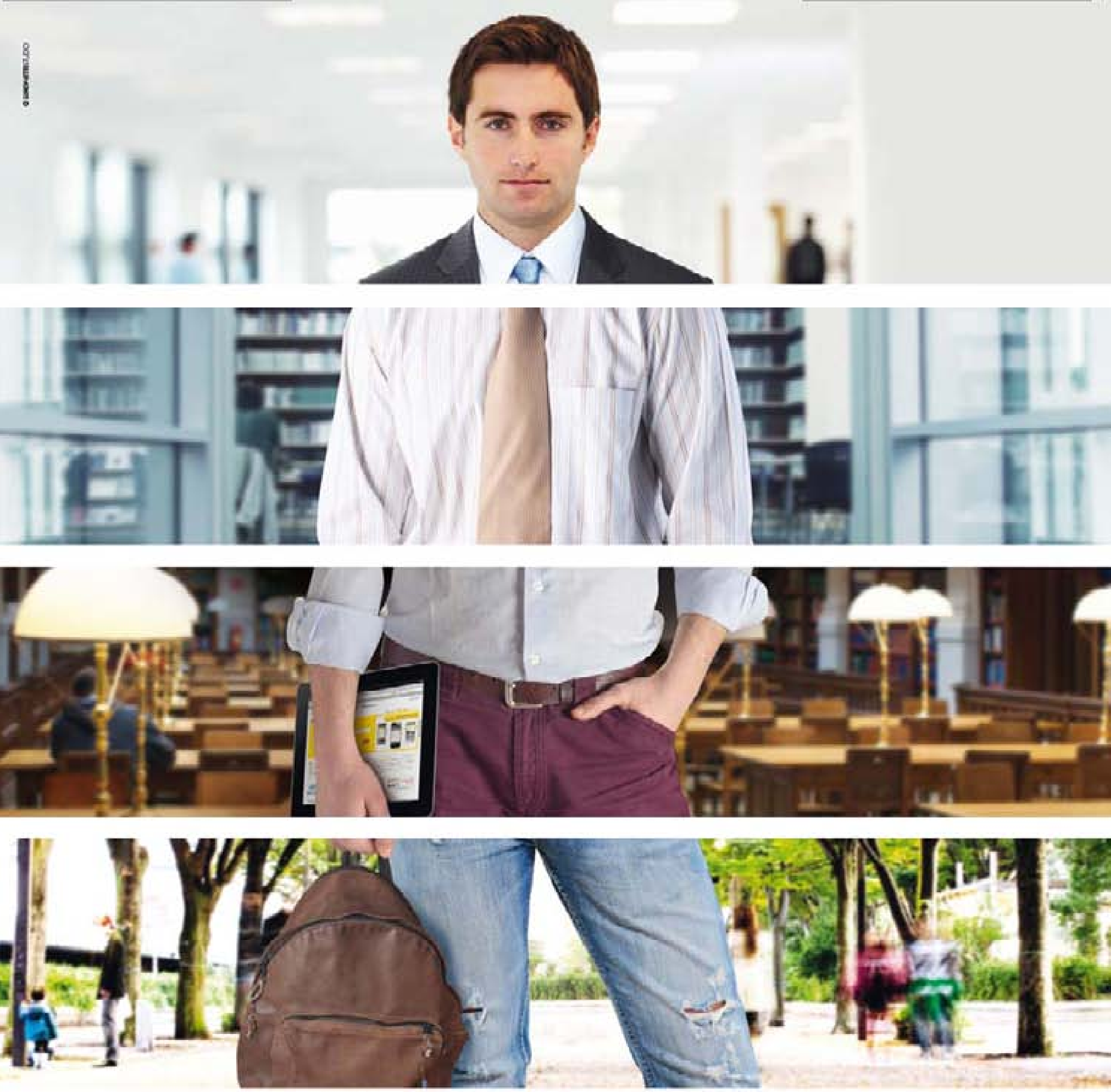
Environmental sustainability

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 centers and advertising agencies. Thanks to all the project participants making pages available for free, the multi-approach campaign, which was launched in September 2010, has featured 250 times in all the major national and regional daily periodicals, and in the main trade magazines, worth an estimated € 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. On the contrary, it contributes to the sustainable management of forests thanks to the commitment of the entire paper industry;
  - paper is the most recycled material, not just in Italy, but in Europe as a whole. It 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 survey of more than 400 advertising spending decision-makers in the five biggest countries supporting the project (France, Germany, Italy, Spain and the UK) to determine how effective it is.
Between 2010 (before the marketing campaign was launched) and 2011, there was: *(i)* a slight increase in the use of newspapers and industry magazines; *(ii)* an increase in newspaper and magazine investment intentions for the following year; and *(iii)* significant intention to maintain investment in printed publications over the next two years.
A survey is also being conducted to ascertain how the European public perceives the paper industry in terms of sustainability.
In June 2012, Print Power Italy organized the event "Io sono qui, la carta nella comunicazione multicanale (I am here – the role of paper in multi-channel communication)" at the Mediateca Santa Teresa in Milan. The aim of the event was to present the findings of the research carried out by Lorien Consulting on how advertising investors and consumers value, use and perceive print resources and to describe some success stories from Italy.

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®.
The second phase of the campaign began in May 2011 with the "Naturale Rinnovabile Riciclabile (Natural, Renewable, Recyclable)" press release, which featured 110 times in the national and local press, and in magazines and other publications, worth an estimated more than € 500,000. The Italian version of the website was also launched (www.it.TwoSides.info), featuring links to various social networks.
The campaign pages were republished in 2011 in the Modena and Cuneo editions of PAGINEBIANCHE®.



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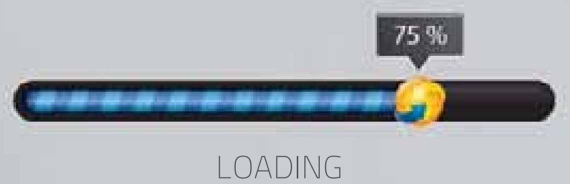
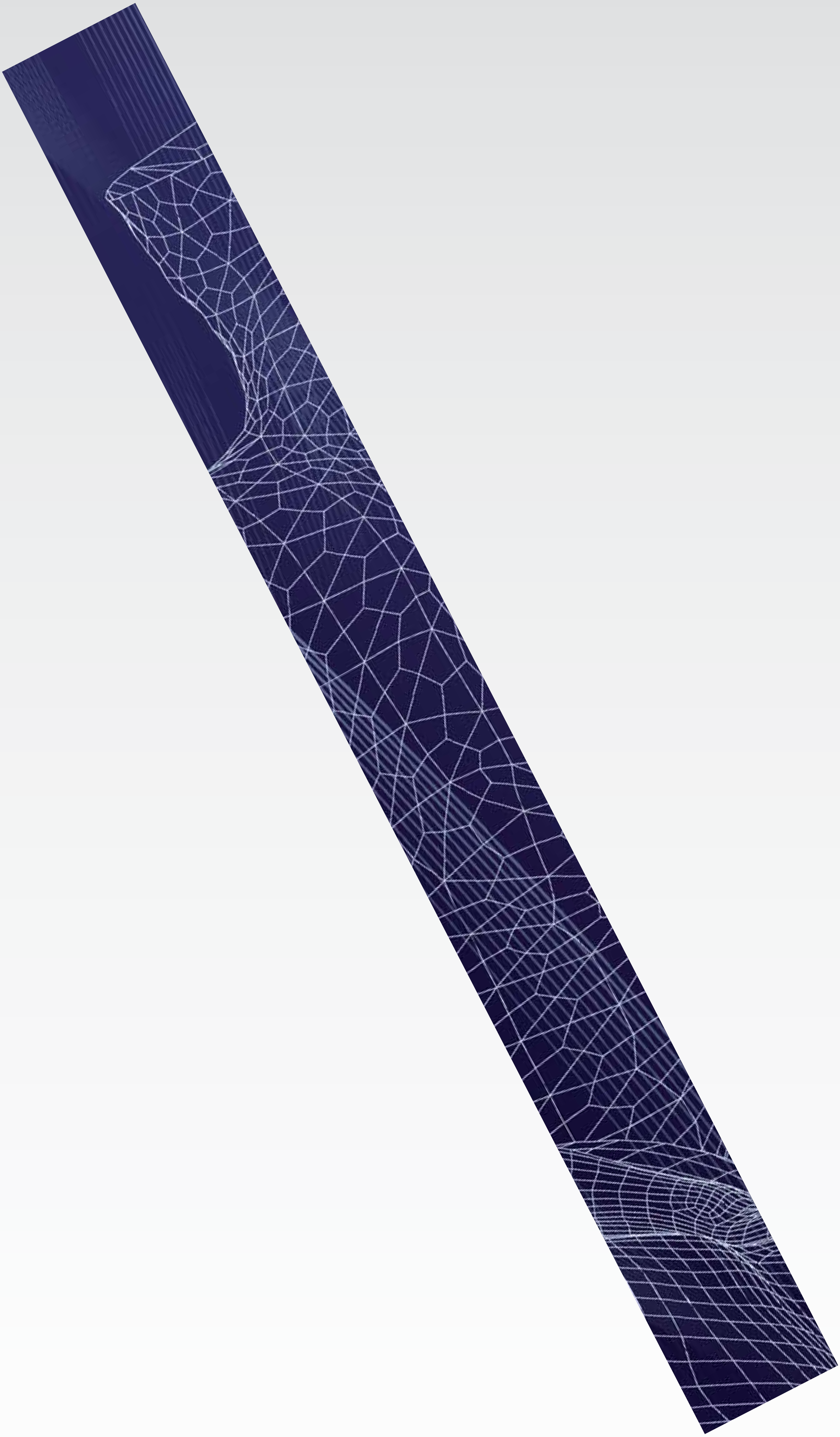
Condensed consolidated half-year financial statements





Introduction

Facts regarding the financial restructuring

A. Start of negotiations and creditors' acceptance of the Company's final proposal

As discussed extensively in the introduction to the report on operations included in the consolidated and separate financial statements of the Company at December 31, 2011, approved by shareholders' meeting on June 12, 2012, the Company, began with the help of its advisors to study various options in March 2011 to make the Group's financial structure more stable in the long term, focusing on the 'equitization' option since the approval of the first half report at June 30, 2011. This would involve the direct or indirect conversion into equity of a significant portion of the Lighthouse International Company S.A. ("**Lighthouse**") debt, with the consequent extinguishment of a significant portion of the Company's subordinated debt arising from the € 1,300 million "**Proceeds Loan**" agreement between the Company and Lighthouse.

The Company gradually began to negotiate with the various parties involved and, in particular, with the committees that were set up straight away to act as a first interface for negotiating with the Company.

The long and complex negotiating process thus launched and was aimed at drawing up a financial-restructuring agreement, through which the Company would be committed to finding a mediating position between the various parties involved. Eventually this process resulted in the Company drafting and approving a final proposal on January 31, 2012 for a consensual financial restructuring (the "**Final Proposal**"), the main terms of which were set out in a term sheet appended to the press release issued on the same date.

The Final Proposal stipulated that, *inter alia*:

(i) the total debt owed by Lighthouse to holders of the "€ 1,300,000,000 8% Senior Notes Due 2014" bonds issued by Lighthouse (the "**Lighthouse Bondholders**"), in the amount of the principal and including interest accrued as at December 31, 2011, but excluding a principal amount equal to € 65 million (the "**Residual Debt**"), would be 'equitized' and the Lighthouse Bondholders will be allocated SEAT ordinary shares equal to 90% of share capital;

(ii) the Lighthouse Bonds relating to the Residual Debt, which would not be converted into SEAT ordinary shares, would be exchanged for new bonds issued by the Company to the Lighthouse Bondholders, under the terms set out in the term sheet (the "**Stub Bonds**");

(iii) investors which are ordinary shareholders as at the date immediately prior to the date of execution of the restructuring agreement would hold, in total, immediately after the execution of the restructuring agreement and as a result of the aforementioned conversion of the Lighthouse Bondholders' debt into equity, 10% of the Company's ordinary share capital, and these shareholders would be entitled to receive new ordinary shares for a total amount equal to 2% of the post-restructuring ordinary share capital in the 30 days after the date of execution of the restructuring agreement. Subject to the fulfillment of the conditions set out in the term sheet, such shareholders would be entitled to receive new ordinary shares for a total amount equal to 3% of the post-restructuring ordinary share capital in the two years after that date;

(iv) SEAT would essentially transfer all its assets and liabilities to a wholly owned company ("**OpCo**"), which would assume liability for the debts connected to (a) the senior facilities agreement, (b) the senior secured bonds and (c) the Stub Bonds, pursuant to and for the purposes of Article 2560 of the Italian Civil Code on debts pertaining to a transferred business, although the Company would continue to be liable for such debts towards third-party creditors, according to seniority;

(v) SEAT would create a pledge in favor of the senior creditors on all the OpCo shares to secure the bonds referred to under (a), (b) and (c) of point (iv) above, and the transfer of the business unit would take place upon the cancellation of the pledge on around 49.6% of the Company's shares held by the three leading shareholders (the "**Reference Shareholders**");

(vi) the two fixed-term credit lines that make up the Senior Facilities Agreement of March 25, 2005, as subsequently amended (the **Senior Facilities Agreement**), entered into between, *inter alia*, the Company and The Royal Bank of Scotland (the "**Senior Creditor**"), would be consolidated into a single fixed-term credit line of € 596.1 million, with a maturity of June 30, 2016, and the revolving credit line of € 90 million would be renewed, all of which would be subject to the contractual terms set out in the aforementioned term sheet, including the relevant securities.

On March 7, 2012, the Company eventually obtained the full acceptance of the Final Proposal (including the amendments made on February 22, 2012 and reflected in the term sheet appended to the press release issued on the same date) by all categories of creditors (the Lighthouse Bondholders, the Senior Creditor and the senior secured bondholders), with approval levels well above the required threshold (over 90% for the Lighthouse Bondholders and over 98% for the senior secured bondholders).

The Reference Shareholders also expressed a favorable opinion on the proposal.

B. Signing of the first agreements

Around the same time that the Final Proposal was accepted, the Company signed a set of agreements with the Lighthouse Bondholders and the Reference Shareholders. These agreements were intended, on the one hand, to govern the terms and conditions of the mutual commitments appropriate and/or necessary for the execution of the financial restructuring, and, on the other hand, to express the level of consensus reached through a series of lock-up commitments for the time necessary to complete the agreed restructuring process.

Specifically, the Company signed the following agreements, with effect from March 12, 2012:

(i) a lock-up agreement with over 90% of the Lighthouse Bondholders, pursuant to which the latter undertook, *inter alia*, not to transfer their bonds for a given period of time and to support the restructuring;

(ii) an agreement with the Reference Shareholders, pursuant to which the latter undertook to support the restructuring;

(iii) an agreement, published pursuant to law, governing the commitment by the Reference Shareholders to vote at the relevant meetings in favor of the restructuring and not to transfer their shares in SEAT under the terms set out therein.

The senior secured bondholders, were asked, as part of the negotiation process, to waive certain rights pursuant to the agreements governing the contractual terms and conditions of the bonds with a view to ensuring a successful outcome of the restructuring ("Indentures"). They were also asked to accept certain technical amendments to these contractual provisions and a consensus was subsequently confirmed by a favorable vote at the second session of the bondholders' meeting held on March 30, 2012. This then led to the signing, on April 11, 2012 of the "Supplemental Indentures" relating to the two senior secured bond issues.

Moreover, as stated in the press release of March 23, 2012, the Company received certification of the reasonableness of the restructuring plan outlined in the Final Proposal from an independent expert (that meets the requirements set out in Article 28, (a) and (b) of the Bankruptcy Act), in accordance with the provisions of Article 67, paragraph 3, d) of the Bankruptcy Act.

C. Implementation phase

After signing the aforementioned agreements, the Company began the process of negotiating and defining, with the relevant counterparties, the documentation needed to implement the consensual restructuring outlined in the Final Proposal, as well as undertaking a number of activities necessary to execute the operation.

During the negotiations relating to the Senior Facilities Agreement, certain counterparties raised objections regarding the consequences of the restructuring of the current senior debt on the applicable tax regime.

The Company, with the help of the analyses conducted by its tax consultants, believes that the restructuring will not alter the tax regime applicable to the Senior Facilities Agreement.

The main stages of the implementation of the restructuring, which presuppose the completion of a number of complex technical, contractual and corporate steps (some of which are governed by foreign legislation), were as follows:

(i) the presentation, approval and ratification by a UK court confirming the effectiveness of the scheme of arrangement[1];

(ii) the equitization of the Lighthouse Bonds into shares in Lighthouse, following a request for the latter to go into administration pursuant to the Insolvency Act 1986 under UK law;

(iii) the merger by incorporation of Lighthouse into the Company, as a result of which SEAT shares will be issued to the Lighthouse Bondholders that have become,

[1] The scheme of arrangement, provided for by UK 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, for our purposes, its creditors, or one or more classes of its creditors, which is considered established and binding, including with regard to creditors (of the class in question) that have not consented to the agreement, when (i) the draft proposal, which is formulated via a procedure that is supervised by a UK court, is approved by a per capita majority representing 75% in value of each class of scheme creditors present and voting at the relevant scheme creditors' meeting, and (ii) such agreement is subsequently ratified by a UK court.

following the aforementioned equitization, shareholders of Lighthouse, as well as the allocation of share warrants to the existing shareholders of the Company;

(iv) the issuance of the Stub Bonds and their exchange for the bonds relating to the Residual Debt;

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

(vi) the refinancing of the senior debt.

The activities necessary for the completion of the consensual restructuring that have already been put in place as at June 30, 2012 include the resolution, passed on June 12, 2012 by the shareholders' meeting, to approve the merger by incorporation of Lighthouse into the Company under the terms set out in the Joint Merger Plan, including the redistribution of share capital following the merger among the Lighthouse Bondholders and the existing shareholders. This would take place via the allocation of shares representing 88% of the share capital to the former and of shares representing 12% to the latter, with existing shareholders being granted free share warrants, as an integral part of the swap ratio, that would, subject to given terms and conditions, allow them to receive 3% of the Company's post-restructuring share capital. The merger was approved by the shareholders' meeting in order to rectify the Company's current situation of negative equity and consequently avoid the recurrence of the circumstances referred to in Article 2447 of the Italian Civil Code, as acknowledged by the Board of Directors on April 30, 2012 with the approval of the draft financial statements at December 31, 2011[2].

The following events have taken place between June 30, 2012 and the date of this Interim Report:

(i) the Company signed a framework restructuring agreement with, *inter alia*, Lighthouse, an ad hoc committee made up of Lighthouse Bondholders, the Senior Creditor and the members of a committee comprising the Senior Creditor and some other interested parties, in order to set out the detailed terms and conditions governing the implementation of the consensual restructuring, as well as the time frame for implementation (the "**Framework Restructuring Agreement**");

(ii) on July 23, 2012, pursuant to the term and conditions of the Framework Restructuring Agreement, in order to implement the restructuring and the refinancing of the debt rising under the Senior Facilities Agreement, the Company presented a proposed "scheme of arrangement" under Part 26 of the English Companies Act 2006 (the "**Scheme**");

(iii) on July 27, 2012, the High Court of Justice in England and Wales granted an order to allow the Company to convene the Scheme creditors meeting for the purpose of considering the approval of the Scheme (the "**Scheme Sanctions Hearing**");

(iv) on July 27, 2012, pursuant to an order of the High Court of Justice in England and Wales, made under paragraph 12 of Schedule B1 of the Insolvency Act 1986, the Administrators were appointed to act as joint administrators of Lighthouse;

(v) on August 1, 2012, Lighthouse, according to its communications with the Company, launched a "consent solicitation" procedure, by publication of a consent solicitation statement (the "**Consent Solicitation Statement**"), seeking to obtain the consent of 90% (in value) of the Lighthouse Bondholders to the Framework Restructuring Agreement, which is one of the conditions set out in the aforementioned agreement concerning the equitization, as well as the amendment of the contractual provisions relating to the Lighthouse Bonds for the purposes of the equitization and the issuance of the Stub Bonds.

The Company is still extremely busy carrying out the activities necessary to fully implement the complex consensual restructuring process this year, with a view to completing it within the indicative time frame announced on June 12, 2012 pursuant to Article 114, paragraph 5 of Legislative Decree 58/1998.

[2] The shareholders' meeting of June 12, 2012 also resolved that, in the event that the merger by incorporation of Lighthouse into SEAT does not become effective within a suitable deadline, which, taking into account the relevant circumstances, will be set by the Board of Directors at a date no later than December 31, 2012, the Board of Directors will adopt measures to put the Company into liquidation.

Consolidated statement of financial position at June 30, 2012

Assets

(euro/thousand)		As at 06.30.2012	As at 12.31.2011	Change	Notes	As at 06.30.2011
Non-current assets						
Intangible assets with indefinite useful life		1,927,003	1,940,373	(13,370)	(4)	2,617,734
Intangible assets with finite useful life		72,628	78,591	(5,963)	(6)	82,505
Property, plant and equipment		29,885	31,725	(1,840)	(7)	31,396
Leased assets		51,006	52,821	(1,815)	(8)	54,618
Investments in associates and joint ventures		-	-	-	(9)	378
Other non-current financial assets		2,404	2,414	(10)	(10)	2,251
Deferred tax assets, net		25,723	22,800	2,923	(29)	47,810
Other non-current assets		1,184	676	508	(13)	838
Total non-current assets	(A)	2,109,833	2,129,400	(19,567)	-	2,837,530
Current assets						
Inventories		10,231	10,409	(178)	(11)	12,630
Trade receivables		458,830	520,797	(61,967)	(12)	570,678
Current tax assets		27,992	27,237	755	(29)	44,579
Other current assets		62,172	62,080	92	(13)	70,264
Current financial assets		2,688	3,486	(798)	(17)	29,437
Cash and cash equivalents		293,530	172,732	120,798	(17)	129,633
Total current assets	(B)	855,443	796,741	58,702	-	857,221
Non-current assets held for sale and discontinued operations	(C)	3,345	602	2,743	(30)	-
Total assets	(A+B+C)	2,968,621	2,926,743	41,878	-	3,694,751

Liabilities

(euro/thousand)		As at 06.30.2012	As at 12.31.2011	Change	Notes	As at 06.30.2011
Equity of the Group						
Share capital		450,266	450,266	-	(14)	450,266
Additional paid-in capital		466,847	466,847	-	(14)	466,847
Reserve for foreign exchange adjustments		(39,817)	(39,075)	(742)	(14)	(37,981)
Reserve for "cash flow hedge" instruments		-	(1,561)	1,561	(14)	(5,213)
Reserve for actuarial gains (losses)		(24,999)	(21,278)	(3,721)	(14)	(16,156)
Other reserves		(1,424,486)	(634,208)	(790,278)	(14)	(632,923)
Profit (loss) for the year		(26,834)	(789,750)	762,916		(32,584)
Total equity of the Group	(A)	(599,023)	(568,759)	(30,264)	(14)	192,256
Non-controlling interests						
Share capital and reserves		12,755	12,899	(144)		12,901
Profit (loss) for the year		(167)	782	(949)		462
Total non-controlling interests	(B)	12,588	13,681	(1,093)	(14)	13,363
Total equity	(A+B)	(586,435)	(555,078)	(31,357)		205,619
Non-current liabilities						
Non-current financial debts		752,561	750,661	1,900	(17)	2,461,938
Non-current reserves to employees		29,994	27,832	2,162	(20)	25,383
Deferred tax liabilities, net		4,970	5,977	(1,007)	(29)	6,509
Other non-current liabilities		21,237	24,721	(3,484)	(22)	26,147
Total non-current liabilities	(C)	808,762	809,191	(429)		2,519,977
Current liabilities						
Current financial debts		2,201,407	2,130,481	70,926	(17)	334,120
Trade payables		172,796	192,608	(19,812)	(24)	171,615
Payables for services to be rendered and other current liabilities		264,436	279,526	(15,090)	(24)	363,629
Current tax payables		77,893	51,113	26,780	(23)	47,099
Reserve for current risks and charges		28,519	17,995	10,524	(29)	52,446
Total current liabilities	(D)	2,745,051	2,671,723	73,328		968,909
Liabilities directly associated with non-current assets held for sale and discontinued operations	(E)	1,243	907	336	(30)	250
Total liabilities	(C+D+E)	3,555,056	3,481,821	73,235		3,489,136
Total liabilities and equity	(A+B+C+D+E)	2,968,621	2,926,743	41,878		3,694,755

Consolidated statement of operations for the first half of 2012

(euro/thousand)	1st half year 2012	1st half year 2011 restated	Change Absolute	%	Notes	Year 2011 restated
Sales of goods	7,366	7,552	(186)	(2.5)	(26)	17,873
Rendering of services	443,991	421,040	22,951	5.5	(26)	930,135
Revenues from sales and services	451,357	428,592	22,765	5.3	(26)	948,008
Other income	2,279	1,324	955	72.1	(27)	5,064
Total revenues	453,636	429,916	23,720	5.5	-	953,072
Costs of materials	(12,629)	(10,077)	(2,552)	(25.3)	(27)	(29,634)
Costs of external services	(156,263)	(155,644)	(619)	(0.4)	(27)	(331,994)
Salaries, wages and employee benefits	(88,704)	(89,182)	478	0.5	(27)	(179,035)
Valuation adjustments	(25,951)	(15,108)	(10,843)	(71.8)	(12)	(25,697)
Provisions to reserves for risks and charges, net	(3,718)	(7,615)	3,897	51.2	(22;23)	(12,751)
Other operating expenses	(2,699)	(2,211)	(488)	(22.1)		(4,402)
Operating income before amortisation, depreciation, non-recurring and restructuring costs, net	163,672	150,079	13593	9.1		369,559
Amortization, depreciation and write-down	(40,045)	(48,796)	8,751	17.9	(4-8)	(760,942)
Non-recurring costs, net	(56,454)	(7,023)	(49,431)	n.s.	(27)	(29,809)
Restructuring costs, net	(1,068)	(1,341)	273	20.4	(27)	(11,325)
Operating result	66,105	92,919	(26,814)	28.9	-	(432,517)
Interest expense	(80,123)	(139,115)	58,992	42.4	(28)	(284,419)
Interest income	4,634	9,605	(4,971)	(51.8)	(28)	16,041
Gain (loss) on investments accounted for at equity	-	-	-	n.s.		(378)
Profit (loss) before income taxes	(9,384)	(36,591)	27,207	74.4		(701,273)
Income taxes for the period	(17,071)	4,479	(21,550)	n.s.	(29)	(87,313)
Profit (loss) on continuing operations	(26,455)	(32,112)	5,657	17.6		(788,586)
Profit (loss) from non-current assets held for sale and discontinued operations	(546)	(10)	(536)	n.s.	(30)	(382)
Profit (loss) for the period	(27,001)	(32,122)	5,121	15.9		(788,968)
- of which pertaining to the Group	(26,834)	(32,584)	5,750	17.6		(789,750)
- of which non-controlling interests	(167)	462	(629)	n.s.		782

		As at 06.30.2012	As at 12.31.2011	As at 06.30.2011
Number of SEAT Pagine Gialle S.p.A. shares		1,927,707,706	1,927,707,706	1,927,707,706
- ordinary shares	*No.*	*1,927,027,333*	*1,927,027,333*	*1,927,027,333*
- savings shares	*No.*	*680,373*	*680,373*	*680,373*
Profit (loss) for the period	€ /thousand	(26,834)	(789,750)	(32,584)
Profit (loss) par share	€	(0.014)	(0.410)	(0.017)

Consolidated statement of comprehensive income for the first half of 2012

(euro/thousand)		1st half year 2012	1st half year 2011	Change	Notes	Year 2011
Profit (loss) for the period	(A)	(27,001)	(32,122)	5,121		(788,968)
Profit (loss) for "cash flow hedge" instruments		1,561	7,395	(5,834)	(14)	11,047
Profit (loss) for foreign exchange adjustments		(742)	956	(1,698)	(14)	(138)
Actuarial gain (loss) recognised to equity		(3,721)	2,422	(6,143)		(2,700)
Total other comprehensive profit (loss) for the year, net of tax effect	(B)	(2,902)	10,773	(13,675)		8,209
Total comprehensive profit (loss) for the period	(A+B)	(29,903)	(21,349)	(8,554)		(780,759)
- of which pertaining to the Group		(29,736)	(21,811)	(7,925)		(781,541)
- of which non-controlling interests		(167)	462	(629)		782

Consolidated statement of cash flows for the first half of 2012

(euro/thousand)		1st half year 2012	1st half year 2011 restated	Change	Year 2011 restated
Cash inflow (outflow) from operating activities					
Operating result		66,105	92,919	(26,814)	(432,517)
Amortization, depreciation and write-down		40,045	48,796	(8,751)	760,942
(Gain) loss on disposal of non-current assets		11	38	(27)	60
Change in working capital		42,042	64,208	(22,166)	60,542
Income taxes paid		(2,434)	(5,258)	2,824	(93,998)
Change in non-current liabilities		(5,046)	(12,084)	7,038	(14,258)
Foreign exchange adjustments and other movements		(913)	1,180	(2,093)	4,789
Cash inflow (outflow) from operating activities	(A)	139,810	189,799	(49,989)	285,560
Cash inflow (outflow) for investments					
Purchase of intangible assets with finite useful life		(14,887)	(16,683)	1,796	(38,203)
Purchase of property, plant and equipment		(2,506)	(3,788)	1,282	(9,596)
Other investments		(566)	(139)	(427)	(116)
Proceeds from disposal of non-current assets		41	126	(85)	292
Cash inflow (outflow) for investments	(B)	(17,918)	(20,484)	2,566	(47,623)
Cash inflow (outflow) for financing					
Working capital facilities with The Royal Bank		-	90,000	(90,000)	90,000
Repayment of non-current loans		(1,762)	(226,903)	225,141	(228,633)
Payment of transaction financial costs		1,596	(112,830)	114,426	(162,934)
Change in financial assets and liabilities		588	(29,516)	30,104	(3,205)
Distribution of dividends		(1,514)	(2,163)	649	(2,163)
Cash inflow (outflow) for financing	(C)	(1,092)	(281,412)	280,320	(306,935)
Cash inflow (outflow) from non-current assets held for sale and discontinued operations	(D)	(2)	2	(4)	2
Increase (decrease) in cash and cash equivalents in the period	(A+B+C+D)	120,798	(112,095)	232,893	(68,996)
Cash and cash equivalents at beginning of the period		172,732	241,728	(68,996)	241,728
Cash and cash equivalents at end of the period		293,530	129,633	163,897	172,732

Statements of changes in consolidated equity between December 31, 2011 and June 30, 2012

(euro/thousand)	Share capital	Additional paid-in capital	Reserve for foreign exchange adjustments	Reserve for "cash flow hedge" instruments	Reserve for acturial gains and (losses)	Other reserves	Profit (loss) for the period	Total	Non-controlling interests	Total
As at 12.31.2011	450,266	466,847	(39,075)	(1,561)	(21,278)	(634,208)	(789,750)	(568,759)	13,681	(555,078)
Allocation of previous year profit (loss)	-	-	-	-	-	(789,750)	789,750	-	-	-
Distribution of dividends	-	-	-	-	-	-	-	-	(1,514)	(1,514)
Total other comprehensive profit (loss) for the period	-	-	(743)	1,561	(3,721)	-	(26,834)	(29,737)	(167)	(29,904)
Other movements	-	-	1	-	-	(528)	-	(527)	588	61
As at 06.30.2012	450,266	466,847	(39,817)	-	(24,999)	(1,424,486)	(26,834)	(599,023)	12,588	(586,435)

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

(euro/thousand)	Share capital	Additional paid-in capital	Reserve for foreign exchange adjustments	Reserve for "cash flow hedge" instruments	Reserve for acturial gains and (losses)	Other reserves	Profit (loss) for the period	Total	Non-controlling interests	Total
As at 12.31.2010 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)
Total other comprehensive profit (loss) for the period	-	-	956	7,395	2,422	-	(32,584)	(21,811)	462	(21,349)
Other movements	-	-	-	-	-	473	-	473	-	473
As at 06.30.2011	450,266	466,843	(37,981)	(5,213)	(16,156)	(632,923)	(32,584)	192,252	13,363	205,615

Explanatory notes

During the first half of 2012, Telegate AG began proceedings for the sale of its Spanish subsidiaries 11811 Nueva Información Telefónica S.A.U. and 11850 Uno Uno Ocho Cinco Cero Guías S.L., with a view to focusing on its German operations. These companies' results and statement of financial position figures for and at the end of the first half of 2012 have therefore been reclassified among "Non-current assets held for sale and discontinued operations", in accordance with IFRS 5. Also in accordance with IFRS 5, the income statement and statement of cash flows figures for the first half and full year 2011 have been restated.

1. Company information

The SEAT Pagine Gialle Group is a major multimedia platform that provides its tens of millions of users with detailed information and sophisticated search tools, and its advertisers with a broad range of multi-platform advertising means (print, online&mobile, voice), especially highly innovative products for the internet, print directories and telephone assistance services, as well as a broad range of complementary advertising tools.

The Parent Company, SEAT Pagine Gialle S.p.A., has its registered office in Milan at Via Grosio 10/4, and has a share capital of € 450,266 thousand.

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

2. Basis of presentation

The interim condensed consolidated financial statements at June 30, 2012 were produced pursuant to Article 154-*ter* of Legislative Decree 58/98 and prepared in accordance with the applicable IAS/IFRS recognized in the European Union under Regulation (EC) No 1606/2002 of the European Parliament and of the Council of July 19, 2002, and in particular IAS 34, Interim Financial Reporting, as well as with the implementing measures of Article 9 of Legislative Decree 38/2005. They do not include all the information required in annual consolidated financial statements and should therefore be read in conjunction with the SEAT Pagine Gialle Group's consolidated financial statements for 2011.

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 interim condensed consolidated financial statements were drawn up based on the historical cost principle, except for pension fund assets, derivatives and financial assets held for sale, which were recorded at fair value.

The financial-statement formats used are those prescribed by IAS 1. To be more specific:

- *the consolidated statement of financial position* was prepared by classifying assets and liabilities as "current/non-current" and showing "Non-current assets/liabilities held for sale and discontinued operations" as two separate items, as required by IFRS 5;
- *the consolidated statement of operations* was prepared by classifying operating costs by type, as this is considered the best way of presenting the specific business activities of the Group and complies with internal reporting methods. The result from continuing operations is separated from "Net profit/(loss) from non-current assets held for sale and discontinued operations", as required by IFRS 5. In accordance with Consob Resolution 15519 of July 27, 2006, income and expense from non-recurring operations were specifically identified in the income statement classified by type, showing their effect on the operating result.

  Non-recurring income and expense includes cases which, by their nature, do not occur continuously in the normal course of operations, such as:
  - corporate restructuring costs;
  - extraordinary and highly strategic consultancy (relating mainly to identifying and implementing solutions for stabilizing the financial structure through renegotiation of existing debt);
  - costs linked to director and department manager severance pay;
- *the consolidated statement of comprehensive income* shows the cost and/or revenue items not yet transferred to the income statement which had an effect on the Group's equity at the end of the period;
- *the consolidated statement of cash flows* was prepared by displaying the cash flows resulting from operating activities according to the indirect method, as allowed by IAS 7, showing cash flows on operating, investment and financial activities separately from cash flows on non-current assets held for sale and discontinued operations.

  The cash and cash equivalents recorded in the financial statements include cash, checks, bank overdrafts and short-term securities that can be quickly converted into cash.

Cash flows on operating activities were recorded by adjusting the operating result for the period to take into account the effects of non-monetary transactions, any deferment or setting aside of previous or future operating collections or payments, and revenue or cost items connected with cash flows on investment or financial activities, or relating to non-current assets held for sale and discontinued operations;
- the *statement of changes in equity* shows the changes to equity items relating to:
  - allocation of profit for the period of the Parent Company and the subsidiaries to minority interests;
  - breakdown of the total profit/(loss);
  - effect of any errors or changes in accounting principles.

The data are presented in euros, and all figures have been rounded off to the nearest thousand, unless otherwise indicated.
On August 7, 2012, the Board of Directors authorized publication of the SEAT Pagine Gialle Group's interim condensed consolidated financial statements at June 30, 2012.

2.1 Going concern evaluation

The SEAT Pagine Gialle Group ended the first half of 2012 with a loss of € 26,834 thousand and negative consolidated equity of € 599,023 thousand.
On April 30, 2012, the SEAT Pagine Gialle S.p.A. Board of Directors approved the consolidated financial statements and the draft separate financial statements at December 31, 2011, which showed negative equity of € 568,759 thousand and € 557,111 thousand respectively. This latter figure, which resulted not from ordinary operations but from the write-downs in 2011 of goodwill, equity investments and loans to subsidiaries following impairment tests, meant that the Parent Company found itself in a situation pursuant to Article 2447 of the Italian Civil Code, having already been in a situation pursuant to Article 2446 of said code.
With regard to the situation described in the first half report at June 30, 2011 and to Consob's subsequent decision to put the Company on its 'black list', developments in the negotiations for the financial restructuring of the Company meant that, although this restructuring is not yet complete, the uncertainties surrounding the business continuity of the Company, which were highlighted by the Board of Directors in the first half report owing to the status of negotiations at that time, no longer applied.
As has been announced, and as reported in the "Financial restructuring of the Company" section of this first halfreport at June 30, 2012, the Company finally reached an agreement with the various parties involved, and the restructuring is now being implemented.

More specifically, the following events occurred:
- the full acceptance on March 7, 2012 of the Company's Final Proposal - as published on February 22, 2012 - by all categories of creditor (*i.e.*, the Lighthouse Bondholders, the Senior Creditor, and the senior secured bondholders), with approval levels well above the required threshold (over 90% for the Lighthouse Bondholders and over 98% for the senior secured bondholders). The Reference Shareholders also expressed a favorable opinion on the Final Proposal;
- the signing with the Lighthouse Bondholders and Reference Shareholders of suitable lock-up agreements and agreements to support the restructuring, and the signing of an additional agreement, published under the terms of law, whereby the Reference Shareholders undertake to vote in favor of Shareholders' Meeting resolutions on the execution of the restructuring in accordance with the relevant term sheet;
- the signing of documents modifying the two senior secured bonds ("Supplemental Indentures"), in accordance with the current restructuring process;
- the signing of the Framework Restructuring Agreement between the Company and, *inter alia*, Lighthouse, an ad hoc committee of Lighthouse Bondholders, the Senior Creditor and members of a committee comprising the Senior Creditor and certain other interested parties.

Also taking into account the progress of the implementing activities for the restructuring operation, it is therefore reasonable to state that, in spite of the unusual complexity of the implementation process, all the conditions are in place to complete the restructuring as per the aforementioned agreements.
There are currently no significant obstacles to a successful outcome of the restructuring.

The cautious nature of the Board of Directors dictates, however, that the following situations be highlighted: (a) the fact that the successful conclusion of the operation still requires various and complex technical, contractual and corporate steps to be completed in different jurisdictions; (b) the recurrence at the Parent Company of the situation pursuant to Article 2447 of the Italian Civil Code; and (c) the need for some of the conditions likely to result in the termination of, or withdrawal from, the commercial agreements to not occur.

With regard to the above-mentioned aspects, the Board serves notice of the following:

- in relation to the complexity of the operation, the Board of Directors states that said operation was prepared, analyzed and evaluated from a legal, financial and accounting perspective with the help of independent advisors in the various jurisdictions providing written opinions and advice on the major aspects where necessary. In light of the above, the main risk depends on the execution phase, the result of which cannot be predetermined;
- the Board of Directors, encouraged by financial, accounting and legal analysis, believes that the merger of Lighthouse into SEAT, following the equitization of the Lighthouse Bonds, will resolve the situation pursuant to Article 2447 of the Italian Civil Code (and therefore also the negative equity, as verified most recently at June 30, 2012) and enable the Company, once restructured, to continue as a going concern;
- lastly, the Board of Directors is not aware of any events or circumstances that might lead to the termination of and/or withdrawal from the major contractual agreements. It is encouraged still further by the fact that all parties are working proactively to ensure that the operation is completed successfully.

In light of the above, and having performed the necessary checks, the Board of Directors can reasonably assume that the current restructuring operation will be completed within a reasonable time frame and will enable the Group to rebalance its finances as desired.

The Company was therefore still treated as a going concern during the preparation of this half-year report at June 30, 2012.

2.2 Consolidation principles

The consolidated first half financial statements include the first half financial statements of SEAT Pagine Gialle S.p.A. and of its subsidiaries. Where necessary, these financial statements have been amended to make them consistent with the measurement criteria adopted by the Parent Company.

The subsidiaries are consolidated using the line-by-line method as of the date of acquisition, i.e. the date on which the Group acquired control; they cease to be consolidated on the date on which control is transferred outside of the Group.

The following principles of consolidation are also used:

- recognition of assets, liabilities, costs and revenues in their total amount, not considering the amount of equity held, and recognizing to minority interests, in separate items, the share of equity and profit for the period attributable to them;
- elimination of receivables and payables, as well as costs and revenues arising from intra-group transactions;
- elimination of intra-group dividends.

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

Associate companies and joint ventures were consolidated at equity.

The acquisition of new subsidiaries is accounted for using the acquisition method, measuring the cost of the business combination as the acquisition-date fair value of the assets, liabilities and contingent liabilities acquired and assumed. For acquisition during the first half, the condensed consolidated half-year financial statements include the result of these companies for the period from the date of acquisition until the end of June.

Minority interests represent the portion of the net result and equity of the subsidiaries not held by the Group. These are presented separately from the portions attributable to the Group in the consolidated income statement and consolidated equity.

Subsidiaries' half-year financial statements that are not denominated in euros are translated into euros by applying period-end exchange rates (current exchange rate method) to individual statement of financial position items and average exchange rates for the period to individual income statement items. Translation differentials on the conversion at period-end exchange rates of opening equity and of closing profit/loss are recognized in equity until disposal of the relevant equity investment. The consolidated statement of cash flows applies average exchange rates for the period to translate the cash flows of foreign subsidiaries.

The exchange rates used are as follows:

Currency/euro	Average exchange rate for the 1st half year 2012	Exchange rate at June 30, 2012	Average exchange rate for the 1st half year 2011	Exchange rate at June 30, 2011	Average exchange rate for the year 2011	Exchange rate at December 31, 2011
Pound sterling	1.2158	1.2395	1.1657	1.1080	1.1518	1.1972

2.3 Accounting estimates and assumptions

Preparing the condensed consolidated half-year financial statements in accordance with IAS/IFRS requires managers to make estimates and assumptions that affect revenue, cost, asset and liability items on the statement of financial position, and also affect disclosure relating to contingent assets and liabilities at period-end. The results produced may differ from these estimates.

The estimates are used to measure provisions for risks on receivables and revenues, related to the execution of contractual commitments, amortization and depreciation, asset write-downs, employee benefits, taxes, restructuring reserves, and other provisions and reserves.

The estimates and assumptions are reviewed periodically, and the effects of each change are immediately reflected in the income statement.

3. Accounting principles and interpretations issued by the IASB/IFRIC

The accounting principles used for the interim condensed consolidated financial statements are the same as those used for the consolidated financial statements at December 31, 2011.

3.1 Accounting principles, amendments and interpretations issued by the IASB/IFRIC, adopted by the European Union and applicable from January 1, 2012

The changes to IFRS 7 (Disclosures - Transfers of Financial Assets), involving quantitative and qualitative analysis of partially or fully eliminated financial assets in which a company retains a residual interest, are applicable as of January 1, 2012. These changes had no effect on the Group's interim condensed consolidated financial statements.

3.2 Accounting principles, amendments and interpretations issued by the IASB/IFRIC, adopted by the European Union and applicable from January 1, 2013

Regulation (EU) 475/2012 of the European Commission of June 5, 2012, which adopts the changes to IAS 1 "Presentation of Items of Other Comprehensive Income" and to IAS 19 "Employee Benefits", was published in the Official Journal L. 146 of June 6, 2012.

The changes to IAS 1 aim to make the presentation of the growing number of items of other comprehensive income clearer, and to help those consulting the financial statements to distinguish between the items of other comprehensive income that can be reclassified subsequently to profit or loss and those that cannot. This is not expected to have significant effects for the Group.

For defined-benefit plans such as the TFR (post-employment benefits), IAS 19 states that changes in actuarial gains/losses should be posted to other comprehensive income and therefore directly to equity, thereby eliminating the previous options. This change will have no effect on the Group, which uses this method to account for its defined-benefit plans in accordance with one of the options permitted by the previous version of the accounting principle.

The changes to IAS 1 and IAS 19 are applicable, respectively, to financial years beginning on or after July 1, 2012 and January 1, 2013.

4. Intangible assets with an indefinite useful life

Intangible assets with an indefinite useful life totaled € 1,927,003 thousand as at June 30, 2012 (€ 1,940,373 thousand as at December 31, 2011) and can be analyzed as follows.

(euro/thousand)	1st half year 2012	1st half year 2011
Balance at beginning of the period	1,940,373	2,637,197
Foreign exchange adjustments	208	(971)
Impairment	(13,578)	(17,693)
Transfers to non-current assets held for sale	–	(799)
Balance at end of the period	1,927,003	2,617,734

To be more specific:
- € 1,869,542 thousand as at June 30, 2012 (unchanged from December 31, 2011) related mainly to merger deficits arising from transactions carried out in previous periods by the Parent Company, SEAT Pagine Gialle S.p.A.;
- € 57,461 thousand as at June 30, 2012 (€ 70,831 thousand as at December 31, 2011) represented the difference between the acquisition value of fully consolidated equity investments and the value of their corresponding share of equity at the time of acquisition. The item decreased in the period, due mainly to the write-down of € 13,578 thousand for the TDL Infomedia group recorded following impairment tests (more details can be found in point 5 of these Notes).

5. 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 06.30.2012	As at 12.31.2011
SEAT Pagine Gialle S.p.A.	1,866,932	1,866,932
Telegate group	57,461	57,461
TDL Infomedia Ltd.	–	13,370
Consodata S.p.A.	2,610	2,610
Total	1,927,003	1,940,373

In the SEAT Pagine Gialle Group, impairment tests are usually carried out at the end of the year, or beforehand if any impairment indicators are identified.
Given the fact that the Parent Company's financial restructuring is not yet complete and there are tensions on the financial markets, for the purposes of this first half report at June 30, 2012, it was deemed preferable to update the impairment tests carried out at December 31, 2011.

Description and results of the impairment tests

The impairment tests were carried out by comparing the book value of each CGU with its recoverable value, which is its value in use (the current value of future cash flows expected from the permanent use of an asset and its disposal at the end of its useful life) determined from an unlevered or asset-side perspective, i.e. irrespective of the financial structure of the CGU.
The value in use of each CGU has been estimated using the 'unlevered financial' criterion. This method discounts the free annual cash flows of each CGU at a rate representing the weighted average cost of capital (WACC), based on information available on the date of the estimate.
More specifically, the free cash flows are estimated by adjusting the expected EBITDA of each CGU for the relevant periods according to *(i)* anticipated investments/divestments, both for capital expenditure and in net working capital, and *(ii)* the relevant tax effects (taking into account the deductibility of amortization and depreciation).
As with the impairment tests carried out in December 2011, the main elements needed to estimate the flows of each CGU (EBITDA, capex, investments/divestments in net working capital, and 'operating' taxes) were inferred from the update of the Strategic Guidelines 2011-2013 and forecasts up to 2015, prepared by management with the help of its advisors (Rothschild and Bain & Company) and approved by the Board of Directors in January 2012. These forecasts comply with IAS 36, since they present an average representative scenario and do not include the effects of future Group restructuring or improvements. The terminal value is calculated by capitalizing the free cash flow expected 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 analyst reports, in order to give greater weight to the external information pursuant to IAS 36.33 letter a).
The discount rate (WACC) is calculated assuming an average representative industry debt-to-equity ratio. As required by IAS 36, the WACC obtained reflects the risk factors for which the flows have not been adjusted. It is net of taxes (in line with the flows being discounted) and calculated in the same currency as the discounted flows, and it is a nominal rate, in line with the plan flows which allow for 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.	10.10%	0.00%
TDL Infomedia Ltd.	8.88%	0.00%
Gruppo Telegate	8.32%	0.00%

With reference to the SEAT Pagine Gialle S.p.A. CGU, it should be pointed out that::

- the pre-tax WACC corresponding to the 10.10% post-tax WACC used to discount the flows is 14.72%;
- the WACC used (10.10%) falls between the minimum and maximum discount rates recently estimated by analysts covering the SEAT stock. It is broadly in line with the value used for the impairment tests carried out at December 31, 2011 (10.40%) in that it reflects the improvement in the risk-free rates seen in June 2012 compared to those in December 2011 and retains, taking into account debt levels that are significantly above normal and target levels, the use of the marginal cost of SEAT debt to determine the cost of debt;
- with regard to the terminal value, the free cash flow expected in the year following the final year of the plan was taken as the average of the corresponding flows for the two-year period 2013-2015, in order to incorporate the uncertainties weighing on long-term corporate and macroeconomic forecasts.

Following these evaluations, it was not deemed necessary to write down the goodwill of the SEAT Pagine Gialle S.p.A. CGU.

The TDL Infomedia Ltd. CGU could face onerous financial requirements as a result of the recently opened renegotiation of additional pension fund payments. In the absence of reliable estimates, it was deemed prudent to write off the goodwill of the CGU, equal to € 13,578 thousand.

Sensitivity analysis

Given the inevitable and significant subjectivity involved in business valuations, it was considered sensible to peg the variability of the value in use of the SEAT Pagine Gialle S.p.A. CGU to changes, over reasonable intervals, in the major valuation inputs.

The WACC, the long-term growth rate 'g' of flows, and the terminal value were all subjected to sensitivity analysis. More specifically:

- with regard to the discount rate (WACC), the analysis focused on the range 9.90%-10.60%;
- with regard to the growth rate 'g', a variation of +/- 50 basis points was assumed;
- with regard to the terminal value, the analysis was carried out by reducing all expected cash flows by 5%.

The sensitivity analysis carried out on the changes to the aforementioned parameters shows that a combined deterioration in the WACC, the growth rate 'g' and the expected cash flows would require a write-down of around € 200 million.

6. Intangible assets with a finite useful life

Intangible assets with a finite useful life totaled € 72,628 thousand as at June 30, 2012 (€ 78,591 thousand as at December 31, 2011) and can be analyzed as follows

	1st half year 2012					1st half year 2011
(euro/thousand)	Customer database	Software	Patents, concessions, brands and licences	Other intangible assets	Total	Total
Cost	1,003,698	268,728	29,918	24,028	1,326,372	1,345,815
Accrued amortisation	(992,214)	(214,061)	(26,531)	(14,975)	(1,247,781)	(1,254,575)
Balance at beginning of the period	11,484	54,667	3,387	9,053	78,591	91,240
- Investments	-	10,029	271	4,587	14,887	16,683
- Amortization	(1,286)	(17,397)	(1,247)	(776)	(20,706)	(25,333)
- Transfers to non-current assets held for sale	-	-	-	(245)	(245)	-
- Exchange adjustments and other movements	-	2,716	348	(2,963)	101	(85)
Cost	31,298	280,686	30,537	23,630	366,151	1,304,280
Accrued amortisation	(21,100)	(230,671)	(27,778)	(13,974)	(293,523)	(1,221,775)
Balance at end of the period	10,198	50,015	2,759	9,656	72,628	82,505

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

- *customer databases,* which totaled € 10,198 thousand as at June 30, 2012 (€ 11,484 thousand as at December 31, 2011). The item declined by € 1,286 thousand, owing to amortization in the period (€ 1,287 thousand at June 30, 2011). The value of the SEAT Pagine Gialle S.p.A. customer database, equal to € 972,400 thousand, was removed in the first half of 2012 as it has been fully amortized;
- *software* totaled € 50,015 thousand as at June 30, 2012 (€ 54,667 thousand as at December 31, 2011), including costs relating to acquisitions from third parties and the internal creation of proprietary programs and programs under license, particularly in the commercial, publishing and administrative areas. This was an increase of € 10,029 thousand in the period, due to investments aimed particularly at supporting new offers on online and mobile platforms and to improve the commercial offering relating mainly to the partnership between SEAT Pagine Gialle S.p.A. and Glamoo;
- *patents, concessions, trademarks and licenses* totaled € 2,759 thousand as at June 30, 2012 (€ 3,387 thousand as at December 31, 2011), referring mainly to Telegate group licenses relating to voice portals and PAGINEGIALLE.it® video rights held by SEAT Pagine Gialle S.p.A.;
- o*ther intangible assets* totaled € 9,656 thousand as at June 30, 2012, (€ 9,053 thousand as at December 31, 2011), referring mainly to software designs in progress.

Investments in the first half of 2012 totaled € 14,887 thousand (€ 16,683 thousand in the first half of 2011 *restated*). To be specific, investments were made in the following business areas:

- at the Parent Company (€ 10,726 thousand, compared with € 13,101 thousand in the first half of 2011):
  - a review of the online and mobile platforms. Online focused on content enrichment (acquisition of corporate and private free listings for self-provisioning activities, CMS for database management and acquisition of new content), cross-linking customer services (What, Where, WEB), and upgrading the infrastructure related to the online disaster recovery data center;
  - a review of commercial online products, relating mainly to the partnership with Glamoo, as well as to the development of the PGCommerce product to provide SMBs with a more complete specialist e-commerce service that can handle effectively the computerization of purchases;
  - upgrades and purchases for infrastructure systems and commercial and administrative applications as part of the Company's cost-saving initiatives.
- at Consodata S.p.A. (€ 1,836 thousand, compared with € 1,449 thousand in the first half of 2011):
  - purchase and development of software platforms and data banks related mainly to the Lifestyle database;
  - overhaul of the enterprise resource planning (ERP) and accounting system;
  - upgrade of the delivery and production IT platforms.
- at TDL (€ 1,608 thousand, compared with € 935 thousand in the first half of 2011):
  - complete review of the order processing, invoicing, website restructuring, and page optimization to favor traffic from search engines.

7. Property, plant and equipment

Property, plant and equipment totaled € 29,885 thousand as at June 30, 2012 (€ 31,725 thousand as at December 31, 2011). This item was recorded net of reserves for depreciation totaling € 101,660 thousand at period-end, which as a proportion of the gross value was 77.28% (77.50% as at December 31, 2011).
It can be analyzed as follows

	1st half year 2012				1st half year 2011
(euro/thousand)	Property	Plant and equipment	Other fixed assets	Total	Total
Cost	20,080	49,114	71,822	141,016	136,099
Depreciation	(8,731)	(44,111)	(56,449)	(109,291)	(103,882)
Balance at beginning of the period	11,349	5,003	15,373	31,725	32,217
- Investments	129	1,017	1,360	2,506	3,788
- Amorization and write-downs	(382)	(821)	(2,740)	(3,943)	(3,943)
- Transfers to non-current assets held for sale	–	(211)	(437)	(648)	–
- Disposals and other movements	189	(16)	72	245	(666)
Cost	20,599	39,551	71,395	131,545	137,442
Depreciation	(9,314)	(34,579)	(57,767)	(101,660)	(106,046)
Balance at end of the period	11,285	4,972	13,628	29,885	31,396

This item includes:
- *property* worth € 11,285 thousand as at June 30, 2012 (€ 11,349 thousand as at December 31, 2011), referring particularly to the Milan and Catania sites where subsidiary Cipi S.p.A. carries out its operations;
- *plant and equipment* worth € 4,972 thousand as at June 30, 2012 (€ 5,003 thousand as at December 31, 2011). Investments in the first half of 2012 totaled € 1,017 thousand (€ 788 thousand in the first half of 2011), including € 846 thousand of investments in technological infrastructure at the Telegate group call centers;
- *other fixed assets* worth € 13,628 thousand as at June 30, 2012 (€ 15,373 thousand as at December 31, 2011), including € 8,697 thousand relating to IT equipment and systems. Investments in the half-year totaled € 1,360 thousand (€ 3,016 thousand in the first half of 2011), including € 515 thousand relating to the acquisition of centralized EDP systems at SEAT Pagine Gialle S.p.A.

The current reserves for depreciation (€ 101,660 thousand) are considered to be adequate, for each fixed asset class, to cover the depreciation of the assets in relation to their estimated residual useful life.

The following table gives an overview of the depreciation rates used

	1st half year 2012	1st half year 2011
Property	3%	3%
Plants and equipment	10-25%	10-25%
Other fixed assets	10-40%	10-40%

8. Leased assets

Assets held under a financial lease amounted to € 51,006 thousand in the first half of 2012, relating to the property complex where the Parent Company has its offices in Turin. The assets that make up the property complex, pursuant to IAS 17, were initially recorded in the financial statements at fair value, since this was lower than the discounted value of the minimum payments due under the lease.
This item can be analyzed as follows

	1st half year 2012					1st half year 2011
(euro/thousand)	Leased land	Leased property	Leased plant	Other leased assets	Total	Total
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 beginning of the period	10,500	30,114	9,919	2,288	52,821	56,445
- Amortization and write-downs	-	(496)	(1,105)	(214)	(1,815)	(1,827)
Cost	10,500	33,076	16,524	3,739	63,839	63,895
Depreciation	-	(3,458)	(7,710)	(1,665)	(12,833)	(9,277)
Balance at end of the period	10,500	29,618	8,814	2,074	51,006	54,618

9. Investments measured at equity

The value of the equity investment in associate Lighthouse International Company S.A. had been fully written down as at December 31, 2011.

10. Other non-current financial assets

Other non-current financial assets totaled € 2,404 thousand as at June 30, 2012 (€ 2,414 thousand as at December 31, 2011), and include:

- loans to employees worth € 1,940 thousand, issued at market rates for transactions of this kind;
- assets held for sale worth € 116 thousand, including € 110 thousand relating to the 2.2% stake held in Emittenti Titoli S.p.A.

11. Inventories

These can be broken down as follows

	1st half year 2012					1st half year 2011
(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 period	5,489	2,458	2,308	154	10,409	10,399
Increase (Decrease)	(92)	16	(126)	8	(194)	2,269
Foreign exchange adjustments, change in the scope of consolidation and other movements	16	-	-	-	16	(38)
Balance at end of the period	5,413	2,474	2,182	162	10,231	12,630

Inventories amounted to € 10,231 thousand at June 30, 2012 (€ 10,409 thousand at December 31, 2011). Products for resale refer to merchandising activities for products bought for resale by Cipi, while raw materials and consumables pertain to the Parent Company.

12. Trade receivables

This can be broken down as follows

	1st half year 2012			1st half year 2011
(euro/thousand)	Trade receivables	Allowance for doubtful trade receivables	Net value	Net value
Balance at beginning of the period	596,961	(76,164)	520,797	613,088
Provision in the statement of operations	-	(25,824)	(25,824)	(15,184)
Utilization	-	17,748	17,748	20,128
Foreign exchange adjustments, change in the scope of consolidation and other movements	(53,921)	30	(53,891)	(47,354)
Balance at end of the period	543,040	(84,210)	458,830	570,678

Trade receivables totaled € 458,803 thousand as at June 30, 2012 (net of the allowance for doubtful receivables totaling € 84,210 thousand).
The *allowance for doubtful trade receivables* totaled € 84,210 thousand as at June 30, 2012, including € 76,099 thousand relating to the Parent Company, and is considered to be adequate to cover expected losses.
During the first half of 2012, there was recourse to the allowance in the amount of € 17,748 thousand (€ 20,128 thousand in the first half of 2011), pertaining mainly to the Parent Company (€ 14,641 thousand, compared with € 15,599 thousand in the first half of 2011).

A provision of € 25,824 thousand was added to the allowance for doubtful trade receivables (€ 15,184 thousand in the first half of 2011), meaning that the coverage of overdue receivables remained sufficient.
For a more detailed analysis of the Group's credit risk, see the consolidated and separate financial statements at December 31, 2011.

13. Other current and non-current assets

Other current and non-current assets totaled € 63,356 thousand as at June 30, 2012 (compared with € 62,756 thousand as at December 31, 2011) and can be broken down as follows:

(euro/thousand)	As at 06.30.2012	As at 12.31.2011	Change
Advances on sales commissions and other receivables to agents	28,366	32,586	(4,220)
Prepaid expenses	16,036	18,310	(2,274)
Advances to suppliers	10,676	4,121	6,555
Other receivables	7,094	7,063	31
Total other current assets	62,172	62,080	92
Other non-current assets	1,184	676	508
Total other current and non-current assets	63,356	62,756	600

To be more specific:

- *advances on sales commission and other receivables to agents* totaled € 28,366 thousand as at June 30, 2012 (€ 32,586 thousand as at December 31, 2011) and were recorded net of the relevant allowance for doubtful receivables, which totaled € 2,402 thousand as at June 30, 2012 (€ 2,466 thousand as at December 31, 2011). This includes € 111 thousand of receivables with a maturity of over 12 months, which are classified under "Other current assets" since they fall within the normal operating cycle. These receivables were discounted using an average market rate for receivables with the same maturity;
- *advances to suppliers*, which totaled € 10,676 thousand as at June 30, 2012 (€ 4,121 thousand as at December 31, 2011), include € 9,468 thousand relating to advances paid to printing company ILTE S.p.A. (€ 3,020 thousand at December 31, 2011).

14. Equity

Equity can be broken down as follows

(euro/thousand)	As at 06.30.2012	As at 12.31.2011	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	466,847	-
Reserve for foreign exchange adjustments	(39,817)	(39,075)	(742)
Reserve for "cash flow hedge" instruments	-	(1,561)	1,561
Reserve for actuarial gains (losses)	(24,999)	(21,278)	(3,721)
Other reserves	*(1,424,486)*	(634,208)	(790,278)
- Reserve for transition to IAS/IFRS	*181,565*	*181,570*	*(5)*
- Reserve for stock option	*1,011*	*1,011*	-
- Reteined earnings (losses)	(1,607,062)	*(816,789)*	*(790,273)*
Profit (loss) for the period	(26,834)	(789,750)	762,916
Total equity of the Group	(599,023)	(568,759)	(30,264)
Share capital and reserves	12,755	12,899	(144)
Profit (loss) for the period	(167)	782	(949)
Total non-controlling interests	12,588	13,681	(1,093)
Total equity	(586,435)	(555,078)	(31,357)

Share capital

This item totaled € 450,266 thousand as at June 30, 2012, remaining unchanged from December 31, 2011.
As at June 30, 2012, 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 is 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 totaled € 466,847 thousand as at June 30, 2012, remaining unchanged from December 31, 2011.
Of this figure, € 142,619 thousand is subject to taxation in case of distribution, owing to the alignment carried out in 2005 between the book value and the value for tax purposes of the customer database, pursuant to Law 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 negative for € 39,817 thousand as at June 30, 2012 (negative for € 39,075 thousand as at December 31, 2011) 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 increased by € 1,561 thousand compared with December 31, 2011. It represents the market value of the derivatives used to hedge interest rate risk (cash flow hedge derivatives) which were in place on the date of the financial statements or, if already closed out, that will become effective in future periods. The increase during the first half of 2012 brought the reserve to zero.
For a more detailed description of the hedging transactions carried out by the Group, see point 19 of these explanatory notes.

Reserve for actuarial gains (losses)

The reserve for actuarial gains(losses) was negative for € 24,999 thousand (negative for € 21,278 thousand as at December 31, 2011) and included the cumulative effect of recording actuarial gains(losses) on defined-benefit pension plans (TDL Infomedia group pension funds and, for Italian companies, the reserve for severance indemnities) due to their recognition in the financial statements pursuant to IAS 19, paragraph 93A.
For more details on how these amounts were determined, see point 20 of these explanatory notes.

Other reserves

Other reserves were negative for € 1,424,486 thousand at June 30, 2012 (compared with a negative € 634,208 thousand at December 31, 2011), relating to:
- *reserve for adoption of IAS/IFRS,* which totaled € 181,565 thousand as at June 30, 2012;
- *reserve for stock options,* which totaled € 1,011 thousand at June 30, 2012 (unchanged from December 31, 2011);
- *other reserves and retained profits (losses),* which totaled a negative € 1,607,062 thousand at June 30, 2012 (negative for € 816,789 thousand at December 31, 2011), relating to the legal reserve of SEAT Pagine Gialle S.p.A. (€ 50,071 thousand) and to the *retained profits (losses)* (€ 1,657,133 thousand), which changed during the period as a result of losses pertaining to 2011 (€ 789,750 thousand).

15. Total other comprehensive profit (loss)

(euro/thousand)	1st half year 2012	1st half year 2011	Change	Year 2011
Profit (loss) for "cash flow hedge" instruments for the period	-	406	(406)	21,852
Loss (profit) for "cash flow hedge" instruments reclassified to statement of operations	1,561	6,989	(5,428)	(10,805)
Profit (loss) for "cash flow hedge" instruments	1,561	7,395	(5,834)	11,047
Profit (loss) for foreign exchange adjustments	(742)	956	(1,698)	(138)
Loss (profit) for foreign exchange adjustments reclassified to statement of operations	-	-	-	-
Profit (loss) for foreign exchange adjustments	(742)	956	(1,698)	(138)
Actuarial gain (loss) recognised to equity	(5,019)	3,483	(8,502)	1,836
Tax effect of actuarial gain (loss) recognised to equity	1,298	(1,061)	2,359	(4,536)
Actuarial gain (loss) recognised to equity, net of tax effect	(3,721)	2,422	(6,143)	(2,700)
Total other comprehensive profit (loss), net of tax effect	(2,902)	10,773	(13,675)	8,209

16. 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 06.30.2012	As at 12.31.2011	As at 06.30.2011
Number of SEAT Pagine Gialle S.p.A. shares		1,927,707,706	1,927,707,706	1,927,707,706
- ordinary shares	*No.*	*1,927,027,333*	*1,927,027,333*	*1,927,027,333*
- savings shares	*No..*	*680,373*	*680,373*	*680,373*
Profit (loss) for the period	€ /thousand	(26,834)	(789,750)	(32,584)
Profit (loss) par share	€	(0.014)	(0.410)	(0.017)

17. Net financial indebtedness

As at June 30, 2012, the Group's net financial indebtedness could be broken down as follows

(euro/thousand)		As at 06.30.2012	As at 12.31.2011	Change
Cash		293,530	172,732	120,798
Cash equivalent		–	–	–
Trading securities		–	–	–
Liquidity		293,530	172,732	120,798
Current Financial Receivable to third parties		2,688	3,486	(798)
Current Financial Receivable to related parties		–	–	–
Current Bank debt		759,193	740,250	18,943
Current portion of non current debt		3,021	3,017	4
Other current financial debt to third parties		72,352	31,376	40,976
Other current financial debt to related parties		1,369,500	1,369,500	–
Current Financial Indebtedness		2,204,066	2,144,143	59,923
Net Current Financial Indebtedness		1,907,848	1,967,925	(60,077)
Non current Bank loans				
Bonds Issued		724,215	722,242	1,973
Other non current loans to third parties		44,825	46,319	(1,494)
Other non current loans to related parties				
Non Current Financial Indebtedness		769,040	768,561	479
Non Current Financial Receivable to third parties	(*)	2,288	2,298	(10)
Net non Current Financial Indebtedness		766,752	766,263	489
Net Financial Indebtedness		2,674,600	2,734,188	(59,588)
Transaction costs on loans and securitization costs not yet amortized and Net market value of "cash flow hedge" instruments		(19,138)	(31,562)	12,424
Net Financial Indebtedness - book value		2,655,462	2,702,626	(47,164)

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	2.674,600	2,734,188	(59,588)
Non Current Financial Receivable to third parties	2,288	2,298	(10)
Net Financial Indebtedness (ESMA Recommendation 81/2011)	2,676,888	2,736,486	(59,598)

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

As at June 30, 2012, **net financial indebtedness** was € 2,674,600 thousand, a decrease of € 59,588 thousand compared with December 31, 2011. This is different than the net financial indebtedness (book value) because it is recorded gross of charges incurred for: *(i)* drawing down and refinancing the medium- and long-term senior debt with The Royal Bank of Scotland; *(ii)* the subordinated loan to Lighthouse International Company S.A.; and *(iii)* issuing the senior secured bond. Net of portions already amortized, these charges totaled € 19,138 thousand. Net financial indebtedness does not include the net value arising from the measurement at market values of the cash flow hedge instruments that were in place at the end of the period or, if closed out early, those that will become effective in subsequent periods. Having totaled -€ 1,561 thousand at December 31, 2011, this value was brought back to zero in the first half of 2012.

In order to achieve long-term financial stability, the Company began negotiations in 2011 for a consensual financial restructuring. On March 7, 2012, it obtained the consent of the parties involved, enabling it to move on to the implementation stage of the operation. Having consulted with its advisors, the Company decided to stop, as of October 2011, repayments of principal installments and interest owing to The Royal Bank of Scotland and the bondholders. More specifically, the agreement with the creditors states that: *i)* principal and interest debts accrued with The Royal Bank of Scotland and the senior secured bondholders shall be paid at the end of the financial-restructuring process; *ii)* interest debts accrued up to the end of December 2011 with Lighthouse International Company S.A. shall be equitized and included in the merger by incorporation into SEAT; and *iii)* interest will no longer accrue on the debt with Lighthouse International Company S.A. as of January 1, 2012.

The non-payment of the coupon owing to senior secured bondholders did not give rise to a payment default in accordance with the agreement dated March 7, 2012, which obliges all lenders to not accelerate the debt. The senior secured bond amount of € 724,215 thousand was therefore not reclassified to current debt pursuant to IAS 1, paragraph 74.

A description of the items that make up net financial indebtedness (book value) is provided below:

Non-current financial indebtedness

These were € 752,561 thousand as at June 30, 2012 and comprised the following

(euro/thousand)	As at 06.30.2012	As at 12.31.2011	Change
Senior Secured Bond	724.215	722.242	1.973
Other non-current financial debts	44.825	46.319	(1.494)
Non-current financial indebtedness	769.040	768.561	479
Transaction costs on loans and securitisation program not yet amortised	(16.479)	(17.900)	1.421
Non-current financial liabilities	752.561	750.661	1.900

- *Senior secured bonds* amounted to € 724,215 thousand, corresponding to the net issue value (€ 716,809 thousand) plus the total issue discount accrued as at June 30, 2012 (€ 7,406 thousand). The two issues, with a combined nominal value of € 750,000 thousand, both mature on January 31, 2017 and bear a nominal yield of 10.5% to be paid half-yearly at the end of January and the end of July. The issue discounts (the first tranche was issued on January 28, 2010 at a price equal to 97.5998%, and the second tranche was issued on October 8, 2010 at a price equal to 90.0%) mean these bonds had a yield upon placement of 11% p.a. for the first issue and 12.85% p.a. for the second issue.
- *Other non-current financial debts* totaled € 44,825 thousand as at June 30, 2012, relating 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 46 remaining installments on the contracts with effect from December 2008 and 50 remaining installments on the contract with effect from October 2009. All installments are quarterly deferred installments subject to a floating interest rate equal to three-month Euribor plus a spread of around 65 basis points p.a. The residual value is fixed at around 1% of the value of the property complex.

Current financial indebtedness

This totaled € 2,201,407 thousand at June 30, 2012 and comprised the following

(euro/thousand)	As at 06.30.2012	As at 12.31.2011	Change
Current financial debts to bank	759,193	740,250	18,943
Current part of non-current indebtedness	3,021	3,017	4
Other financial debts	72,352	31,376	40,976
Other financial debts to related parties	1,369,500	1,369,500	-
Current financial indebtedness	2,204,066	2,144,143	59,923
Transaction costs on loans and securitisation program not yet amortised and net market value of "cash flow hedge" instruments	(2,659)	(13,662)	11,003
Current financial debt	2,201,407	2,130,481	70,926

It includes mainly:

- *current financial indebtedness to banks* of € 759,193 thousand at June 30, 2012 (€ 740,250 thousand at December 31, 2011), relating mainly to the senior debt with The Royal Bank of Scotland, broken down as follows:

a) € 184,517 thousand relating to tranche A, which includes the principal installment of € 35,195 thousand due on December 28, 2011, not repaid for the reasons set out above, and the principal installment of € 149,321 thousand due on June 8, 2012, subject to a floating interest rate equal to Euribor plus a spread of 3.41% p.a.. Principal amounts that have matured and not been repaid are also subject to additional interest accrued on late payments, at a rate of 1%;

b) € 446,794 thousand relating to tranche B, repayable in a single installment on June 8, 2013 and bearing a floating interest rate equal to Euribor plus a spread of 3.91% p.a.;

c) € 90,000 thousand relating to the revolving credit line intended to cover the working-capital needs of SEAT Pagine Gialle S.p.A. or its subsidiaries, due on June 8, 2012 but not repaid, for the reasons set out above, subject to a floating interest rate equal to the rate applicable to tranche A, in addition to interest accrued on late payments. This credit line was used in full as of April 21, 2011 to meet the Company's working-capital needs following the closure of the revolving trade receivables securitization program, which was completed on June 15, 2011;

d) € 34,802 thousand relating to interest expense accrued and not yet paid on tranches A and B and on the revolving credit line with The Royal Bank of Scotland; the interest installments due in December 2011 and in the first half of 2012, payment of which was suspended, amount to € 34,540 thousand;

e) € 2,899 thousand relating to the non-payment of interest arising from the residual differences on hedging

instruments connected with the loan due to The Royal Bank of Scotland;
- *other financial debts*, which totaled € 72,352 thousand. These refer mainly to interest expense accrued and not yet paid to senior secured bondholders; the half-yearly coupon due on January 31, 2012 and not paid amounts to € 39,375 thousand;
- *other financial debts to related parties*, which relate to debts to Lighthouse International Company S.A. and totaled € 1,369,500 thousand at June 30, 2012. This amount includes the principal installment of € 1,300,000 thousand and interest of € 69,500 thousand accrued and not yet paid at December 31, 2011, of which € 52,125 thousand was due on October 31, 2011 and was not paid, since it is due to be equitized.

Current financial assets

Current financial assets totaled € 2,688 thousand at June 30, 2012 (€ 3,486 thousand at December 31, 2011), referring to financial receivables for € 2,252 thousand and to loans to employees for € 436 thousand.

Cash and cash equivalents

This item increased by € 120,798 thousand compared with December 31, 2011 and can be broken down as follows

(euro/thousand)	As at 06.30.2012	As at 12.31.2011	Change
Bank deposits	278,052	169,300	108,752
Postal deposits	15,450	3,126	12,324
Cash	28	306	(278)
Total cash and cash equivalents	293,530	172,732	120,798

Cash and cash equivalents benefited from the aforementioned non-servicing of debt in the total amount of € 164,135 thousand.

18. Guarantees provided, main commitments and contractual rights

The obligations arising from the facilities 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. With the exception of the special lien on capital goods of SEAT Pagine Gialle S.p.A., these sureties also accompany the obligations arising from the senior secured bonds issued by SEAT Pagine Gialle S.p.A. between January and October 2011. Obligations arising from the Indenture relating to the notes (bonds) issued by Lighthouse International Company S.A. in 2004 and guaranteed by SEAT Pagine Gialle S.p.A. are secured, among other things, by a second-degree pledge on SEAT Pagine Gialle S.p.A. shares. The obligations arising from the leasing contracts between SEAT Pagine Gialle S.p.A. and Leasint S.p.A. are not guaranteed, since the buildings covered by the contracts are owned by Leasint S.p.A., which, should SEAT Pagine Gialle S.p.A. fail to fulfill its obligations, would be able to raise money by selling said buildings.

Pursuant to the Indenture relating to the notes issued by Lighthouse International Company S.A. in 2004, SEAT Pagine Gialle S.p.A. issued a personal guarantee concerning the fulfillment by 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, *inter alia*, 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 against any charge that may reduce the amount of interest paid to said lender. With regard to this latter commitment, it should be noted that the payment of the substitute tax made pursuant to Article 23, paragraph 4 of Decree Law 98/2011 negated the need 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 at December 31, 2011.

The facilities agreement with The Royal Bank of Scotland requires SEAT Pagine Gialle S.p.A. to comply with specific financial covenants, which are monitored on a quarterly basis 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 principal payable in each reference period).

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

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

As at June 30, 2012 (the date of this report), the aforementioned covenants and all the obligations arising from the facilities agreement had not been complied with, resulting in another default pursuant to the agreement, on which the Company was granted forbearance.

19. 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 payables to leasing company Leasint S.p.A. and receivables and payables in foreign currency (sterling in particular).
The SEAT Pagine Gialle Group constantly monitors the financial risks to which it is exposed, in order to assess the potential negative effects of these risks in advance and take appropriate action to mitigate them. These risks are managed through the use of derivatives, in line with the Group's risk management policies. Within the framework of these policies, the use of derivatives is reserved for managing exposure to fluctuations in exchange rates and interest rates related to cash flows and assets and liabilities. No speculative transactions are carried out. In order to limit its exposure to interest rate risk, SEAT Pagine Gialle S.p.A. has taken out cash flow hedge instruments with leading international financial operators. All hedging instruments matured on December 28, 2011. Due to the high proportion of debt represented by fixed-rate loans, it was not considered necessary to take out any new hedging instruments.

Financial market risk policy of the SEAT Pagine Gialle Group

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

Interest rate hedging derivatives

All hedging instruments matured on December 28, 2011. Due to the high proportion of debt represented by fixed-rate loans, it was not considered necessary to take out any new hedging instruments.
For the 2012-2014 period, around 60% of total debt will be subject to fixed rates, with this figure rising to 82% for 2015-2016, based on the expected financial structure resulting from the restructuring currently under way.

Risk from high levels of financial indebtedness

At June 30, 2012, the SEAT Pagine Gialle Group had a high level of debt, characterized by leverage equivalent to more than seven times EBITDA and a total average life as at June 30, 2012 of four years.

The maturities of the financial instruments in place are as follows

	Due date - by						
(in € /000's)	06.30.2013	06.30.2014	06.30.2015	06.30.2016	06.30.2017	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.	3,087	3,251	3,422	3,601	3,793	30,680	47,834
Total non-current financial debt (gross value)	277,604	1,750,045	3,422	3,601	753,793	30,680	2,819,145

(*) In the consolidated financial statements was shown net of the issue discount and amounted to € 724,215 thousand.

Pursuant to the financial-stabilization agreement reached on March 7, 2012 with all categories of creditors involved, the maturities of the financial instruments provided for under the restructuring are as follows

(in € /000's)	Due date - by						
	06.30.2013	06.30.2014	06.30.2015	06.30.2016	06.30.2017	Beyond five year	Total
SSB (*)	-	-	-	-	815,000	-	815,000
The Royal Bank of Scotland (**)	185,196	75,000	87,500	373,615	-	-	721,311
Debts due to Leasint S.p.A.	3,087	3,251	3,422	3,601	3,793	30,680	47,834
Total non-current financial debt (gross value)	188,283	78,251	90,922	377,216	818,793	30,680	1,584,145

(*) In the First Half Report at June 30, 2012 was shown net of the issue discount and amounted to € 724.2 million. The total amount at 2017 is composed by the nominal value of the two senior secured bonds already issued for € 750 million and € 65 million of bonds "Stub Bond" issued as part of the restructuring process.
(**) The amount shown as due on June 30, 2013 includes € 35 million for the payment of the installment on the A tranche expired on December 28, 2011 and the rate that will expire in accordance with the new contract on December 28, 2012 and June 28, 2013 respectively € 25 million and € 35 million. In addition, this amount includes the value of the redemption of the Revolving Facility, although this line is available for the Company until June 28, 2015.

The Company's difficult financial situation and, more specifically, the non-payment decisions are reflected in the ratings assigned to SEAT Pagine Gialle S.p.A. by Standard & Poor's and Moody's. As at the date of approval of this report, the rating given to the Company by Standard & Poor's was D, while Moody's placed the Company under review on April 5, 2012.
A rating assessment process will be put in place following the successful completion of the consensual restructuring, with a view to obtaining appropriate ratings.

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

The clear risk of insufficient liquidity led to the start of negotiations for a consensual financial restructuring of the Company, as described above.

Significant agreements involving SEAT and/or its subsidiaries that will become effective, be amended or be terminated should SEAT undergo a change of control

The agreements in place as at June 30, 2012 are summarized below.

1. *Indenture relating to the bonds issued by Lighthouse International Company S.A., "€ 1,300,000,000 8% Senior Notes Due 2014".*
   According to the Indenture (which is subject to US law) governing the notes (bonds) totaling € 1,300,000,000 issued on April 22, 2004 by Luxembourg-based company Lighthouse International Company S.A. and guaranteed by SEAT, if, *inter alia*, *(i)* a party other than the investment funds which, as at the date of approval of this document, considered jointly, indirectly hold an interest of around 49.6% in SEAT's ordinary share capital becomes, either directly or indirectly, the beneficial owner of more than 30% of SEAT's voting capital (and the total proportion of SEAT's voting capital held indirectly by the aforementioned funds falls below this percentage and the funds, considered collectively, are not entitled or able to appoint or nominate the majority of the members of the Board of Directors); or *(ii)* all or more or less all of SEAT's assets, as calculated on a consolidated basis, are transferred (unless, as a result of the transfer, the transferee becomes an obligor in relation to the notes issued by Lighthouse International Company S.A. and a subsidiary of the party transferring such assets); or *(iii)* Lighthouse International Trust Limited (or another trust whose beneficiary is a charitable organization) and SEAT cease to collectively hold 99% of the share capital of Lighthouse International Company S.A., each holder of the notes will, under the terms and conditions set out in the Indenture, be entitled to request that Lighthouse International Company S.A. buy back all or part of the notes held by said party at a price, to be paid in cash, equal to 101% of the nominal value of the notes held (in addition to interest accrued and not yet paid at the buyback date).
   Based on the contractual instruments in place, in this case SEAT would have to provide Lighthouse International Company S.A. with the resources to carry out any such buybacks.
   As part of the Company's financial-restructuring process, the debt relating to the notes issued pursuant to the Indenture is to be discharged and replaced with new instruments issued by Lighthouse International Company S.A. that will be partly convertible into Lighthouse shares and partly exchangeable for new bonds issued by SEAT pursuant to the Indenture relating

to the "€ 550,000,000 10% Senior Secured Notes Due 2017". The new bonds will be subject to the same provisions in relation to a change of control, as described in the following paragraph.

2. *Indenture relating to the bonds issued by SEAT, "€ 550,000,000 10% Senior Secured Notes Due 2017" and "€ 200,000,000 10.5% Senior Secured Notes Due 2017"*

According to the two Indentures (which are subject to US law) governing the notes (bonds) issued on January 28, 2010 and October 8, 2010, respectively, by SEAT, for a total of € 750,000,000, if *(i)* as a result of a merger of SEAT with or into another person, a party other than parties pertaining to the investment funds which, as at the date of approval of this report, considered jointly, indirectly hold an interest of around 49.6% of SEAT's ordinary share capital becomes, either directly or indirectly, the beneficial owner of more than 30% of SEAT's voting capital (and the total proportion of SEAT's voting capital held indirectly by the aforementioned funds falls below this percentage and the funds, considered collectively, are not entitled or able to appoint or nominate the majority of the members of the Board of Directors); or *(ii)* all or more or less all of SEAT's assets, as calculated on a consolidated basis, are transferred (unless, as a result of the transfer, the transferee becomes an obligor in relation to the notes issued by SEAT and a subsidiary of the party transferring such assets), each holder of the notes will, under the terms and conditions set out in each Indenture, be entitled to request that SEAT buy back all or part of the notes held by said party at a price, to be paid in cash, equal to 101% of the nominal value of the notes held, in addition to any interest accrued and not yet paid at the buyback date.

Pursuant to the terms and conditions of the two Supplemental Indentures signed on April 11, 2012, which, *inter alia*, amended some of the provisions of the Indentures relating to the bonds referred to in this paragraph:

a) the execution of certain transactions and acts planned for the purposes of implementing the proposal for the consensual restructuring of SEAT, as set out in the term sheet published by the Company on February 22, 2012 may not constitute a change of control pursuant to the clauses of the aforementioned Indentures. Specifically (and purely by way of a summary), the scope of application of the change-of-control clause contained in each Indenture excludes the issuance of SEAT ordinary shares in favor of Lighthouse International Company S.A. or of Lighthouse bondholders, as well as the signing of agreements or execution of acts by *(i)* Lighthouse International Company S.A.; *(ii)* Lighthouse bondholders; *(iii)* parties pertaining to the investment funds which, as at the date of approval of this report, considered jointly, indirectly hold an interest of around 49.6% of SEAT's ordinary share capital; and (iv) SEAT, provided that such agreements or acts comply with the terms set out therein and are carried out in the context of and for the purposes of the implementation of SEAT's financial restructuring, by the date of the first SEAT Shareholders' Meeting following the date of execution of the restructuring, which will appoint the members of the Board of Directors;
b) with effect from the date of execution of SEAT's financial restructuring, the change-of-control clause contained in each Indenture will cease to contain any reference to parties pertaining to the aforementioned investment funds and will apply if *(i)* as a result of a merger of SEAT with or into another person, a party becomes, either directly or indirectly, the beneficial owner of more than 30% of SEAT's voting capital; or *(ii)* all or more or less all of the assets of SEAT, or of SEAT Interco (a company subject to Italian law directly and wholly owned by SEAT, identified in accordance with the provisions of the Supplemental Indentures), as calculated on a consolidated basis, are transferred (unless, as a result of the transfer, the transferee becomes an obligor in relation to the notes issued by SEAT and a subsidiary of the party transferring such assets).

3. *Term and Revolving Facilities Agreement*

Pursuant to paragraph 8.6 of the Term and Revolving Facilities Agreement, signed by, *inter alia*, SEAT, as Borrower, and The Royal Bank of Scotland Plc (RBS), as Lender, on May 25, 2005 for a total of € 2,620,100,000 (as subsequently amended), in the event of a "Change of Control", the Lender's commitment to disburse new sums pursuant to the aforementioned facilities agreement will immediately be considered null and void, and the Borrower must immediately repay prematurely all sums disbursed to it and all amounts relating to letters of credit issued in its favor pursuant to the agreement. Pursuant to the agreement, a "Change of Control" occurs if: (a) the current direct or indirect shareholders of each of Sterling Holdings S.A., Silcart S.A., Siltarc S.A. and AI Silver S.A. cease to hold, in total, either directly or indirectly, at least 50% of the voting capital of each of these companies; or (b) any one of Sterling Sub Holdings S.A., Subcart S.A. and AI Subsilver S.A. ceases to be fully held (less one share each), either directly or indirectly, by, respectively, 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. hold or come to hold, in total, a proportion of less than 30% of

SEAT's voting capital; or (d) any event or situation occurs that constitutes a "Change of Control" pursuant to the Indenture (the contract subject to US law signed on April 22, 2004 between, *inter alia*, SEAT and RBS, governing the notes issued on the same date by Lighthouse International Company S.A.), the SSB Indenture and the AFI Loan Facilities Agreement (both as defined in the "Intercreditor Deed" signed by, *inter alia*, SEAT and RBS on May 25, 2005, as subsequently amended). As part of the Company's financial restructuring, a new facilities agreement will be signed that will include a change-of-control clause, taking into account the new ownership structure of SEAT resulting from the restructuring.

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 June 30, 2012, revenues in sterling generated by the Group's activities in the UK and converted into euros accounted for 5.4% of total revenues (6.1% at June 30, 2011). Changes in the euro/sterling exchange rate could give rise to a change in the conversion reserve under the consolidated 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 income statement.

Credit risk

There is no change from the consolidated and separate financial statements as at December 31, 2011.

20. Non-current reserves for employees

This can be broken down as follows

(euro/thousand)	1st half year 2012 Net liabilities for defined benefit pension plans	1st half year 2012 Reserve for severance indemnities	1st half year 2012 Reserve for defined contribution pension plans	1st half year 2012 Net liabilities for termination indemnities	1st half year 2012 Total	1st half year 2011 Total
Balance at beginning of the period	13,047	13,144	1,241	400	27,832	38,641
Provisions	2	-	2,312	38	2,352	2,309
Contributions	(2,914)	-	376	-	(2,538)	(7,280)
Benefits paid/received	-	(891)	(2,935)	(438)	(4,264)	(5,087)
Discounting losses	1,444	292	-	-	1,736	1,869
Expected return on plan assets	(1,116)	-	-	-	(1,116)	(1,107)
Actuarial losses (gains) recognised to equity	3,308	1,711	-	-	5,019	(3,276)
Foreign exchange adjustments and other adjustments	674	336	(37)	-	973	(686)
Balance at end of the period	14,445	14,592	957	-	29,994	25,383

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

Net liabilities for defined-benefit pension plans

Net liabilities for defined-benefit pension plans totaled € 14,445 thousand as at June 30, 2012 (€ 13,047 thousand as at December 31, 2011). They are recorded net of assets (€ 52,661 thousand) designated to finance these pension plans (€ 67,106 thousand). Almost all this amount refers to the TDL Infomedia group pension plan.
The payment plan for the TDL group employees' defined-benefit pension fund (Thomson Pension Fund) was renegotiated in 2011. This renegotiation led to the following payments for 2011: £ 4,046 thousand at the end of May 2011, and £ 2,400 thousand at the end of June 2011. A payment of £ 2,400 thousand is scheduled for the years from 2011 to 2013, and a payment of £2,000 thousand is scheduled for the years 2014 to 2027.

Actuarial losses of € 3,308 thousand were also generated in the first half of 2012. Pursuant to IAS 19, paragraph 93A, the losses were recognized directly to equity, net of tax effect.

Reserve for severance indemnities

The *reserve for severance indemnities*, which totaled € 14,592 thousand as at June 30, 2012 (€ 13,144 thousand as at December 31, 2011) 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 252 of December 5, 2005, the reserve for severance indemnities was converted from a defined-benefit plan into a defined-contribution plan from January 1, 2007. Consequently, the debt recorded in the financial statements represents liabilities for defined-benefit plans (valued using IAS 19 criteria) for employees relating to benefits given up to December 31, 2006.

21. Share-based payment

The stock option plans in place as at June 30, 2012 are recorded in the financial statements in accordance with the provisions of IFRS 2.
The plans are for specific categories of employees 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 Telegate AG ordinary shares.
There has been no change to their underlying features, and there were no new stock option plans resolved upon in the first half of 2012.

(euro/thousand)	Grant date	Number of granted options	Number of expired options	End of the vesting period	Strike price (euro)	Number of exercised options	Number of outstanding options at 06.30.2012	Fair value	of which accrued in the 1st half year 2012
Beneficiaries									
Directors and employees	12/05/2005	293,000	(43,500)	12/05/2007	14.28	(240,500)	9,000	*467*	-
Employees of Telegate A.G.	01/06/2006	400,000	(272,985)	01/06/2008	16.09	-	127,015	*290*	-
Directors and employees	01/06/2008	319,000	(150,000)	01/06/2010	11.01	-	169,000	*250*	-
Total		1,012,000	(466,485)		-	(240,500)	305,015	1,007	-

22. Other non-current liabilities

Other non-current liabilities totaled € 21,237 thousand as at June 30, 2012 (€ 24,721 thousand as at December 31, 2011) and can be broken down as follows

	1st half year 2012					1st half year 2011
(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 period	20,569	628	2,956	568	24,721	36,579
Provision	1,242	10	-	-	1,252	2,146
Utilization/repayment	(2,426)	-	-	-	(2,426)	(3,616)
Discounting losses (gains)	783	2	33	21	839	300
Other movements	-	(50)	(2,989)	(110)	(3,149)	(9,262)
Balance at end of the period	20,168	590	-	479	21,237	26,147

As at June 30, 2012 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 a financial expense (€ 839 thousand).

The *reserve for sale agents' termination indemnities,* which totaled € 20,168 thousand as at June 30, 2012 (€ 20,569 thousand as at December 31, 2011), represents the debt accrued at the end of the period to active sales agents for the indemnities owed to them in the event of termination of the agency contract, as provided for by current legislation.

The *reserve for restructuring expenses (non current portion)* was fully reclassified in the first half of 2012, in the short term, to the share pertaining to the Parent Company. This reserve should be considered in conjunction with the current portion of the reserve for restructuring expenses.

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

This can be broken down as follows

	1st half year 2012				1st half year 2011
(euro/thousand)	Reserve for commercial	Reserves for contractual and other operating risks	Non-operating reserves	Total	Total
Balance at beginning of the period		12,812	27,470	51,113	45,637
Provisions	2,528	1,696	33,494	37,718	8,533
Utilizations	(4,122)	(1,383)	(7,729)	(13,234)	(15,940)
Reversal to the statement of operations	-	(516)	(20)	(536)	(319)
Other movements	-	(50)	2,882	2,832	9,188
Balance at end of the period	9,237	12,559	56,097	77,893	47,099

The reserve for current risks and charges totaled € 77,893 thousand as at June 30, 2012, up by € 26,780 thousand compared with December 31, 2011. It breaks down as follows:

- the *reserve for commercial risks,* which totaled € 9,237 thousand as at June 30, 2012, covers any costs incurred due to failure to properly perform contractual services in respect of PAGINEGIALLE® and PAGINEBIANCHE®;
- *reserves for contractual and other operating risks,* which totaled € 12,559 thousand as at June 30, 2012, include € 7,056 thousand relating to legal disputes and € 3,855 thousand relating to pending litigation with agents and employees;
- *non-operating reserves* (current portion) totaled € 56,097 thousand as at June 30, 2012 (€ 27,470 thousand as at December 31, 2011). They include € 15,180 thousand in the reserve for restructuring expenses (current portion), relating mainly to the Parent Company (€ 14,089 thousand) as coverage for the corporate restructuring plan, and € 4,290 thousand in the sales network restructuring reserve. In the first half of 2012, provisions of € 32,581 thousand for non-operating risks and charges were made, primarily to cover the payment of consent fees (around € 25,000 thousand, i.e. approximately 1% of the debt being restructured) to creditors that have given their consent within the given time frame to the draft agreement proposed by SEAT.

24. Trade payables and other current liabilities

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

(euro/thousand)	As at 06.30.2012	As at 12.31.2011	Change
Payables due to suppliers	126,784	140,109	(13,325)
Payables due to sales agents	17,869	23,252	(5,383)
Payables due to employees	19,637	20,668	(1,031)
Payables due to social security institutions	7,868	7,628	240
Payables due to other	638	951	(313)
Total trade payables	172,796	192,608	(19,812)
Payables for services to be rendered	207,367	231,006	(23,639)
Advances from customers	3,006	2,872	134
Deferred income and other current liabilities	54,063	45,648	8,415
Total payables for services to be rendered and other current liabilities	264,436	279,526	(15,090)

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

- *payables to suppliers,* equal to €126,784 thousand as at June 30, 2012, were down by €13,325 thousand compared with December 31, 2011 (€140,109 thousand). The change reflects the lower volume of purchases compared with the previous period;
- *payables to sales agents,* which totaled €17,869 thousand as at June 30, 2012 (€23,252 thousand as at December 31, 2011), should be considered in conjunction with the item "Advances on sales commission", recorded under "Other current assets", which amounted to €28,366 thousand as at June 30, 2012 (€32,586 thousand as at December 31, 2011);
- *payables for services to be rendered* totaled €207,367 thousand at June 30, 2012 (€231,006 thousand at December 31, 2011), reflecting the deferral of revenues from the provision of online and voice services in constant portions throughout the online and on-voice contractual period. These payables include advanced billing for print directory advertising services.

25. Information by Business Area

The primary presentation of the SEAT Pagine Gialle Group is by Business Areas, since the risks and profitability of the Group are significantly affected by the differences between the products and services they offer. The secondary breakdown is by geographical area.

The Group's activities are organized and managed separately depending on the nature of the products and services provided, with each area representing a strategic business unit that offers different products and services to different markets.

Prices of intercompany transfers between areas are defined using the same conditions that apply to transactions with third parties.

Revenues, costs and results by Business Area include transfers between areas, which are eliminated at consolidated level.

The geographical areas of the Group are identified based on the location of the Group's activities and more or less equate to the legal entities operating in each Business Area.

The table below shows the main financial data of the SEAT Pagine Gialle Group's Business Areas.

(euro/thousand)		Italian Directories	UK Directories	Directory Assistance	Other Activities	Aggregate Total	Eliminations and other adjustments	Consolidated Total
Revenues from sales and services	1st half year 2012	367,337	24,286	49,803	20,356	461,782	(10,425)	451,357
	1st half year 2011 *restated*	335,451	26,027	56,360	20,683	438,521	(9,929)	428,592
	Year 2011 *restated*	748,515	60,866	11,183	49,210	969,774	(21,766)	948,008
EBITDA	1st half year 2012	161,783	(3,104)	5,193	(188)	163,684	(12)	163,672
	1st half year 2011 *restated* (*)	143,621	(444)	6,790	53	150,020	59	150,079
	Year 2011 *restated* (*)	345,865	4,610	13,775	5,226	369,476	83	369,559
EBIT	1st half year 2012	87,664	(18,184)	(639)	(2,724)	66,117	(12)	66,105
	1st half year 2011 *restated* (*)	112,792	(18,291)	668	(2,307)	92,862	57	92,919
	Year 2011 *restated* (*)	(402,916)	(21,408)	(8,811)	532	(432,603)	86	(432,517)
Total assets	June 30, 2012	2,751,604	44,640	176,709	41,676	3,014,629	(46,008)	2,968,621
	June 30, 2011	3,463,820	67,165	208,154	45,244	3,784,383	(89,632)	3,694,751
	December 31, 2011	2,700,455	57,388	187,209	48,017	2,993,069	(66,326)	2,926,743
Total liabilities	June 30, 2012	3,458,504	75,991	63,492	25,245	3,623,232	(68,176)	3,555,056
	June 30, 2011	3,397,322	85,671	74,942	37,091	3,595,026	(105,890)	3,489,136
	December 31, 2011	3,378,457	66,673	70,412	37,435	3,552,977	(71,156)	3,481,821
Net invested capital	June 30, 2012	1,995,297	(12,693)	77,862	15,399	2,075,865	(6,838)	2,069,027
	June 30, 2011	2,734,484	8,859	88,567	15,244	2,847,154	(6,687)	2,840,467
	December 31, 2011	2,060,621	4,706	74,387	14,660	2,154,374	(6,826)	2,147,548
Capital expenditure	1st half year 2012	11,599	1,952	1,551	2,291	17,393	-	17,393
	1st half year 2011 *restated* (*)	14,613	1,541	2,471	1,846	20,471	-	20,471
	Year 2011 *restated* (*)	36,952	3,274	2,988	4,611	47,825	(26)	47,799
Average workforce	1st half year 2012	1,065	636	1,429	335	3,465	-	3,465
	1st half year 2011 *restated* (*)	1,027	630	1,818	333	3,808	-	3,808
	Year 2011 *restated* (*)	1,029	620	1,767	339	3,755	-	3,755
Average number of sales agents	1st half year 2012	1,196	-	-	51	1,247	-	1,247
	1st half year 2011 *restated* (*)	1,406	-	2	43	1,451	-	1,451
	Year 2011	1,350	-	1	46	1,397	-	1,397

(*) See "Report on Operations, paragraph Introduction" for further details of first half year and year 2011 restated

26. Revenues from sales and services

Revenues from sales and services in the first half of 2012 totaled €451,357 thousand, down by 5.1% at constant publication volumes and constant euro/sterling exchange rates compared with the first half of 2011 *restated* (€428,592 thousand). Revenues from sales and services by Business Area are as follows:

- revenues from the Italian Directories Business Area (SEAT *Pagine Gialle* S.p.A.) amounted to €367,337 thousand in the first half of 2012, down by 3.2% year on year at constant publication basis. The publication of volumes for 27 directory areas, which generated €44,082 thousand in the second half of 2011, was brought forward to the first half for 2012. Core products (print-online&mobile-voice) saw revenues fall by 2.5% at constant publication volumes, due to the decline in print and voice products, though this was offset by the increase in online activities (+17.7%), which were boosted by ongoing product development and the launch of new multimedia services, and accounted for 61% of total revenues in the first half of 2012. As in previous periods, the overall rate of revenue growth was slowed by a fall in voice traffic generated by the 89.24.24 Pronto PAGINEGIALLE® and 12.40 Pronto PAGINEBIANCHE® services;
- revenues in the UK Directories (TDL Infomedia group) Business Area amounted to €24,286 thousand in the first half of 2012, a reduction of 6.5% (15.6% at constant exchange rates and publication basis) compared with the first half of 2011. This result reflects a slowdown in growth for online products, in relation to which the group is currently carrying out a restructuring of its website and product range. Revenues from print directories remained more or less stable (+1% compared with the corresponding period of the previous year). This was thanks partly to a different publication timetable compared with the first half of 2011;
- revenues from the Directory Assistance Business Area (Telegate group, SEAT Pagine Gialle Italia and Prontoseat) totaled €49,803 thousand, down by 11.7% compared with the first half of 2011 *restated* (€56,360 thousand). The fall was due mainly to the Telegate group, which generated revenues of €45,065 thousand, down by around 12% compared with the first half of 2011 *restated* (€51,236 thousand), due to the ongoing structural difficulties of the telephone assistance services market, with a drop in call volumes only partially offset by an increase in online revenues. Prontoseat's revenues amounted to €4,323 thousand in the first half of 2012, down by 10.4% year on year, as a result of the continued decline in inbound revenues (-44.1%);
- revenues in the Other Activities Business Area (Europages, Consodata and Cipi) totaled €20,356 thousand, a decline of 1.4% compared with the first half of 2011 (€20,683 thousand), which was attributable mainly to the fall in Cipi's revenues.

27. Other operating costs and income

27.1 Other revenues and income

Other revenues and income totaled €2,279 thousand in the first half of 2012 (€1,324 thousand in the first half of 2011). The item includes €1,284 thousand relating to the recovery of postal, legal and administrative costs from third parties (€857 thousand in the first half of 2011) and €655 thousand relating to other revenues and income (€157 thousand a year earlier).

27.2 Costs of materials

Costs of materials amounted to €12,629 thousand in the first half of 2012, down by €2,552 thousand compared with the first half of 2011.
These include €9,401 thousand for paper consumption, up slightly on the first half of 2011 (+2.6%). This reflects the fact that the publication of volumes for 27 directory areas that in 2011 took place in the second half was brought forward to the first half for 2012.
The item also includes €2,370 thousand relating to consumption of products for resale (€663 thousand in the first half of 2011), which concerned the acquisition of promotional personalized items.

27.3 Costs of external services

Costs of external services amounted to €156,263 thousand in the first half of 2012, up slightly (€619 thousand) on the first half of 2011 restated (€155,644 thousand). This item includes:

- *industrial processing costs*, which amounted to €54,326 thousand in the first half of 2012, up by €3,040 thousand compared with the first half of 2011 *restated*. The change is due essentially to the combined effect of:
  - bringing forward the publication of certain directories, as mentioned earlier, which is reflected in the 6.4% rise in production costs to €16,160 thousand, and the distribution and storage costs of €7,570 thousand (+30.6%) in the first half of 2012;
  - the growth in costs for data transmission and digital services relating to the creation of online products, totaling €10,066 thousand in the first half of 2012 (up by 19.2% on a year earlier);
  - higher costs for web publisher commissions as part of new online offerings (€10,559 thousand in the first half of 2012);
- *advertising and promotional costs*, which totaled €8,905 thousand in the opening half of 2012, down by €3,291 thousand on the first half of 2011 *restated* (€12,196 thousand), offsetting the effect on the cost of sales of bringing forward the publication of certain directories, as mentioned earlier.

27.4 Salaries, wages and employee benefits

Salaries, wages and employee benefits amounted to €88,704 thousand in the first half of 2012, down slightly on the first half of 2011 *restated* (€89,182 thousand). This change was due to the reduced average workforce of the Telegate group (-€3,555 thousand), which fell from 1,542 employees in the first half of 2011 *restated* to 1,219 in the first half of 2012, though this was partly offset by a 10.6% increase at the Parent Company, owing mainly to the renewal of the national collective labor agreement.
The Group's workforce, including directors, project workers and interns, consisted of 4,042 employees as at June 30, 2012 (against 4,257 employees as at December 31, 2011 *restated*). The average workforce in the first half of 2012 was 3,465 employees (3,808 employees in the first half of 2011 *restated*).

27.5 Net non-recurring costs

Net non-recurring costs totaled €56,454 thousand in the first half of 2012 (€7,023 thousand in the first half of 2011) and can be broken down as follows

(euro/thousand)	1st half year 2012	1st half year 2011	Change Absolute
Stock options related costs	-	-	-
Other non-recurring costs	56,468	7,023	49,445
Non-recurring income	(14)	-	(14)
Total non-recurring costs, net	56,454	7,023	49,431

Non-recurring costs include:

- €54,667 thousand in the first half of 2012 incurred by the Parent Company, mainly in relation to the debt restructuring process;
- €1,306 thousand of costs incurred by the Telegate group, relating partly to the scaling back of its call centers in Germany and partly to management support activities aimed at developing its new-media business.

27.6 Net restructuring costs

Net restructuring costs totaled €1,068 thousand in the first half of 2012 (€1,341 thousand in the first half of 2011) and can be broken down as follows

(euro/thousand)	1st half year 2012	1st half year 2011	Change Absolute	%
Provision to reserves for restructuring exspenses	913	670	243	36.3
Restructuring costs	175	733	(558)	(76.1)
Reversal to the statement of operations	(20)	(62)	42	67.7
Total restructuring costs, net	1,068	1,341	(273)	(20.4)

The item is dominated by the provision of €913 thousand to the Telegate restructuring reserve created in 2011 in relation to the closure of call centers.

28. Interest income and expense

28.1 Interest expense

Interest expense totaled €80,123 thousand in the first half of 2012 (€139,115 thousand in the first half of 2011 *restated*), and can be broken down as follows

(euro/thousand)	1st half year 2012	1st half year 2011 restated	Change Absolute	%
Interest expense on the loan with Lighthouse International Company S.A.	6,847	55,132	(48,285)	(87.6)
Interest expense on the loan with The Royal Bank of Scotland	26,039	24,865	1,174	4.7
Interest expense on Senior Secured Bond	42,769	41,866	903	2.2
Interest expense on asset backed securities	-	1,214	(1,214)	(100.0)
Interest expense on leasing debt	741	1,161	(420)	(36.2)
Foreign exchange losses	763	9,941	(9,178)	(92.3)
Other financial expenses	2,964	4,936	(1,972)	(40.0)
Total interest expense	80,123	139,115	(58,992)	(42.4)

Interest expense decreased by €58,992 thousand compared with the first half of 2011 *restated*, and it includes:

- €42,769 thousand (€41,866 thousand in the first half of 2011) of interest expense on the senior secured bonds. This amount includes €1,421 thousand relating to transaction costs for the period and €1,973 thousand relating to the issue discount;
- €26,039 thousand of interest expense (€24,865 thousand in the first half of 2011) relating to the Senior Credit Agreement between SEAT Pagine Gialle S.p.A. and The Royal Bank of Scotland. This amount includes €5,717 thousand relating to transaction costs for the period, €1,561 thousand relating to the negative impact of cash flow hedge instruments against interest rate risk, and €2,178 thousand relating to interest on the revolving credit line;
- €6,847 thousand of interest expense (€55,132 thousand in the first half of 2011) relating to the full amortization for the period of the transaction costs on the fixed-rate subordinated loan with associate company Lighthouse International Company S.A.;
- €2,964 thousand of other financial expense (against €4,936 thousand in the first half of 2011 *restated*), including €2,830 thousand of interest expense from discounting non-current assets and liabilities (against €2,254 thousand in the first half of 2011);
- €741 thousand of interest expense (against €1,161 thousand in the first half of 2011) on debts due to Leasint S.p.A. in relation to seven financial-leasing contracts raised for the purchase of the Corso Mortara property complex in Turin, where SEAT Pagine Gialle S.p.A. has its offices;
- €763 thousand (€9,941 thousand in the first half of 2011) of foreign-exchange losses, which were more than offset by €1,631 thousand of foreign-exchange gains (recorded under interest income).

28.2 Interest income

Interest income totaled €4,634 thousand (€9,605 thousand in the first half of 2011) and includes:

- €1,116 thousand of interest income (€1,106 thousand in the first half of 2011) from non-current assets, particularly assets used to finance the TDL Infomedia group's pension fund;
- €1,833 thousand of interest income (€530 thousand in the first half of 2011) from the investment of short-term liquidity in the banking system at market rates, well above Euribor;
- €1,631 thousand (€7,853 thousand in the first half of 2011) of foreign-exchange gains recorded mainly as a result of exposure to sterling.

In the first half of 2012 the average total cost of the financial indebtedness of SEAT Pagine Gialle S.p.A. was 7.55% (against 8.34% in the first half of 2011). This figure, which is lower than that recorded for 2011 as a whole (8.5%), is a result of the current transitional situation of the Company caused by its debt restructuring, since on January 1, 2012, interest of around 8% ceased to accrue on the €1.3 billion Proceeds Loan with Lighthouse, and the interest on the senior bank debt does not yet reflect the new conditions that will be applied with effect from the date of completion of the restructuring.

29. Income taxes for the year

Income taxes for the year presented a negative balance of €17,071 thousand (against a positive balance of €4,479 thousand in the first half of 2011 *restated*). In accordance with the provisions of IAS 34, income taxes for the period were calculated by applying the average rates expected for the 2012 financial year to the gross pre-tax income.

Net deferred tax assets and liabilities

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

(euro/thousand)	As at 12.31.2011 restated	Change of the period			As at 06.30.2012
		Income taxes accounted for in the statement of operations	Income taxes accounted for the equity	Foreign exchange adjustments and other movements	
Deferred tax assets	60,766	4,674	1,296	(610)	66,126
Deferred tax liabilities	(43,943)	(1,434)	4	-	(45,373)
Total	16,823	3,240	1,300	(610)	20,753
shown in the statement of financial position as:[1]					
- net deferred tax assets	22,800	-	-	-	25,723
- net deferred tax liabilities	(5,977)	-	-	-	(4,970)

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

Current tax assets

Current tax assets totaled €27,992 thousand as at June 30, 2012 (€27,237 thousand as at December 31, 2011) and can be broken down as follows:

(euro/thousand)	As at 06.30.2012	As at 12.31.2011	Change
Income tax receivables	27,114	26,180	934
Other tax receivables	878	1,057	(179)
Total current tax assets	27,992	27,237	755

Current tax payables

Current tax payables totaled €28,519 thousand as at June 30, 2012 (€17,995 thousand as at December 31, 2011) and can be broken down as follows:

(euro/thousand)	As at 06.30.2012	As at 12.31.2011	Change
Income tax payables	21,292	1,992	19,300
Other tax payables	7,227	16,003	(8,776)
Total current tax payables	28,519	17,995	10,524

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

The results of non-current assets held for sale and discontinued operations are shown below:

Statement of operations

As at June 30, 2011, the statement of operations item "Profit/(loss) from non-current assets held for sale and discontinued operations" includes figures relating to the sale of Telegate AG's Spanish subsidiaries (11811 Nueva Información Telefónica S.A.U. and 11850 Uno Uno Ocho Cinco Cero Guías S.L.). The figures for the first half of 2011 and as at December 31, 2011 have therefore been restated since their original publication.

(euro/thousand)	1st half year 2012	1st half year 2011
Revenues	3,317	4,653
Operating costs	(3,153)	(4,528)
Operating income before amortisation depreciation, non-recurring and restructuring costs, net (EBITDA)	164	125
Amortization, depreciation, write-down, non recurring and restructuring costs net	(214)	(151)
Operating result (EBIT)	(50)	(26)
Interest (expense) income, net	(3)	(5)
Income taxes for the period	(493)	21
Profit (loss) on non current assets held for sale and discontinued operations	(546)	(10)

Statement of financial position

As at June 30, 2012, the statement of financial position items "Non-current assets held for sale and discontinued operations" and "Liabilities directly associated with non-current assets held for sale and discontinued operations" include figures relating to Telegate AG's Spanish subsidiaries (11811 Nueva Información Telefónica S.A.U. and 11850 Uno Uno Ocho Cinco Cero Guías S.L.). As at December 31, 2011, the figures related to the equity investment of Turkish joint venture Katalog Yayin ve Tanitim Hizmetleri A.S.

(euro/thousand)	As at 06.30.2012	As at 12.31.2011
Other non-current assets	367	-
Other current assets	523	1
Deferred tax assets	164	-
Trade receivables	1,715	-
Other operating assets	536	-
Financial assets	31	-
Current tax assets	5	486
Cash and cash equivalent	4	115
Non-current assets held for sale and discontinued operations	3,345	602
Trade payables	889	4
Current financial debts	-	577
Current tax liabilities	13	11
Other non-operating liabilities	-	65
Payables for services to be rendered and other current liabilities	91	-
Reserves for risks and charges	250	250
Liabilities directly associated with non-current assets held for sale and discontinued operations	1,243	907

Statement of cash flows

For the first halves of 2011 and 2012, the item "Cash flows from non-current assets held for sale and discontinued operations" includes figures relating to the sale of Telegate AG's Spanish subsidiaries (11811 Nueva Información Telefónica S.A.U. and 11850 Uno Uno Ocho Cinco Cero Guías S.L.).

(euro/thousand)	1st half year 2012	1st half year 2011
Cash inflow (outflow) from operating activities	128	147
Cash inflow (outflow) for investments	(179)	(64)
Cash inflow (outflow) for financing	49	(81)
Cash flow on non-current assets held for sale/discontinued operations	(2)	2

31. Related-party transactions

With reference to the provisions of IAS 24 and pursuant to Article 2, letter h) of Consob Issuers' Regulation 11971/1999 (as subsequently amended), the effects of transactions with related parties on the consolidated financial statements of the SEAT Pagine Gialle Group for 2012 are listed below.
The effects of intra-group transactions between consolidated companies have been eliminated in the consolidated data.

Transactions carried out by Group companies with related parties, including intra-group transactions, come under ordinary operating activities and are subject to market conditions or specific legislative provisions. There were no atypical or unusual transactions, nor were there any transactions giving rise to a possible conflict of interests.

Statement of operations

(euro/thousand)	1st half year 2012	Associates	Companies with significant influence	Other related parties (*)	Total related parties 1st half year 2012
Cost of material and external services	(168,892)	-	-	(214)	(214)
Salaries, wages and employee benefits	(88,704)	-	-	(2,521)	(2,521)
Non-recurring costs	(56,454)	(2.174)	-	(2,060)	(4,234)
Interest expense	(80,123)	-	-	-	-

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

(euro/thousand)	1st half year 2011 restarted	Associates	Companies with significant influence	Other related parties (*)	Total related parties 1st half year 2011
Cost of material and external services	(165,721)	-	-	(214)	(214)
Salaries, wages and employee benefits	(89,182)	-	-	(4,552)	(4,552)
Non-recurring costs	(7,023)	-	-	(468)	(468)
Interest expense	(139,115)	(52,125)	-	-	(52,125)

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

Statement of financial position

(euro/thousand)	As at 06.30.2012	Associates	Companies with significant influence	Other related parties	Total related parties as at 06.30.2012
Non-current financial liabilities	(752,561)	–	–	–	–
Non-current reserves to employees	(29,994)	–	–	–	–
Current financial liabilities	(2,201,407)	(1,369,500)	–	–	(1,369,500)
Trade payables	(172,796)	(131)	–	(519)	(650)
Payables for services to be rendered and other current liabilities	(264,436)	(633)	–	(1,224)	(1,857)

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

(euro/thousand)	As at 30.06.2011	Associates	Companies with significant influence	Other related parties (*)	Total related parties as at 06.30.2011
Non-current financial liabilities	(2,461,938)	(1,300,000)	–	–	(1,300,000)
Non-current reserves to employees	(25,383)	–	–	(325)	(325)
Current financial liabilities	(334,120)	(17,375)	–	–	(17,375)
Trade payables	(171,615)	(29)	–	(782)	(811)
Payables for services to be rendered and other current liabilities	(363,629)	–	–	(468)	(468)

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

Statement of cash flows

(euro/thousand)	1st half year 2012	Associates	Companies with significant influence	Other related parties (*)	Related parties 1st half year 2012
Cash inflow (outflow) from operating activities	139,810	(1,784)	–	(4,594)	(6,378)
Cash inflow (outflow) for investments	(17,918)	–	–	–	–
Cash inflow (outflow) for financing	(1,092)	–	–	–	–
Cash flow on non-current assets held for sale and discontinued operations	(2)	–	–	–	–
Cash flow for the year	120,798	(1,784)	–	(4,594)	(6,378)

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

(euro/thousand)	1st half year 2011	Associates	Compa-nies with significant influence	Other related parties (*)	Related parties 1st half year 2011
Cash inflow (outflow) from operating activities	189,799	–	–	(4,556)	(4,556)
Cash inflow (outflow) for investments	(20,484)	–	–	–	–
Cash inflow (outflow) for financing	(281,412)	(52,125)	–	–	(52,125)
Cash flow on non-current assets held for sale and discontinued operations	2	–	–	–	–
Cash flow for the year	(112,095)	(52,125)	–	(4,556)	(56,681)

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

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

Statement of operations

(euro/thousand)	1st half year 2012	1st half year 2011	Type of transaction
NON RECURRING COSTS, NET			
of which:	(2,174)	-	
Lighthouse International Company S.A.	(2,174)	-	costs related to Funding Request agreement
INTEREST EXPENSE			
of which:	-	(52,125)	
Lighthouse International Company S.A.	-	(52,125)	interest expense on long-term subordinated facilities

Statement of financial position

(euro/thousand)	06.30.2012	06.30.2011	Type of transaction
NON-CURRENT FINANCIAL DEBTS			
of which:	-	-	
Lighthouse International Company S.A.	-	-	subordinated financing
CURRENT FINANCIAL DEBTS			
of which:	(1,369,500)	(1,369,500)	
Lighthouse International Company S.A.	(1,369,500)	(1,369,500)	subordinated financing and outstanding interest expense for the period
TRADE PAYABLES			
of which:	(131)	(131)	
Lighthouse International Company S.A.	(131)	(131)	consulting costs
PAYABLES FOR SERVICES TO BE RENDERED AND OTHER CURRENT LIABILITIES			
of which:	(633)	(243)	
Lighthouse International Company S.A.	(633)	(243)	debts related to Funding Request agreement

32. Other information

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

Company (business)	Registered office	Share capital		Ordinary shares 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	1,000,000	98,370	SEAT Pagine Gialle S.p.A.	98.370
EUROPAGES Benelux SPRL (promotion and marketing of the "Europages" directory)	Brussels (Belgium)	Euro	20,000	99.00	Europages S.A.	97.386
PRONTOSEAT S.r.l. (call center services)	Turin (Italy)	Euro	10,500	100.00	SEAT Pagine Gialle S.p.A.	100.00
SEAT PAGINE GIALLE ITALIA S.p.A. (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)	Sterline	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)	AMO	50,000	100.00	Telegate AG	77.37

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	
LIGHTHOUSE INTERNATIONAL COMPANY S.A. (holding)	Luxenbourg	Euro	31,000	25.00	SEAT Pagine Gialle S.p.A.	25.00
TDL BELGIUM S.A. (in liquidation) (publishing and distribution of directories)	Bruxelles (Belgium)	Euro	18,594,176	49.60	TDL Infomedia Ltd.	49.60

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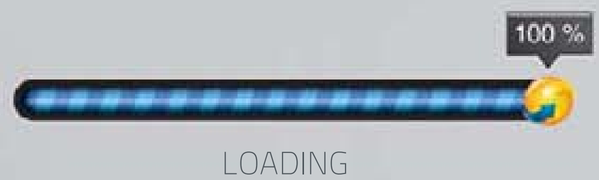
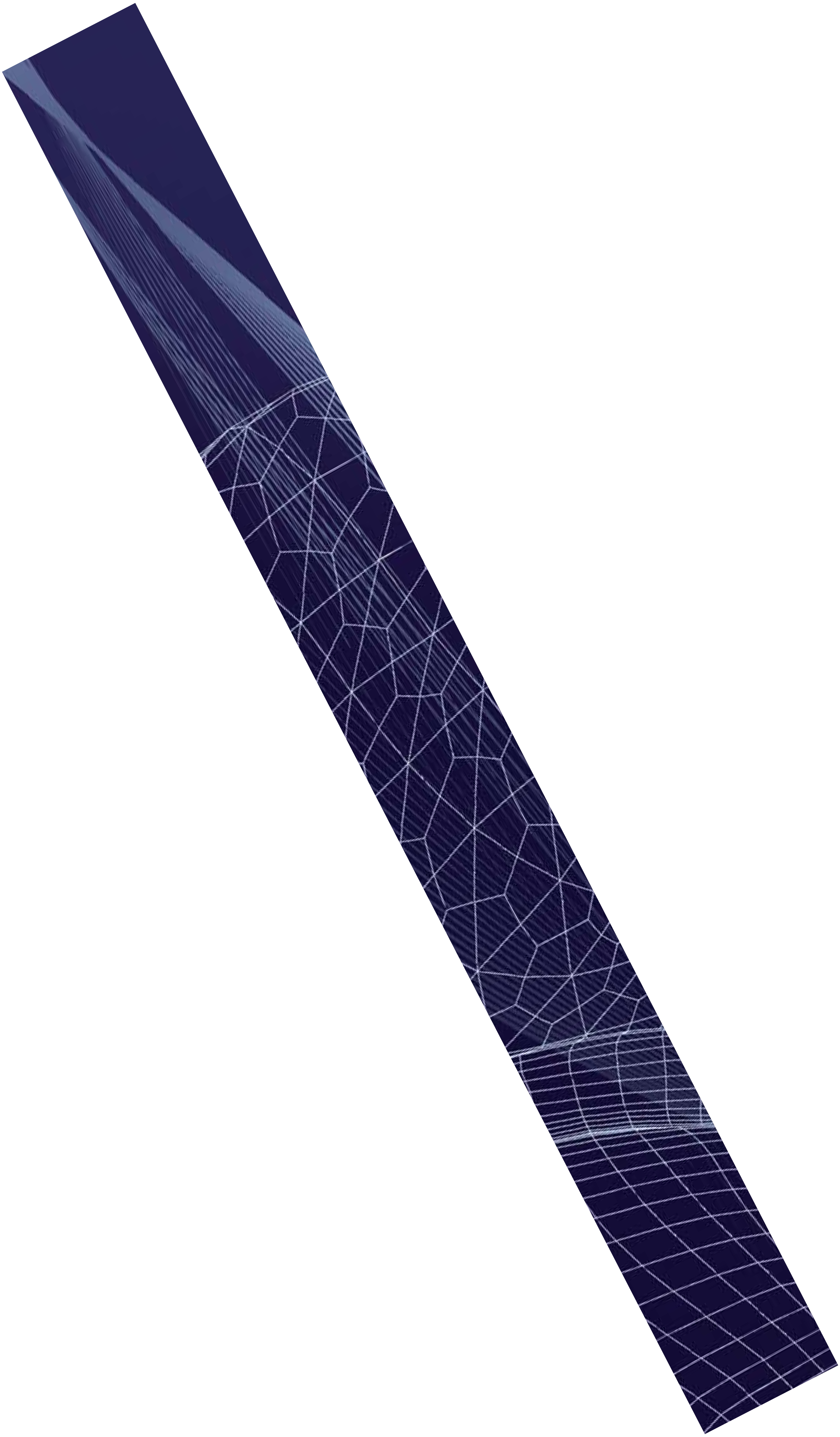
Other Information





Certification of the condensed consolidated half-year financial statements pursuant to Article 154-*bis* of Legislative Decree 58/98

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 certify, taking into account the provisions of article 154-bis, sub-sections 3 and 4 of Legislative Decree No. 58 of February 24, 1998, that the administrative and accounting procedures for the preparation of the Interim condensed consolidated financial statements, deemed to be adequate in relation to the characteristics of the business, have been effectively applied during the first half of 2012.
2. All administrative and accounting procedures relating to the preparation of the Consolidated Financial Statements as at June 30, 2012 were critically reviewed during the period 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 June 30, 2012:

   1. have been prepared in compliance with the applicable IAS/IFRS principles recognized by the European Community in compliance with (EC) Regulation no. 1606/2002 of the European Parliament and of the Council of July 19, 2002, and specifically IAS 34 – interim financial statements – as well as the provisions set out pursuant to the implementation of article 9 of Legislative Decree no. 38/2005;
   2. agree with the books and accounting records;
   3. are suitable to provide a true and correct representation of the financial situation of the issuer and the collection of businesses included in its consolidation scope.

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

Milan, August 07, 2012

For the Board of Directors
The Chairman

Manager responsible for preparation
of the financial statements

Enrico Giliberti

Massimo Cristofori

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AUDITORS' REPORT ON THE REVIEW OF CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2012

To the Shareholders of
SEAT Pagine Gialle SpA

1. We have reviewed the consolidated condensed interim financial statements of SEAT Pagine Gialle SpA and its subsidiaries (the "SEAT Pagine Gialle Group") as of 30 June 2012 and for the six months then ended, comprising the statement of financial position, the statement of operations, the statement of comprehensive income, the statement of changes in shareholders' equity, the statement of cash flows and the related explanatory notes. The Directors of SEAT Pagine Gialle SpA are responsible for the preparation of the consolidated condensed interim financial statements in accordance with the International Financial Reporting Standards applicable to interim financial reporting (IAS 34), as adopted by the European Union. Our responsibility is to issue this report based on our review.

2. Our work was conducted in accordance with the criteria for a review recommended by the National Commission for Companies and the Stock Exchange (CONSOB) with Resolution no. 10867 of July 31, 1997. The review consisted principally of inquiries of company personnel about the information reported in the consolidated condensed interim financial statements and about the consistency of the accounting principles used therein, as well as the application of analytical review procedures on the data contained in the above mentioned consolidated condensed interim financial statements. The review excluded certain auditing procedures such as compliance testing, verification and validation tests of the assets and liabilities and was therefore substantially less in scope than an audit performed in accordance with generally accepted auditing standards. Accordingly, unlike an audit on the annual consolidated financial statements, we do not express an audit opinion on the consolidated condensed interim financial statements.

   For comparative purposes, the consolidated condensed interim financial statements include the consolidated financial statements of the prior year as well as the consolidated condensed interim financial statements of the corresponding period of the prior year. As described in the explanatory notes, due to the application of the IFRS 5, the Directors have restated certain comparative amounts relating to both the consolidated financial statements of the prior year and the consolidated condensed interim financial statements of the corresponding period of the prior year. These comparative financial statements were previously audited and reviewed by other auditors, which issued their reports dated 30 April 2012 and 29 August 2011 respectively. We have reviewed the method adopted to restate the comparative amounts and the information included in the explanatory notes for the purpose of issuing our report on the review of the consolidated condensed interim financial statements as at 30 June 2012.

PricewaterhouseCoopers SpA

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3. Based on our review, nothing has come to our attention that causes us to believe that the consolidated condensed interim financial statements of the SEAT Pagine Gialle Group as of 30 June 2012 have not been prepared, in all material respects, in accordance with the International Financial Reporting Standards applicable to interim financial reporting (IAS 34), as adopted by the European Union.

4. We draw your attention to the information provided by the Directors in the explanatory notes under paragraph "Going concern evaluation" regarding the actions planned in order to complete the financial restructuring and to remedy the situation pursuant to Article 2447 of the Italian Civil Code. These actions are the basis of the Directors' assessment of the going concern assumption underlying the preparation of the consolidated condensed interim financial statements as at 30 June 2012.

Turin, 8 August 2012

PricewaterhouseCoopers SpA

Signed by

Piero De Lorenzi
(Partner)

This report has been translated into the English language, from the original which was issued in Italian, solely for the convenience of international readers.

seat PG
PAGINE GIALLE
motore di relazioni

THE LOCAL MARKETING COMMUNICATION AGENCY

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Official documents may be requested to

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Art direction Satiz S.r.l.
Printed in September 2012