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Annual Report 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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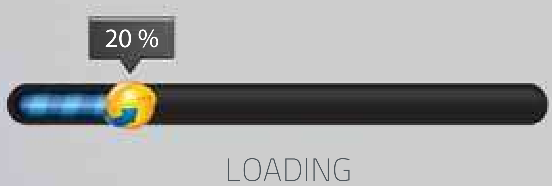
Highlights and general information



Company boards

(information correct as at June 27, 2013)

Board of Directors (1)

Chairman
Guido de Vivo

Chief Executive Officer
Vincenzo Santelia (2)
Chiara Damiana Maria Burberi (I)
Mauro Del Rio (I)
Paul Douek (3)
Francesca Fiore (I)
Mauro Pretolani (I)
Harald Rösch (I)
Luca Rossetto (I)

Secretary to the Board of Directors
Michaela Castelli

Appointments and Remuneration Committee (4)

Chairman
Mauro Pretolani
Paul Douek (3)
Francesca Fiore

Audit and Risk Committee (4)

Chairman
Chiara Damiana Maria Burberi
Harald Rösch
Luca Rossetto

Board of Statutory Auditors (5)

Chairman
Enrico Cervellera

Standing auditors
Vincenzo Ciruzzi
Andrea Vasapolli

Alternate auditors
Guido Costa (5)
Guido Vasapolli (5)

Common representative of savings shareholders

Stella d'Atri (6)

Chief Financial Officer

Massimo Cristofori

Independent Auditors (5)

PricewaterhouseCoopers S.p.A.

(1) The Board of Directors was appointed by the Shareholders' Meeting of October 22, 2012.
(2) Director Vincenzo Santelia was appointed Chief Executive Officer by the Board of Directors on October 26, 2012.
(3) Director Paul Douek, also a member of the Appointments and Remuneration Committee, resigned from the Company with effect from April 29, 2013.
(4) The Committees were appointed by the Board of Directors on October 26, 2012.
(5) The Board of Statutory Auditors and the Independent Auditors were appointed by the Shareholders' Meeting of June 12, 2012; alternate auditors Guido Vasapolli and Guido Costa resigned on April 24, 2013 and May 2, 2013 respectively.
(6) Appointed by the special meeting of savings shareholders on May 2, 2013 for the fiscal years 2013, 2014 and 2015.
(I) Directors who meet the independence criteria set forth in articles 147-ter, paragraph 4, and 148, paragraph 3, of Legislative Decree 58/1998 and in the Code of Corporate Governance for Listed Companies.

Introduction

The last 18 months (the year ended December 31, 2012 and the first half of 2013) may be considered the most troubled period in the long history of SEAT Pagine Gialle S.p.A. ("SEAT" or the "Company") and the Group belonging to it.

During this period, the current Board of Directors has managed the Company only since the latter part of the last financial year. The previous Board consisted mainly of representatives of the closed-ended private equity funds that performed a leveraged buyout of the Company in 2003, which has had a deep and lasting effect on the Company's fate.

In light of this, readers should bear in mind that all information presented in this report referring to the period prior to November 2012 (as is the case for the Interim Report as at September 30, 2012) is based exclusively on the documentation prepared by the previous directors and the information provided by management.

The 2012 financial year was marked by market and economic conditions in continuing sharp decline. The year's most significant event was the consensual financial restructuring process (the "Restructuring"), which was based on a plan that was approved in August 2011 and subsequently reviewed in January 2012, before being submitted in February 2012 for certification pursuant to article 67, paragraph 3, letter d) of Royal Decree 267/1942 (the "Bankruptcy Act"). The forecasts set out in the plan were based on institutional estimates made at the time concerning future macroeconomic and market performance. This process, which was begun in 2011, continued until September 2012 and had significant negative effects on operating activities, which were seriously exacerbated by the sudden death of Alberto Cappellini, the Company's CEO, in March 2012. Mr. Cappellini had been actively involved in both the implementation of the Company's strategy in difficult economic and competitive conditions and the financial restructuring.

The Restructuring was completed on September 6, 2012, with the Company's debt having been reduced considerably thanks to the equitization of almost all of the senior subordinated notes issued by Lighthouse International Company S.A. ("Lighthouse") and the refinancing of the debt to the Milan branch of The Royal Bank of Scotland plc ("The Royal Bank of Scotland" or "RBS"). The Company's shareholder structure underwent a major change following the merger by incorporation of Lighthouse into SEAT, with existing shareholders seeing their stake of the post-merger share capital reduced to 12% and the Lighthouse bondholders acquiring a stake of 88%.

The Restructuring was the result of long, c omplex, difficult and extremely costly negotiations between the Company, the three categories of financial creditors (RBS, holders of the 2010-17 senior secured bonds and holders of the Lighthouse senior subordinated notes) and the consortium of private equity funds that together owned around 50% of the Company's ordinary share capital, held between fall 2011 and March 2012, which resulted in an agreement on the essential elements of the Restructuring (the "term sheet"). Based on the term sheet, the agreements reached were implemented between February and September 2012 through a series of complex extraordinary financial and corporate transactions (a description of the phases and implications of the Restructuring transactions can be found in the relevant prospectuses published on www.seat.it, under the "Corporate Governance" section, in particular the prospectus prepared pursuant to article 70 and article 57 of Consob Regulation 11971/99, as subsequently amended, and in the subsequent relevant sections of this report).

The Restructuring was based on the forecast business, economic and financial data set out in the "2011-2013 Guidelines and 2015 Projections" (the "Guidelines") drawn up by the Board of Directors in office at the time.

The Restructuring involved the transfer of almost the entire business of the Company (including debts) to its wholly owned subsidiary SEAT Pagine Gialle Italia S.p.A., with a view to pledging the latter's shares to creditors. As a result of these operations, which were carried out in August and September 2012, and of the net cash flows generated from continuing operations and investment during the period, the Company's debt fell from around € 2,736 million at the end of 2011 to approximately € 1,328 million at December 31, 2012.
As mentioned above, as a result of the corporate transactions carried out pursuant to the 2012 restructuring agreements (the merger between the Company and Lighthouse in particular), the Company's shareholder structure underwent a major change in September 2012, with the private equity funds that had controlled the Company for the last decade seeing their combined stake reduced to around 6%.

As at October 22, 2012, some Lighthouse shareholders (almost all of which were foreign hedge funds) held individual stakes of more than 2% in the Company, accounting for a total shareholding of 45.51%. On that date, the Shareholders' Meeting appointed a new Board of Directors, which took office and began operations at the beginning of November 2012. Its first act was to appoint

Vincenzo Santelia as the new CEO, the position left vacant following the death of Alberto Cappellini.
After completing the necessary introductory process (involving getting familiar with the Company's business and organizational structure), the new CEO analyzed the Group's financial situation and operating and financial results for the year under way, as well as the relevant forecasts for the 2013 year.

Before embarking upon said analysis, the new Board of Directors was faced with the difficult task of approving the Interim Report as at September 30, 2012. The period in question was overseen exclusively by the previous Board, and the new Board did not have the time it needed to perform all the necessary checks.

Consequently, the new Board had to base its assessments on the principal data from the accounts and documents recently prepared by the previous directors (specifically: the Consolidated Half-Year Report as at June 30, 2012, approved on August 7, 2012 and subjected to a limited audit by the Group's newly appointed auditors; all documentation produced up to the end of August 2012 in connection with the aforementioned transfer to SEAT Pagine Gialle Italia S.p.A., including the expert report; the assessments of the advisors tasked with the purchase price allocation relating to the aforementioned Lighthouse/SEAT merger (based on which the extremely high amounts relating to the Company's intangible assets were determined. The current Board subsequently subjected said assets to impairment tests for the purposes of drawing up these financial statements; the results are described below).
Furthermore, as stated in the Interim Report, *"in the process of approval this Interim Report, the Board of Statutory Auditors (which was in office throughout the financial restructuring) and the management have informed the directors in office that, to the best of their knowledge, no events had occurred since these documents were drafted and approved that could significantly affect the presentation of the Group's financial position as at the date of approval of this Interim Report*".
In line with its perspective, on November 2, 2012 the Group's Finance Department made an early repayment of a principal installment of € 25 million due on December 28, 2012, to be recorded as a reduction of the Company's bank debt, in order to optimize financial costs and since it had the necessary cash on hand.

With this background of apparent normality, between November 2012 and January 2013, the CEO, Mr. Santelia, performed checks on the Group's current and future business situation and operating and financial performance. To the surprise of the new directors, the outcome showed that the results then being formed (and now finalized) for 2012 were considerably worse than both the 2011 results and the forecasts set out in the Guidelines.
However, even more important than this was the fact that the forecast made for the 2013 financial year, which had just begun, was much worse than the projections set out in the Guidelines (which were used as the basis for the Restructuring).

The main reason for this is probably the fact that the crisis on the advertising market that had begun in 2011 worsened more than expected in 2012 as a direct result of the continuing deterioration of Italy's economy, and in particular the decline in advertising spending by SMEs, the Company's traditional customer base.
Furthermore, it emerged that the effects of the previous commercial policy on SEAT's operating activities exacerbated the negative consequences of the general market trend (an in-depth analysis of the above can be found on page 32 of this report).
The Company was also affected by the sudden death of Alberto Cappellini in March 2012, which left it without a leader until the new CEO took office in November that year.

Therefore, in January 2013, the new Board had to acknowledge that the economic and financial objectives set out in the Guidelines were no longer valid or attainable in light of recent performance and updated market forecasts.
More specifically, based on the updated forecast data resulting from the preparation of the 2013 budget, the new Board considered that the cash flows generated from operating activities (though significant), combined with cash and cash equivalents on hand, would be insufficient to meet the financial commitments arising from the Restructuring for 2013, equal to around € 200 million in principal and interest payments.
It also became apparent that the drastic downgrading of the forecast EBITDA generated by the Group's core business would result in the need to carry out significant write-downs of intangible assets that would more than wipe out its balance sheet (which had recently been rebuilt thanks to the Restructuring but remained woefully inadequate). This would likely trigger a situation pursuant to articles 2446 and 2447 of the Italian Civil Code for the Company and its main operational subsidiary, SEAT Pagine Gialle Italia S.p.A.

In light of the Company's unsustainable financial position, its Board of Directors and that of SEAT Pagine Gialle Italia S.p.A. decided on February 6, 2013 to file for a composition with creditors' procedure to ensure business continuity pursuant to article 161 of the Bankruptcy Act, making a 'blank filing' pursuant to paragraph 6 of said article. The Board also decided not to pay the half-yearly coupon maturing on January 31, 2013 in relation to the senior secured bonds and (nor) the interest installments on the senior bank loan due on February 6.

The composition with creditors legislation enables the Company to proceed with its ordinary business activities provided that it complies with the principle of equal treatment of creditors, pursuant to which payments may not be made on debts in existence at the filing date without the authorization of the competent court. The Court must also authorize extraordinary administration measures. Having filed for the agreement, the Company enters into and may duly honor commitments related to its ordinary operations. The Company is therefore proceeding with its business activities, within the aforementioned limitations. It is not suffering any significant negative effects as a result of its situation, and the procedure grants it protection against its creditors.
The composition with creditors' procedure recently enacted by Italian legislation, appeared to be the best solution to safeguard creditors' interests and is particularly well suited to the SEAT Group's economic, cash flows and financial position, in the interests of all stakeholders.
The Group has only a limited value in tangible fixed assets that it can liquidate to satisfy its creditors, and its most important resource by some distance is its still considerable ability to generate positive cash flows without having to seek new sources of financing for its ordinary operations.
SEAT's ability to continue as a going concern is essential if this characteristic of the Group is to be valued: if it cannot continue as a going concern, its liquidation value (net of relative costs) would be nowhere near sufficient to cover its total debt.
After the Company filed for a composition with creditors' procedure, the Court gave it a period of 120 days, which was then extended by just under a month until July 1, 2013, to submit the composition proposal, including the plan and the other necessary documentation.

The Company consequently began drawing up a new business plan based on the assumption that economic conditions would continue to be difficult. According to the plan, the Company would begin to recover in 2013, but would have to allow sufficient time for the strategic directions and measures identified to take effect. At the end of the time horizon of the forecast data (2018), the Company is expected to still be profitable and able to generate cash, but on a smaller scale than in the past.

Specifically, the Board of Directors approved the new economic and operating strategic guidelines (the "New Strategic Guidelines") for the formulation of the plan and proposed composition with creditors on the assumption of business continuity pursuant to article 186-bis of the Bankruptcy Act (the "Plan" and the "Proposal" respectively), which will be evaluated by the Court, with the help of the Court appointed commissioner, in accordance with the time frames and terms and conditions provided for by applicable legislation.
The Plan and the Proposal, in whatever form they take once this process has been completed, will follow the authorization schedule established by the rules governing composition with creditors' procedure.
Furthermore, the provisions of the New Strategic Guidelines and the Plan, which were formulated in particularly uncertain and unstable market and economic conditions, were successfully submitted for certification by an independent expert (the "Certification") pursuant to the aforementioned composition with creditors' procedure.

More details on the content of the New Strategic Guidelines can be found in the "Outlook" section, on page 58 of this report.

The Proposal was therefore prepared on the basis of the New Strategic Guidelines, giving due consideration to the results of the Certification and, where possible, to the suggestions and observations made by the creditors through their advisors. The Proposal and the Plan will be submitted to the Court of Turin. The Court will evaluate the legal and factual grounds for admitting the Company to the composition procedure; if said grounds are deemed to be lacking, the Court will declare the application inadmissible and will instead declare the Company insolvent, with all that this entails.
If the application is deemed admissible, the Proposal will be submitted for approval by the creditors so that it can subsequently be authorized by the Court.
The Proposal provides for the merger by incorporation of SEAT Pagine Gialle Italia S.p.A. into the Company, followed by the repayment in full of the senior creditors not downgraded, the equitization of a portion of the senior debts downgraded to unsecured, the repayment in cash of another portion of the aforementioned debts and, finally, the repayment in cash of a portion of the other unsecured debts. Once the Proposal has been authorized and executed, the Company's consolidated debt is expected to be reduced by around € 1 billion.
These measures should restore the consolidated and statutory book value of the Company's equity so that it exceeds share capital, thereby eliminating the situation pursuant to article 2446 of the Italian Civil Code.

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As mentioned above, as part of the Restructuring: *a)* SEAT merged with Lighthouse in a transaction whereby the former incorporated the latter (the "Merger"); and *b)* with effect from September 1, 2012, SEAT transferred almost its entire business, including equity investments in subsidiaries and its entire debt, to its wholly owned subsidiary SEAT Pagine Gialle Italia S.p.A. (formerly Pagine Gialle Phone Service S.r.l.) (the "Hive-down").

These extraordinary transactions had significant consequences in relation to the presentation and composition of SEAT's statements of financial position and operations following the transactions.

Pursuant to "IFRS 3 - Business Combinations", the Merger was qualifies as a reverse acquisition whereby Lighthouse was the acquirer and SEAT was the acquiree.

Although SEAT was the incorporating company from a legal perspective, in accordance with IFRS 3, for accounting purposes, Lighthouse was considered the acquirer insofar as the majority of SEAT's share capital was acquired upon completion of the Merger by the former Lighthouse bondholders, who became Lighthouse shareholders.

As a result, the SEAT Group's consolidated income statement for the year ended December 31, 2012 includes the result of Lighthouse for the first eight months and the result of the entire SEAT Group only starting from the acquisition date, August 31, 2012.

In order to provide disclosure that conforms to IFRS and enables sufficient analysis of the Group's financial performance, this annual report was prepared as follows:

- The "Financial performance of the Group" section contains a breakdown of the SEAT Group's operating performance for the year ended December 31, 2012, based on a comparable consolidated income stateemtn and consolidated statement of cash flows, showing the SEAT Group's performance for the whole of 2012, including the performance of Lighthouse S.A. for the first eight months of the financial year. As a result, the consolidated income statement and consolidated statement of cash flows show the results and cash flows for the whole of 2012 ("comparable"). The comparative data for 2011 are taken from the SEAT Group's Consolidated Financial Statements at December 31, 2011.
- In accordance with IFRS 3, the SEAT Group's results in the "Consolidated Financial Statements" section reflect the acquisition that took place on August 31, 2012. As a result, the income statement and statement of cash flows show the results and cash flows for the final four months of the year. The comparative data for 2011 are taken from the financial statements of Lighthouse Company S.A.
- The "Financial performance by Business Area" section contains Comparable data; it should be remembered that, as part of the complex financial restructuring, on September 1, 2012, immediately after the Merger by incorporation of Lighthouse into SEAT Pagine Gialle S.p.A., the Hive-down to wholly owned subsidiary SEAT Pagine Gialle Italia S.p.A. (formerly Pagine Gialle Phone Service S.r.l.) was also completed at constant carrying amounts. This means that the Italian Directories Business Area, which represented the Parent Company until the transaction took place, now also includes data relating to the transferee (SEAT Pagine Gialle Italia S.p.A.) and to the Digital Local Services companies set up by said transferee in July 2012 in order to ensure better oversight of the sales network and to provide sufficient support to agents and customers.

  Henceforth, Italian Directories refers to these aggregated data, as defined above.
- The statement of financial position in the "Separate Financial Statements of SEAT Pagine Gialle S.p.A." section reflects the Transfer of almost all the assets and liabilities to SEAT Pagine Gialle Italia S.p.A., while the income statement and the statement of cash flows show the results and cash flows generated by the transferred assets and liabilities for the first eight months, and then the results and cash flows generated by the management and coordination activities performed by the Parent Company for SEAT Pagine Gialle Italia S.p.A. for the subsequent four months. The comparative data for 2011 are taken from the Separate Financial Statements of SEAT Pagine Gialle S.p.A. at December 31, 2011.

Booking the Merger as a reverse acquisition pursuant to IFRS 3 also involved identifying the purchase price, with reference to the fair value of SEAT on the date of its acquisition, measured using the stock market capitalization on the merger date, and allocating it to the assets and liabilities of the entity deemed to be acquired (i.e. the SEAT Group). There were therefore material changes to the capital structure, including in particular the recognition of around € 800 million of intangible assets with a finite useful life (customer relationship assets, databases, trademarks) and around € 1,400 million of goodwill, meaning the total value of intangible assets was similar to the figure of approximately € 2,000 million recorded on December 31, 2011. More details on these accounting issues can be found in the "IFRS 3 - Business Combinations" section on page 51 of the Report on operations.

For the purposes of preparing these financial statements, as mentioned above, the Company conducted impairment tests on its intangible assets. The tests revealed a need to perform large write-downs on these assets in light of the values attributable to said assets under the business plan drawn up by the current Board and used as the basis for the Proposal being considerably lower than those recorded at the time of the Merger and those listed in the Consolidated Financial Statements of the pre-merger Company. As a result of the write-downs, which totaled € 1,849,990 thousand (€ 1,691,980 thousand net of deferred taxes) at Group level, including those made in the Half-Year Report at June 30, 2012, and € 691,888 thousand at Parent Company level, consolidated equity at December 31, 2012 was -€ 996,460 thousand, while Parent Company equity fell to € 18,586 thousand. As a result of these losses, the share capital fell below one third of its previous level, thereby triggering the situation pursuant to article 2446 of the Italian Civil Code.

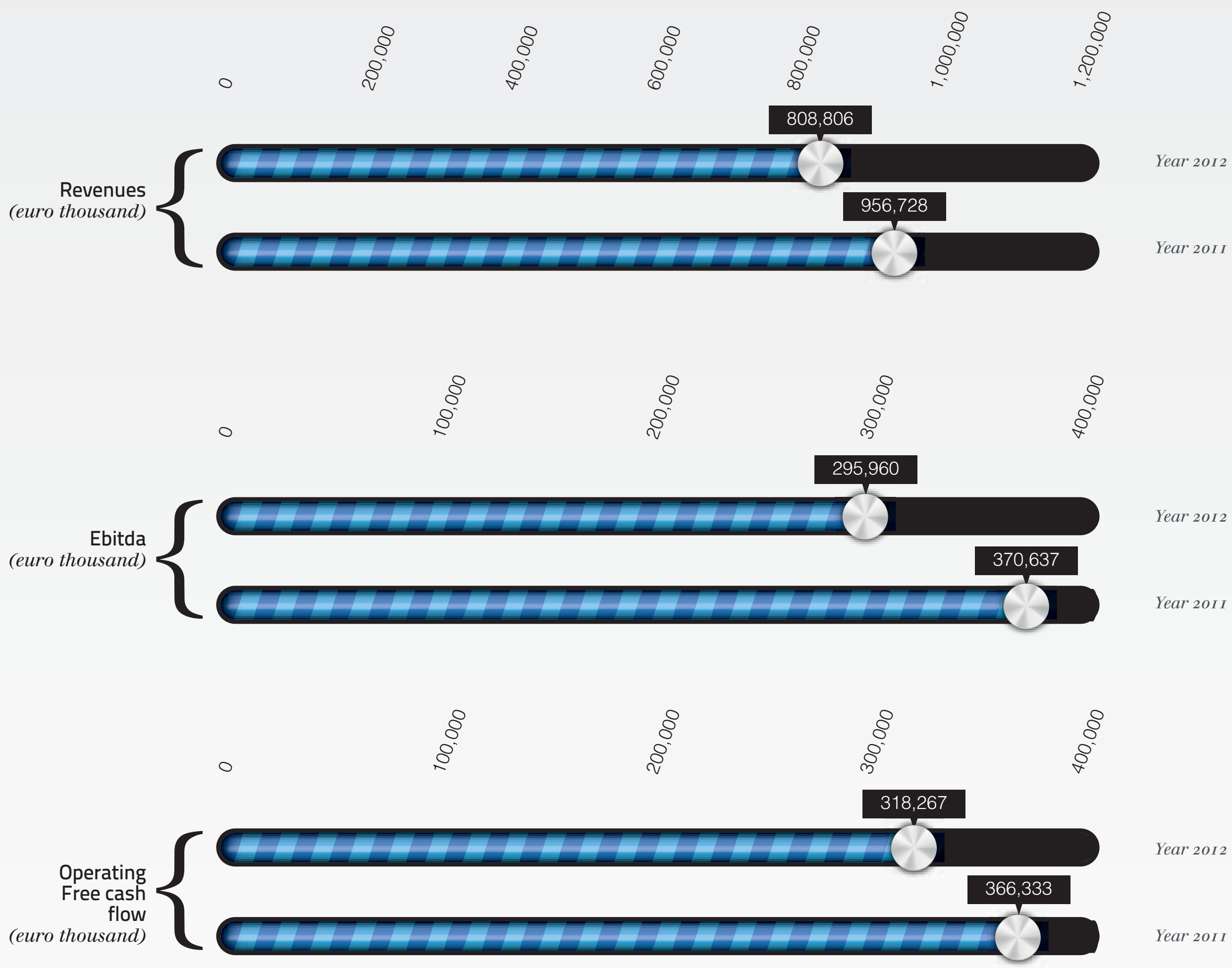
In addition, the impairment tests had a significant impact on the financial statements of subsidiary SEAT Pagine Gialle Italia S.p.A., where write-downs brought about negative equity of € 1,045,935 thousand and thus triggered the situation pursuant to article 2447 of the Italian Civil Code.

Pursuant to article 182-sexies of Italy's Bankruptcy Act, articles 2446 and 2447 of the Italian Civil Code do not apply from the date when the petition is filed for a composition with creditors' procedure (in this case, February 6, 2013 for both companies) until such a request is authorized, meaning that the decision-making obligations of the Shareholders' Meeting are suspended for that period.

Financial highlights of the Group

The financial results of the SEAT Pagine Gialle Group for 2012 are shown against those for 2011 on a like for like basis, as described in more detail in the Introduction, in order to enable the accounting items to be compared and analyzed fairly.

- Consolidated REVENUE of € 808.8 million, down by 15.5%.
- Consolidated EBITDA of € 296 million, down by 20.1%. This result benefited from the positive one-off component equal to € 55.7 million on the outcome of the judjments of Telegate.
- OPERATING FREE CASH FLOW of € 318.3 million and NET FINANCIAL DEBT at December 31, 2012 of € 1,327.9 million.



(euro thousand)	Year 2012	Year 2011
Economic and financial data		
Revenues from sales and services	808,806	956,728
GOP (*)	303,403	410,978
EBITDA (*)	295,960	370,637
EBIT (*)	(1,754,890)	(433,019)
Pre-tax profit (loss)	(1,204,205)	(701,784)
Profit (loss) on continuing operations	(1,049,554)	(788,968)
Profit (loss) pertaining to the Group	(1,058,542)	(789,750)
OFCF (*)	318,267	366,333
Net invested capital (*)	45,991	48,095
Capitale investito netto (*)	359,794	2,149,846
of which goodwill and customer database	*252,205*	*1,951,857*
of which net operating working capital (*)	*10,477*	*96,051*
Equity of the Group	(996,460)	(568,759)
Net financial debt (*)	1,327,945	2,736,486
Economic and financial ratios		
EBITDA/Revenues	36.6%	38.7%
EBIT/Revenues	(217.0%)	(45.3%)
EBIT/Net invested capital	(487.7%)	(20.1%)
Profit (loss) for the period/Equity of the Group	n.s.	138.9%
Free cash flow operativo/Revenues	39.4%	38.3%
Operating working capital/Revenue	1.3%	10.0%
Workforce		
Workforce at the end of the period (units)	3,997	4,292
Average workforce for the period	3,524	3,836
Revenues/Average workforce	230	249

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

Non-GAAP measures

This section reports on several non-GAAP measures used in the Financial Statements at December 31, 2012 to provide tools for analyzing the financial performance of the Group in addition to those based on the financial statements.

These indicators are not identified as accounting measures within the IFRS framework, and therefore must not be considered an alternative standard by which to assess the economic and financial performance of the Group or its capital or financial position. Since these measures are not governed by the benchmark accounting standards, the calculation methods used by the 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 result before amortization, depreciation and other non-recurring and restructuring costs, net*) refers to **EBIT** (*operating result*) before non-recurring and restructuring costs, net, and operating amortization, depreciation and write-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 debt (book value)** is the sum of cash and cash equivalents, current financial assets and liabilities and non-current financial liabilities.
- **Net financial debt** refers to net financial debt (book value) gross of net adjustments relating to cash flow hedge instruments and of transaction and refinancing costs.
- **OFCF** (operating free cash flow) is the EBITDA, adjusted to take into account the effect of capital expenditure and the change in operating working capital and operating non-current liabilities on the net financial position.

Information for shareholders

Shares

(euro thousand)		At 31.12.2012 (*)	At 31.12.2011 (***)
Share Capital	euro	450,265,793.58	450,265,793.58
Number of ordinary shares	n.	16,066,212,958	1,927,027,333
Number of saving shares	n.	680,373	680,373
Market capitalization – *based on average market price*	euro/mln	77	56
SEAT Pagine Gialle S.p.A. share weighting (SPG ordinary shares) – Ftse Italia All Share (ex Mibtel)		0.033%	0.016%
Equity par share (**)	euro	(0.150)	(0.295)
Profit (loss) par share (**)	euro	(0.159)	(0.410)

(*) New composition of share capital (wholly subscribed) following the merger by incorporation of Lighthouse International Company S.A. into Seat Pagine Gialle S.p.A., that became effective on August 31, 2012.
(**) For a comparative reading of the data, the profit (loss) for the period refers to the entire financial year 2012.
(***) 2011 figures refer to Seat Pagine Gialle Group.

Ratings for SEAT Pagine Gialle S.p.A. (information correct as at June 27, 2013)

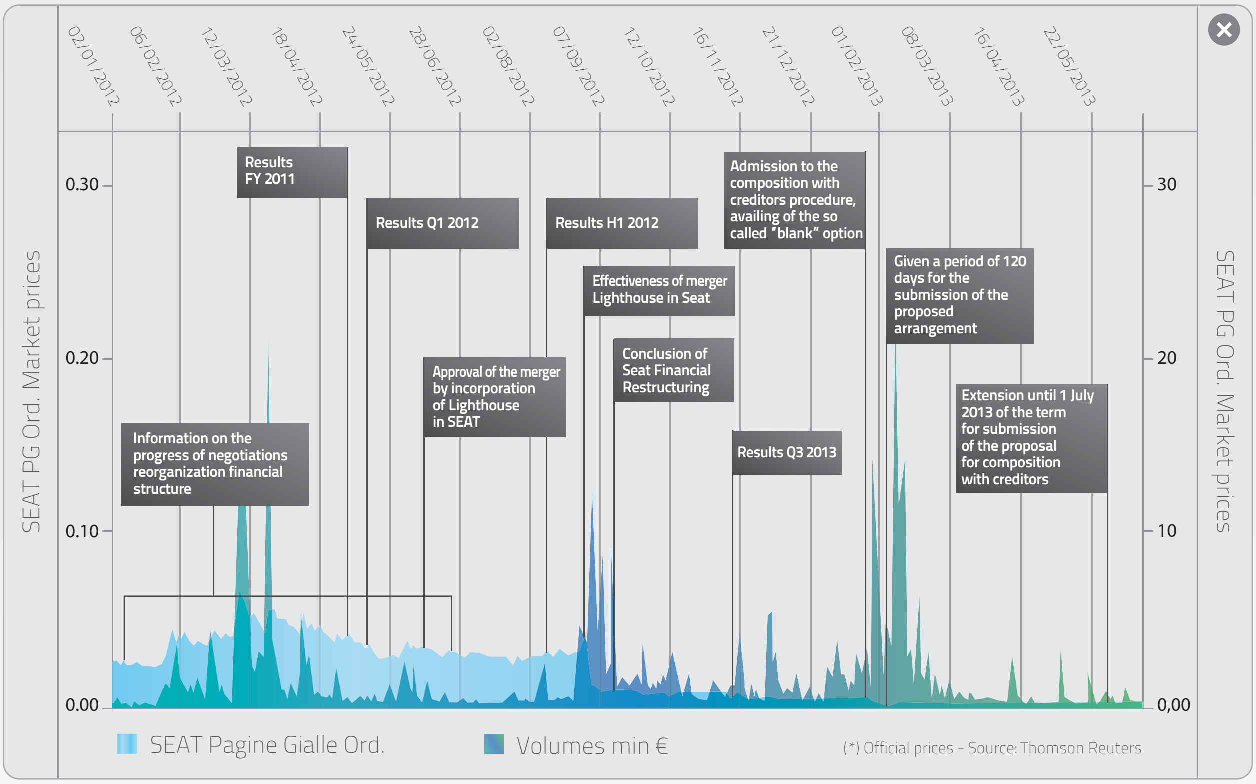
Rating Agency	Corporate	Outlook
S&P's	D	Negative
Moody's	Ca	Negative

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

SEAT Pagine Gialle shares ended trading on December 31, 2012 at € 0.0046, compared with € 0.0246 on December 31, 2011. The average trading volume in 2012 was around 102 million.

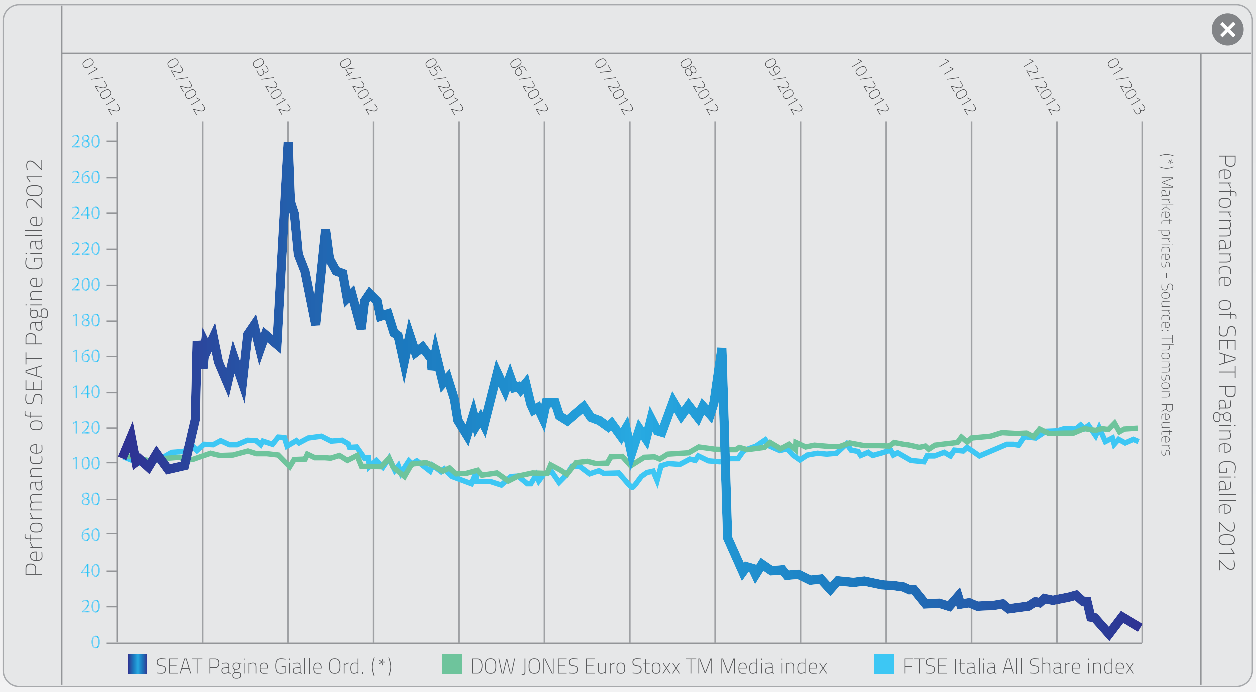
On August 31, 2012, as part of the financial restructuring process, the Merger by incorporation of Lighthouse International Company S.A. into SEAT Pagine Gialle S.p.A. came into effect, with the resulting issuance of 14,139,185,625 ordinary shares representing around 88% of the post-Merger ordinary share capital.

There were significant falls in share price across the whole sector during 2012 (Hibu -90.5%, Yellow Media Canada -67.6%, Pages Jaunes -48.5%, Eniro -22.3%).



Performance of SEAT Pagine Gialle S.p.A. shares in 2012 vs. FTSE Italia All-Share index and Dow Jones EURO STOXX TM Media index

(information correct as at June 27, 2013)



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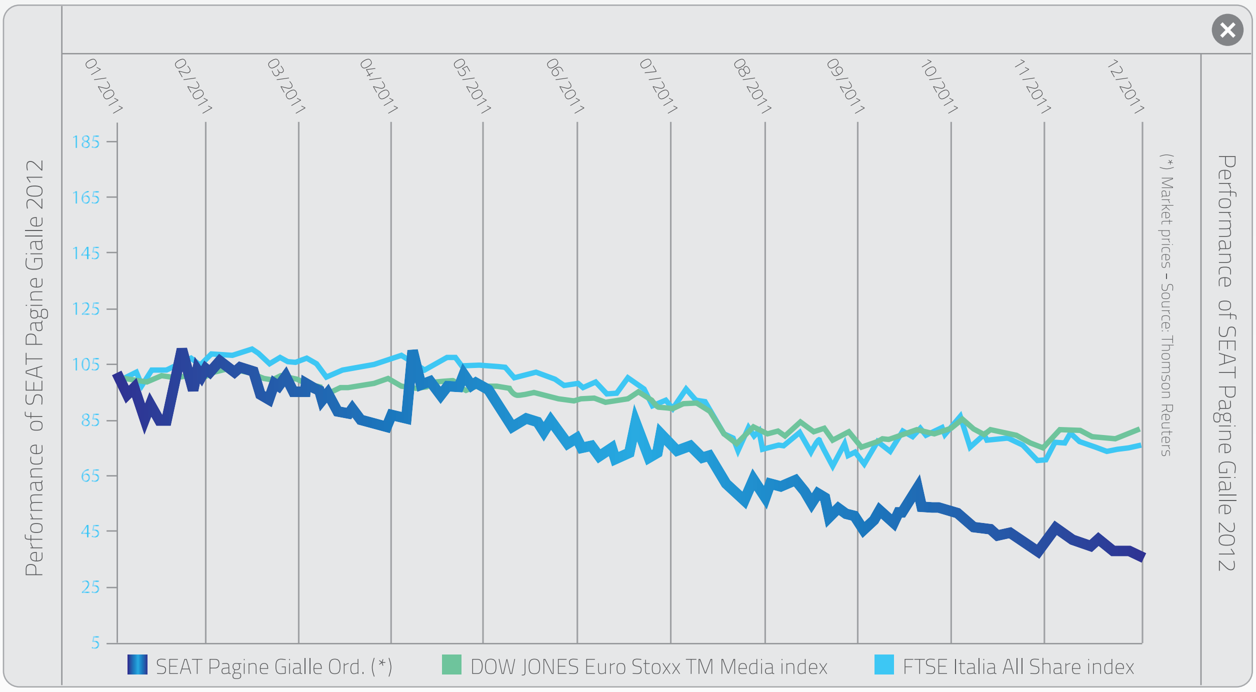


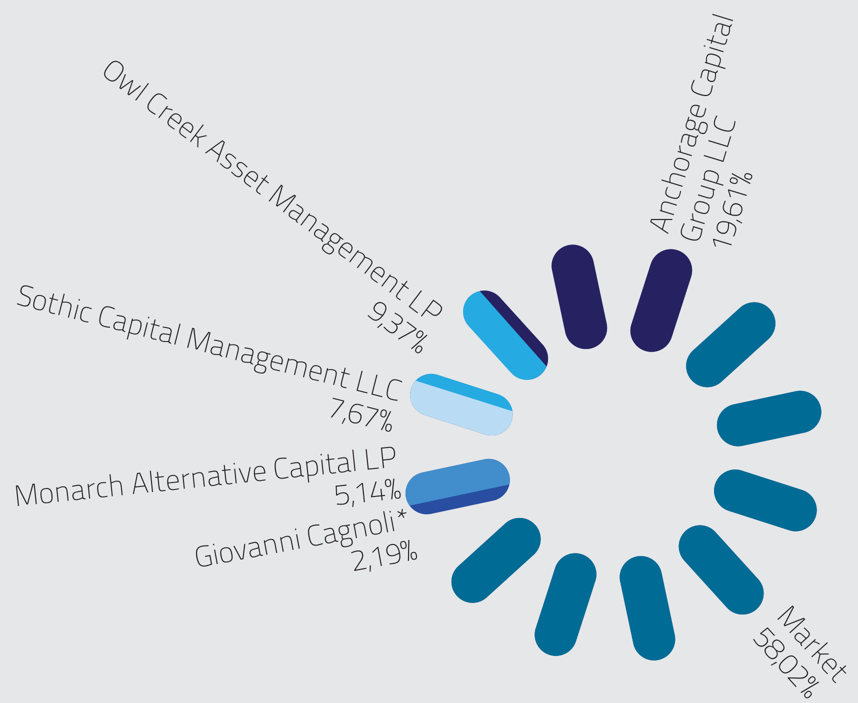
Shareholders

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 December 31, 2012.

Shareholders at December 31, 2012	Ordinary shares held	% ordinary share capital
Anchorage Capital Group LLC	2,829,853,655	17.61
Owl Creek Asset Management LP	1,506,187,500	9.37
Sothic Capital Management LLC	1,233,068,267	7.67
Monarch Alternative Capital LP	826,500,000	5.14
Giovanni Cagnoli (direct and indirect share)	352,616,728	2.19

Moreover, during 2013 all the above-mentioned shareholders, except one,proceeded to carry out the sale of the shareholding held by each of them, to the extent that all fall below 2% of the capital of SEAT S.p.A. At the date of this report, the sole shareholder of a holding more than 2% is dr. Giovanni Cagnoli, with 2.19%.

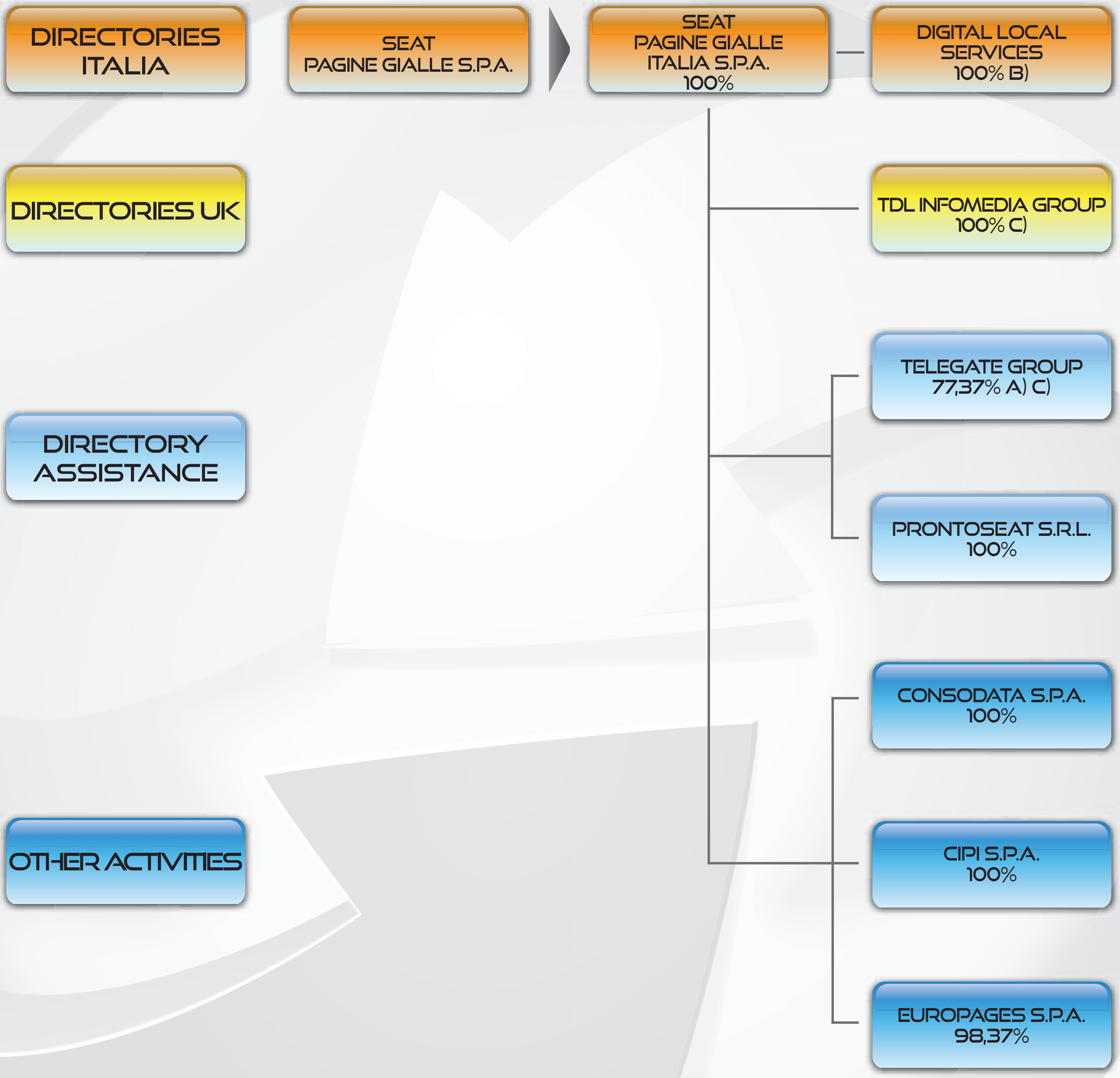
SEAT Pagine Gialle S.p.A. shareholder structure as at December 31, 2012



* Direct and indirect participation

Organizational structure of the Group

(information correct as at June 27, 2013)



LEGENDA

A) 16,24% directly owned through Telegate Holding GmbH.

B) Single shareholder limited liaility compagnie set up on July 2012, equal to 74, directly owned by SEAT Pagine Gialle Italia S.p.A..

C) Subsidiaries of TDL Infomedia Group and Telegate Group are shown in the specific section of the Economic Financial Performance by Business Area.

Market situation and strategic positioning

The SEAT Pagine Gialle Group is a local internet company that is well established throughout Italy and with significant foreign operations. 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). SEAT's web marketing services include website and mobile site construction and management optimized for mobile use, multimedia content creation, web visibility, e-commerce and online marketing, managing clients' presence on social networks, and couponing.

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).

In 2012, SEAT continued to focus on developing products aimed at small and medium-sized Italian businesses in order to improve their web presence, and to leverage the potential of new technologies to increase efficiency and competitiveness in local, domestic and international markets. As it aims to give companies the chance to reach their target audience by using the tools, methods and channels that are most popular with consumers, SEAT's product innovation is driven mainly by three factors: local activities, mobile services and social networking. In particular, the Company, which has always been aware of market developments and trends, has *(i)* consolidated its presence in the couponing market, enabling firms to localize the online and mobile promotion of their business through discounts and promotional offers; *(ii)* given its customers the chance to promote their products and services effectively on mobiles through a series of proprietary apps and mobile sites for the bestselling smartphones in Italy; and *(iii)* enabled firms to establish an effective presence on social networks, which have an increasing influence on users' purchasing behavior. Continuing on the social-networking theme, the Company has introduced the possibility for users to comment on products and businesses that feature on www.paginegialle.it, thereby enabling firms to interact with their customers in a collaborative fashion.

Italian Directories

The 2012 operating results were achieved during a recession. According to Istat (the Italian institute for statistics), GDP (gross domestic product) fell by 2.4% during 2012, with the fourth quarter down 0.9% on the previous three months and 2.8% compared with the fourth quarter of 2011. The fall of -0.9% witnessed in the fourth quarter was steeper than those of previous quarters (-0.8% in the first quarter, -0.7% in the second and -0.2% in the third) and was the sixth consecutive contraction. Istat claims that the downturn in the Italian economy is the result of lower added value across all sectors of the economy, from agriculture to industry and services. The duration of the slowdown (six consecutive quarterly falls), however, is significant and has not been seen since 1992-93.
Looking ahead, Istat believes that GDP will fall during 2013 "by a very similar amount" to the -1.3% estimated by the government in its Economic and Financial Document (DEF) and that "based on the latest information, GDP may fall slightly in each of the four quarters of 2013, taking the total duration of the recession to two and a half years". The forecast provided by the OECD at the end of May was even more pessimistic, predicting that the recession in Italy will last throughout 2013 because "the effects of fiscal consolidation and a squeeze on credit will weigh heavy on economic activity". At the beginning of May, the OECD predicted a -1.5% fall in Italy's GDP in 2013; by the end of the month, its estimated fall had become a more gloomy 1.8%.
According to the most recent figures from Nielsen, 2012 was the worst year for the Italian advertising industry for two decades, with advertising spending down 14.3% to less than € 8 billion. This was the lowest level since 2003, with 2012 becoming gradually worse as the year progressed: there was a fall of -7.2% in the first quarter, followed by contractions of -11.4% in the second quarter, -20.5% in the third and -21% in the fourth. The first quarter of 2013 saw a fall of 18.9% in advertising spending to just under € 1.6 billion. The fall that followed those in February (-17.7%) and January (-15.3%) was spread fairly evenly across the major media, whose losses ranged between 20% and 30%. Nielsen claims that the first-quarter results were the result not only of the grave economic climate, but also of the political uncertainty in Italy. We are therefore unlikely to see a reversal in the trend during the first half of the year.

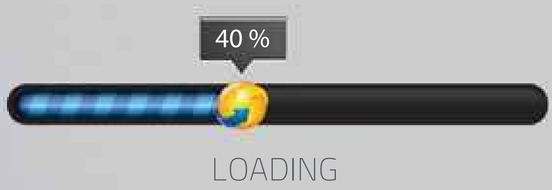
Major Italian and foreign subsidiaries

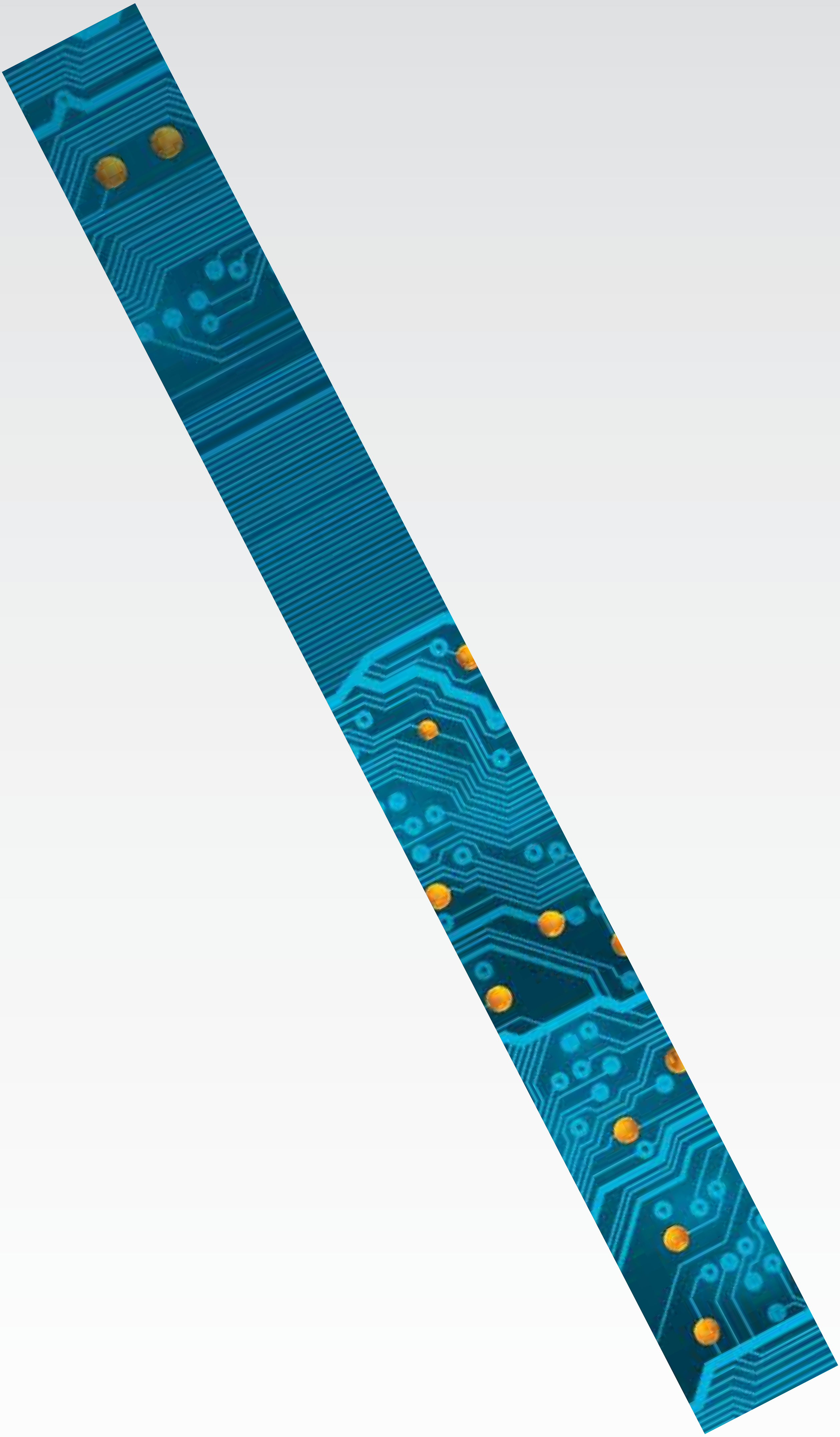
As in previous years, SEAT continued to oversee its subsidiaries in 2012 with a view to preserving their value.
Consodata S.p.A. among the market leader in Italy for one-to-one marketing and geo-marketing, has been offering wide-ranging and innovative direct-marketing services to thousands of businesses operating in various sectors. Thanks to its extensive database, Consodata S.p.A. is able to provide its customers with information on the behavior of millions of consumers using advanced marketing intelligence tools.
The **TDL** Infomedia group - which has been present in the UK directories market since 1980 through Thomson Directories Ltd - faced up to difficult market conditions by continuing its organizational restructuring and streamlining program and by enhancing its commercial offering through the sale of multimedia packages and the restructuring of its sales process, switching from direct door-to-door sales to a portfolio-based customer management and sales model. In 2012, the Company also signed a traffic-generation agreement with TalkTalk and overhauled its product range (websites, pay-per-click offers, videos, outdoor advertising).
With regard to the **Telegate** group, German GDP continued to recover, albeit by a limited amount (+0.7% according to Eurostat) and qualified by growing uncertainty as a result of the sovereign debt crisis, particularly in the eurozone. Year-on-year call volumes continued to fall in the directory assistance services market. Telegate, which is present in Germany through websites 11880.com and klicktel.de, continued to transform its business model, focusing its activities on the local search market via an increasingly varied product range and positioning itself as a marketing partner for small and medium-sized businesses.

The goal for 2013 is to achieve a strong simplification of the corporate structure with some significant disposals of subsidiaries. For furher details see paragraph " Business Outlook" and "Subsequent events" of this Report on Operations.

‘12

Report on Operations





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Economic and financial performance of the Group

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

The "Outlook" section contains forward-looking statements regarding the Group's intentions, beliefs and current expectations in relation to its financial results and other aspects of its business and strategies. Undue confidence should not be placed in the reliability of these forward-looking statements, since the final results may differ significantly from those contained in these forecasts for a number of reasons, most of which are beyond the Group's control.

Tables - consolidated data

Reclassified consolidated income statement

(euro thousand)	Year 2012 (*)	Year 2011	Change Absolute	%
Revenues from sales and services	808,806	956,728	(147,922)	(15.5)
Costs of materials and externals services (**)	(332,307)	(364,679)	32,372	8.9
Salaries, wages and employee benefits (**)	(173,096)	(181,071)	7,975	4.4
Gross Operating Profit (GOP)	303,403	410,978	(107,575)	(26.2)
% on revenues	*37.5%*	*43.0%*		
Net valuation adjustments and provisions to reserves	(65,078)	(38,519)	(26,559)	(69.0)
Other operating income (expenses)	57,635	(1,822)	59,457	n.s.
EBITDA	295,960	370,637	(74,677)	(20.1)
% on revenues	*36.6%*	*38.7%*		
Operating amortization, depreciation and write-down	(56,250)	(62,395)	6,145	9.8
Non-operating amortization, depreciation and write-down	(1,887,166)	(698,858)	(1,188,308)	n.s.
Non-recurring and restructuring costs, net	(107,434)	(42,403)	(65,031)	n.s.
EBIT	(1,754,890)	(433,019)	(1,321,871)	n.s.
% on revenues	*(217.0%)*	*(45.3%)*		
Interest expense, net	550,685	(268,387)	819,072	n.s.
Gain (loss) on investments accounted fo at equity	-	(378)	378	100.0
Profit (loss) before income taxes	(1,204,205)	(701,784)	(502,421)	(71.6)
Income taxes	154,651	(87,184)	241,835	n.s.
Profit (loss) on continuing operations	(1,049,554)	(788,968)	(260,586)	(33.0)
Profit (loss) from non-current assets held for sale and discontinued operations	-	-	-	n.s.
Profit (loss) for the year	(1,049,554)	(788,968)	(260,586)	(33.0)
- of which pertaining to the Group	(1,058,542)	(789,750)	(268,792)	(34.0)
- of which non-controlling interests	8,988	782	8,206	n.s.

(*) Group Financial Performance of SEAT for FY 2012 including Lighthouse performance for the first 8 months of the year.
(**) Minus costs attributable to minorities and shown in the IFRS financial statements under "Other operating income (expenses)".

Consolidated statements of comprehensive income

(euro thousand)		Year 2012	Year 2011
Profit (loss) for the period	(A)	(1,049,554)	(788,968)
Profit (loss) for "cash flow hedge" instruments		1,561	11,047
Profit (loss) for foreign exchange adjustments		(245)	(138)
Actuarial gains (loss) recognised to equity		(5,137)	(2,700)
Total other comprehensive profit (loss) for the year, net of tax effect	(B)	(3,821)	8,209
Total comprehensive profit (loss) for the year	(A+B)	(1,053,375)	(780,759)
- of which pertaining to the Group		(1,062,363)	(781,541)
- of which non-controlling interests		8,988	782

Reclassified consolidated statement of financial position

(euro thousand)		As at 12.31.2012	As at 12.31.2011	Change
Goodwill and "marketing related" intangibles assets		252,205	1,951,857	(1,699,652)
Other non-current assets (*)		256,405	177,543	78,862
Operating non-current liabilities		(58,353)	(49,029)	(9,324)
Non-operating non-current liablities		(67,161)	(9,501)	(57,660)
Operating working capital		10,477	96,051	(85,574)
- Operating current assets		*428,452*	*594,136*	*(165,684)*
- Operating current liabilities		*(417,975)*	*(498,085)*	*80,110*
Non-operating working capital		(33,529)	(16,770)	(16,759)
- Non-operating current assets		*22,800*	*26,387*	*(3,587)*
- Non-operating current liabilities		*(56,329)*	*(43,157)*	*(13,172)*
Non-current assets held for sale and discontinued operations, net		(250)	(305)	55
Net invested capital		359,794	2,149,846	(1,790,052)
Equity of the Group		(996,460)	(568,759)	(427,701)
Non-controlling interests		28,309	13,681	14,628
Total equity	(A)	(968,151)	(555,078)	(413,073)
Current financial assets, cash and cash equivalent		(202,046)	(176,218)	(25,828)
Current financial debts		201,653	2,144,143	(1,942,490)
Non-current financial debts		1,328,338	768,561	(558,777)
Net financial debt (ESMA)		1,327,945	2,736,486	(1,408,541)
Transaction costs on loans and securitization costs not yet amortized and Net market value of "cash flow hedge" instruments		-	(31,562)	31,562
Net financial debt - "book value" (*)	(B)	1,327,945	2,704,924	(1,376,979)
Total	(A+B)	359,794	2,149,846	(1,790,052)

(*) "Other non-current assets" include financial assets available for sale, as well as non current financial assets reclassified from net financial debt "book value".

Reconciliation of Italian Directories equity and consolidated equity at December 31, 2012

	Group				Minorities			Total
(euro thousand)	Share capital	Reserves	Profit (loss) for the year	Total	Share capital and reserves	Profit (loss) for the year	Total	
Directories Italia as at December 31, 2012	450,266	302,330	(1,759,823)	(1,007,227)	–	–	–	(1,007,227)
Profit (loss) for the year, share capital and reserves of consolidated companies	–	(182,317)	(13,163)	(195,480)	6,721	8,991	15,712	(179,768)
Share capital and reserves of consolidated companies at the acquisition date	–	340,220	–	340,220	12,474	–	12,474	(352,694)
Book value of consolidated companies	–	(118,484)	14,359	(104,125)	–	–	–	(104,125)
Consolidation adjusments:								
Goodwill arising from the acquisition	–	2,121	–	2,121	–	–	–	2,121
Inter-Group disposals in previous period	–	–	–	–	–	–	–	–
Intercompany dividends	–	1,086	(1,086)	–	–	–	–	–
Exchange differences	–	(39,246)	–	(39,246)	–	–	–	(39,246)
Other movements and change in the scope of consolidation	–	(693,894)	701,171	7,277	126	(3)	123	7,400
Share capital, reserves and consolidated results at December 31, 2012	450,266	(388,184)	(1,058,542)	(996,460)	19,321	8,988	28,309	(968,151)

Reconciliation of SEAT Pagine Gialle S.p.A. equity and consolidated equity at December 31, 2011

	Group				Minorities			Total
(euro thousand)	Share capital	Reserves	Profit (loss) for the year	Total	Share capital and reserves	Profit (loss) for the year	Total	
Directories Italia as at December 31, 2011	450,266	189,521	(817,856)	(557,111)	-	-	-	(557,111)
Profit (loss) for the year, share capital and reserves of consolidated companies	-	(176,793)	(22,309)	(199,102)	259	848	1,107	(197,995)
Share capital and reserves of consolidated companies at the acquisition date	-	309,291	-	309,291	12,559	-	12,559	321,850
Book value of consolidated companies	-	(138,552)	17,661	(120,891)	-	-	-	(120,891)
Consolidation adjusments:								
Goodwill arising from the acquisition	-	45,803	(12,203)	33,600	-	-	-	33,600
Inter-Group disposals in previous period	-	(7,679)	-	(7,679)	-	-	-	(7,679)
Intercompany dividends	-	8,051	(8,051)	-	-	-	-	-
Valuation of investments using the equity method	-	169	(169)	-	-	-	-	-
Exchange differences	-	(39,003)	-	(39,003)	-	-	-	(39,003)
Increase of capital of TDL		(45,100)	45,100					
Other movements and change in the scope of consolidation	-	4,059	8,077	12,136	81	(66)	15	12,151
Share capital, reserves and consolidated results at December 31, 201	450,266	(229,275)	(789,750)	(568,759)	12,899	782	13,681	(555,078)

Reclassified consolidated income statement for 2012

Revenues from sales and services totaled € 808,806 thousand in 2012, a fall of 15.5% compared with the previous year (€ 956,728 thousand).

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

- Revenues from the Italian Directories (SEAT Pagine Gialle S.p.A, SEAT Pagine Gialle Italia S.p.A. and Digital Local Services companies) Business Area amounted to € 626,859 thousand in 2012, down by 16.3% on 2011. Core products (print-online&mobile-voice) saw their revenues fall by 16.9%, due mainly to a reduction from print and voice products, but also, to a lesser extent (-6.6%, attributable entirely to sales of the online component sold in a bundle with the print version of PAGINE BIANCHE®), from online activities, which were 58.7% of total revenues during the year.
  Around 90% of SEAT's revenues are related to advertising (the sole exception being revenues from calls to directory assistance services 892424 Pronto PAGINE GIALLE® and 12.40 Pronto PAGINE BIANCHE®) and therefore driven entirely by the willingness of Italian companies to invest in marketing. According to estimates by Nielsen, advertising spending in Italy fell by -1.8% in 2011. Although a drop, this figure was normal for a market that is sensitive to changes in the overall economy. As at August 2011, the official forecast for 2012 was a slight growth of +0.3%. By early 2012, analysts were predicting a decline of -0.9%, in line with the worsening forecast for GDP, which changed from +0.8% to -0.4% over the same period. In July 2012, the advertising market was expected to fall by -4.7% during the year, but final figures for the year showed a decline of -14.3%, one of the worst performances ever recorded in the sector.
  The fall of revenues was due to various factors, including the increase from the second half of 2012 in customer churn (loss of customers) and the reduction of around 200 in the number of agents, or 15% of the sales force, between 2010 and 2012. It was also due partly to the renewal of contracts ahead of their annual expiry, notwithstanding the overall two-year term of the service provision.
  In 2011, the Company adopted an accounting criterion linked to the length of the contract, although in the case of early contract renewal, the algorithm underlying the apportionment of revenues provided for a one-off recognition upon the start of the new contract of revenues yet to be recorded under the original contract. In the case of early renewal, this simplification brought about a misalignment between the overall revenue recognition period and the provision of the service contractually agreed with the customer and consistently tracked on the computer systems. This solution was deemed acceptable at the time because of the limited impact of renewing contracts early and because of the prevalence of standard annual contracts over multi-year (two-year) contracts. In the final months of 2011, and particularly up to the third quarter of 2012, when the practice was abandoned, early contract renewal played an increasingly significant role, meaning that the Company, while working to the same accounting standards, had to adopt an algorithm that would realign the revenue recognition period with the length of provision of the service contractually agreed with the customer.
- revenues from the "*UK Directories*" (TDL Infomedia group) Business Area amounted to € 57,097 thousand in 2012, a reduction of 6.2% (11.3% at constant exchange rates and publication volumes) compared with 2011. The fall in revenues in 2012 reflected a sharp decline in print products; online revenues were broadly stable thanks to the restructuring of the sales network, the website and the commercial offering;
- revenues from the "Directory Assistance" Business Area *(Telegate group and Prontoseat)* totaled € 100,310 thousand in 2012, down by 15.8% compared with the previous year (€ 119,066 thousand). The fall was due mainly to the Telegate group, whose revenues dropped by 15.7% from € 110,034 thousand in 2011 to € 92,720 thousand in 2012 as a result of continuing structural problems in the directory assistance services market; call volumes continued to fall and there was a slight contraction in online revenue. Prontoseat's revenues amounted to € 7,590 thousand in 2012, down by about 16.0% year on year owing mainly to the continued decline in inbound revenues (-46.8%);
- revenues from the "*Other Activities*" *(Europages, Consodata and Cipi)* Business Area totaled € 43,883 thousand in 2012, a decline of 10.8% compared with the previous year (€ 49,210 thousand) attributable mainly to the fall in Consodata's revenues.

Cost of materials and external services, net of costs debited to third parties but included in the IFRS financial statements under the item "Other revenues and income", totaled

€ 332,307 thousand in 2012, down by € 32,372 thousand compared with the previous year (€ 364,679 thousand).

In more detail, materials and external services for the period were as follows:

- *industrial* costs: these amounted to € 137,691 thousand, down by € 9,271 thousand owing to lower revenues. Particularly in Italian Directories, the fall in print revenues resulted in fewer editions being printed, which in turn led to a reduction in paper consumption (down by € 3,354 thousand) and in production costs (down by € 5,973 thousand); however, fees paid to web publishers rose by € 2,184 thousand to € 22,369 thousand as part of the management of new online offers intended to boost web traffic;
- *commercial* costs: these totaled € 108,503 thousand in 2012, compared with € 128,281 thousand in the previous year. The drop was due to a reduction of € 14,675 thousand in commission expenses and other sales costs following implementation of the *New Sales Model* and a fall of € 3,786 thousand in advertising expense compared with 2011;
- *overheads*: these totaled € 86,113 thousand, down by € 3,323 thousand compared with 2011 (€ 89,436 thousand).

Salaries, wages and employee benefits, net of cost recoveries included under "Other revenues and income" in the IFRS financial statements, amounted to € 173,096 thousand in 2012, down by € 7,975 thousand compared with the previous year (€ 181,071 thousand). Of this change, € 5,574 thousand was due to the Telegate group having a smaller average salaried workforce, which fell from 1,581 in 2011 to 1,206 in 2012, and € 1,177 thousand was due to Prontoseat having fewer call operators. In the Italian Directories Business Area, the drop in salaries, wages and employee benefits, which was due mainly to a revised bonus policy for the partial fulfillment or non-fulfillment of company objectives, was partly offset by costs arising from the implementation of the New Sales Model, involving the creation of new Digital Local Services companies spread throughout Italy and run by employees who were previously agents (zone managers).

The Group's workforce, including directors, project workers and trainees, consisted of 3,997 employees at December 31, 2012 (against 4,292 employees at December 31, 2011). The average workforce (FTE) in 2012 was 3,524 employees (3,836 in 2011).

Gross operating profit (GOP) was € 303,403 thousand in 2012, down by € 107,575 thousand compared with 2011 (€ 410,978 thousand). The operating margin dropped from 43.0% in 2011 to 37.5% in 2012.

Net valuation adjustments and provisions for risks and charges totaled € 65,078 thousand in 2012 (versus € 38,519 thousand in 2011). Of the net valuation adjustments (€ 56,180 thousand in 2012), € 55,723 thousand related to the allowance for doubtful trade receivables, which increased compared with 2011 to ensure that coverage of overdue receivables remained sufficient. This item also includes net provisions for operating risks and charges of € 8,898 thousand (against € 12,751 thousand in 2011), down by € 3,853 thousand due mainly to lower provisions for commercial risks in Italian Directories.

Other operating income (expense) showed net income of € 57,635 thousand in 2012 (compared with net expense of € 1,822 thousand in 2011). This item was boosted by the repayment from Deutsche Telekom AG relating to excess sums paid by the Telegate group for the provision of telephone subscriber data for the 2000-2004 period and for the 1997-2000 period. The overall amount, reflected in EBITDA, was € 55,741 thousand, net of the share of interest recorded under financial income.

The operating result before amortization, depreciation and other non-recurring and restructuring costs, net (EBITDA) was € 295,960 thousand in 2012, including the amount paid by Deutsche Telekom AG to Telegate Group (above mentioned), down by 20.1% on 2011 (€ 370,637 thousand), generating a margin of 36.6% (38.7% in 2011). At constant exchange rates and volumes published, the fall in EBITDA remained 20.1%.

Operating amortization, depreciation and write-down totaled € 56,250 thousand in 2012, down by € 6,145 thousand compared with 2011 (€ 62,395 thousand), of which € 44,319 thousand related to intangible assets with a finite useful life (€ 48,587 thousand in 2011) and € 11,931 thousand to property, plant and equipment (€ 13,808 thousand in 2011).

Non operating amortization, depreciation and write-down amounted to € 1,887,166 thousand (€ 698,858 thousand in 2011). They included € 1,849,990 thousand of impairment losses, which break down as follows:

(i) the goodwill write-down of Italian Directories by € 1,327,625 thousand and of UK subsidiary TDL by € 13,773 thousand following impairment tests;

(ii) the write-down of customer relationship and database intangible assets by € 416,787 thousand following impairment tests, of which € 401,113 thousand related to Italian Directories and € 15,234 thousand to UK subsidiary TDL;

*(iii)*the write-down of patents, concessions, trademarks and licenses by € 91,805 thousand following impairment tests, of which € 75,973 thousand related to Italian Directories, € 9,154 thousand to German subsidiary Telegate and € 5,658 thousand to UK subsidiary TDL; and € 37,176 thousand related to the share of amortization of customer relationship and database intangible assets recognized in Italian Directories, in Germany subsidiary Telegate, in UK subsidiary Thomson and in Italian subsidiary Consodata following the allocation to intangible assets of part of the purchase cost pursuant to "IFRS 3 - Business Combinations".

In 2011, this item included goodwill write-downs of SEAT Pagine Gialle S.p.A. (€ 662,795 thousand), the TDL group (€ 21,286 thousand), Telegate Holding GmbH (€ 11,850 thousand) and Telegate AG (€ 353 thousand) following impairment tests.

Non-recurring and restructuring costs, net totaled € 107,434 thousand in 2012 (€ 42,403 thousand in 2011). This item is strongly influenced the costs incurred in relation to the financial restructuring process (of net financial debt) amounting to € 68,147 thousand in 2012 (19,630 thousand in the previous year), of which € 23,929 thousand referring to services rendered to the Company, including Lighthouse in the period preceding the Merger (€ 10,873 thousand in the previous year), € 26,272 thousand referring to consent fees paid to financial creditors, € 16, 946 thousand incurred for consultants of financial creditors (€ 8,757 thousand) and finally about € 1 million referring to consultant fess provided to some shareholders.

This item also includes € 4,112 thousand of costs relating to the Telegate group, attributable partly to the closure of call centers in Germany and Spain.

Net organizational restructuring costs amounted to € 24,945 thousand (€ 12,594 thousand in 2011), relating mainly to a provision of € 14,385 thousand to the Italian Directories organizational restructuring reserve in connection with the new corporate restructuring program for the period between February 1, 2013 and January 31, 2015, and to a provision of € 7,400 thousand to the restructuring reserve in connection with the project to reorganize the Italian Directories sales network. This item also includes an additional provision of € 1,058 thousand to the Telegate restructuring reserve in relation to the closure of call centers, to which a provision had already been made in the previous year. In 2011, this item included a provision of € 9,860 thousand to the restructuring reserve in connection with the reorganization of the Italian Directories sales network.

The operating result (EBIT) in 2012 was -€ 1,754,890 thousand (-€ 433,019 thousand in 2011). As well as the performance of the business at GOP and EBITDA level, EBIT reflects the effects of the above-mentioned write-downs and of the costs incurred during the financial restructuring process that finished in September.

Interest expense, net in 2012 was € 550,686 thousand, including financial income of € 669,690 thousand relating to the fair-value measurement by Lighthouse of the equitized portion of Lighthouse International Company S.A. bonds and of residual portion amounting to € 65 million (exchanged after the merger with SEAT with a new tranche of Senior Secured Bond 2010-17 for the same amount), recorded in the accounts pursuant to IFRIC 19 . For further details see "Reclassified consolidated statement of financial position at December 31, 2012" section.

Net of this effect, net financial expense amounted to € 119,005 thousand at December 31, 2012 (€ 268,387 thousand in the previous year); the reduction of € 149,382 thousand was due almost entirely to the debt restructuring which was completed on September 6, 2012 and which wrote off charges on the debt to associate Lighthouse International Company S.A. with effect from January 1, 2012.

Specifically, *financial expense* in 2012 included:

- € 6,847 thousand relating to the full amortization for the period of the transaction costs on the fixed-rate subordinated loan with associate Lighthouse International Company S.A.;
- € 47,619 thousand of interest expense (against € 53,275 thousand in 2011) on the senior credit agreement between SEAT Pagine Gialle S.p.A. and The Royal Bank of Scotland. This amount includes € 8,376 thousand relating to transaction costs for the period and € 1,561 thousand relating to the negative impact of derivatives hedging against interest rate risk;
- € 87,439 thousand of interest expense on senior secured bonds (compared with € 84,818 thousand in 2011). This amount includes € 1,896 thousand relating to transaction costs for the period and € 4,518 thousand for the share of the issue discount;
- € 1,451 thousand (€ 2,343 thousand in 2011) of interest expense on debts to Leasint S.p.A. in relation to finance leases raised for the purchase of the Corso Mortara real-estate complex in Turin, where SEAT Pagine Gialle S.p.A. has its offices;
- € 5,501 thousand of other financial expense (against € 10,442 thousand in 2011), including € 5,233 thousand (€ 4,973 thousand during 2011) of interest expense from discounting non-current assets and liabilities;
- € 1,417 thousand (€ 10,956 thousand in 2011) of foreign-exchange losses, which were more than offset by € 2,580

thousand of foreign-exchange gains (recorded under financial income).

Financial income in 2012 mainly comprised:

- € 669,690 thousand relating to the fair-value measurement by Lighthouse of the equitized portion of Lighthouse International Company S.A. bonds and of residual nominal value of € 65 million, recorded in the accounts pursuant to IFRIC 19;
- € 2,904 thousand of interest income (€ 1,305 thousand in 2011) from the investment of short-term liquidity in the banking system at market rates, well above Euribor;
- € 2,157 thousand of financial income (€ 2,233 thousand in 2011) from non-current assets, particularly assets used to finance the TDL Infomedia group's pension fund;
- € 2,580 thousand (€ 12,265 thousand in 2011) of foreign-exchange gains;
- € 23,545 thousand from other current assets, attributable essentially to interest accrued by the Telegate group in relation to disputes that were definitively settled.

SEAT's overall average cost of borrowing in 2012 was 8% (versus 8.45% in 2011). This reduction was due to the debt restructuring in 2012, which meant that the interest of around 8% on the € 1.3 billion proceeds loan with Lighthouse was no longer applicable as of January 1 and that the new conditions of the senior bank debt (Euribor plus a spread of 540 basis points p.a.) started to accrue only once the restructuring was completed, i.e. as of September 6, 2012.

Income taxes for 2012 can be broken down as follows:

(euro thousand)	Year 2012	Year 2011	Change Absolute	%
Current income taxes	33,256	41,210	(7,954)	(19.3)
Reversal (provision) of deferred tax assets	1,181	43,457	(42,276)	(97.3)
Provision (reversal) of deferred tax liabilities	(183,951)	2,590	(186,541)	n.s.
Income taxes referred to the previous year	(5,137)	(73)	(5,064)	n.s.
Total income taxes for the year	(154,651)	87,184	(241,835)	n.s.

Current income taxes totaled € 33,256 thousand in 2012, down by € 7,954 thousand compared with 2011 (€ 41,210 thousand) as a result of operating profitability.
The release of deferred tax liabilities amounting to € 183,951 thousand (cost of € 2,590 thousand in 2011) refers to the partial disappearance of the difference between book values and tax values of intangible assets as a result of write-downs due to impairment tests.

Income taxes for previous years show a credit of € 5,137 thousand relating mainly to income from a request to refund excess personal income tax (IRPEF) and corporation tax (IRES) paid for tax years prior to 2012 as a result of the failure to deduct regional production tax (IRAP) relating to staff and similar expenses that were recognized during the year in accordance with the relevant official provisions and interpretations.

It should be noted that the parent company operates in the field of national fiscal consolidation which was signed by the Italian subsidiaries.

Profit/(loss) on continuing operations showed a loss of € 1,049,554 thousand, compared with a loss of € 788,968 thousand in 2011.

Profit/(loss) for the period pertaining to non-controlling interests showed a profit of € 8,988 thousand (versus a profit of € 782 thousand in 2011), pertaining mainly to non-controlling interests of the Telegate group.

Profit/(loss) for the period pertaining to the Group showed a loss of € 1,058,542 thousand (versus a loss of € 789,750 thousand in 2011) and included the write-downs following the results of impairment tests € 669,690 thousand of financial income from the Lighthouse equitization transaction.

Reclassified consolidated statement of financial position at December 31, 2012

The main effects of the financial restructuring on the statement of financial position are summarized below:

- conversion of € 1,235 million of Lighthouse bonds, equal to 95% of the original € 1,300 million issue, plus € 69.3 million of interest accrued, adding a total of € 1,304.3 million to equity, directly for the amount corresponding to the fair value of shares issued (€ 637.0 million), and indirectly - in the form of income for the period - for the book value of the loan converted into shares in excess of said fair value pursuant to IFRIC 19 (€ 667.3 million); the remaining Lighthouse bonds, i.e. those not converted into equity, have a nominal value of € 65.0 million (fair value of € 62.6 million plus € 2.4 million recorded on the statement of operations). Consequently, the total income recorded on the income statement was € 669.7 million.
- the subsequent Merger by incorporation of Lighthouse into SEAT Pagine Gialle S.p.A., which involved extinguishing SEAT Pagine Gialle S.p.A.'s debt to Lighthouse and issuing and exchanging new bonds with a nominal value of € 65.0 million and the same coupon and maturity as the senior secured bonds;
- purchase price allocation (PPA) in accordance with IFRS 3 insofar as the Merger qualifies as a reverse acquisition since the company being incorporated from a legal perspective (Lighthouse) is the de facto acquirer. For this reason, SEAT Pagine Gialle S.p.A.'s assets and liabilities were measured at fair value and a counter-entry was made for a PPA reserve in the Company's equity. This measurement involved:
  - identification and measurement of certain intangible assets (€ 603 million of customer relationship and database assets; € 198 million of patents, concessions, trademarks and licenses) totaling € 801 million;
  - writing off the residual value (€ 16.0 million, recorded as a reduction of debt) of issuing costs for senior secured bonds and adjusting the book value of the leasing debt to its fair value (a reduction of € 5 million);
  - determining the tax effects on the aforementioned adjustments, where applicable;
  - recording residual goodwill of approximately € 1,419 million;
  - allocating the appropriate share of these adjustments to equity pertaining to minority interests.
- the refinancing of the exposure arising from the Senior Facilities Agreement, with the resulting reclassification to long term of the portion of debt with a maturity of more than 12 months, given that the Company was no longer in a position of default at December 31, 2012.

Net invested capital

Net invested capital, at € 359,794 thousand at December 31, 2012, fell by € 1,790,052 thousand compared with December 31, 2011.

Net invested capital can be broken down as follows:

- **goodwill and marketing-related intangible assets** amounted to € 252,205 thousand at December 31, 2012, including € 91,068 thousand relating to goodwill and € 161,137 thousand relating to Group customer relationship and database assets. The change of € 1,699,652 thousand compared with December 31, 2011 owed mainly to:
  - the allocation to customer relationship and database intangible assets of the measurement at fair value, pursuant to "IFRS 3 - Business Combinations" (as part of the Merger by incorporation of Lighthouse International Company S.A. into SEAT Pagine Gialle S.p.A.), of intangible assets pertaining to Italian Directories (€ 563,000 thousand), to German subsidiary Telegate (€ 20,079 thousand), to UK subsidiary TDL (€ 17,359 thousand) and to Italian subsidiary Consodata (€ 2,300 thousand), and the residual goodwill impairment resulting from the allocation of the purchase cost to assets and liabilities;

- the amortization (€ 37,176 thousand) of Group customer relationship and database assets;
- the write-down following impairment tests of the goodwill of Italian Directories (by € 1,327,625 thousand) and of the TDL group (€ 13,773 thousand);
- the write-downs following impairment tests of the customer relationship and database assets of Italian Directories (by € 401,113 thousand), of UK subsidiary TDL (by € 15,137 thousand) and of German subsidiary Telegate (by € 440 thousand).

- **other non-current assets** totaled € 256,405 thousand at December 31, 2012, up by € 78,862 thousand compared with a year earlier (€ 177,543 thousand). These assets include:
  - *intangible and tangible fixed assets,* which totaled € 232,335 thousand at December 31, 2012, up by € 80,682 thousand compared with a year earlier (€ 151,653 thousand).
    In particular, this change reflects:
    (i) an increase of € 197,797 thousand in patents, concessions, trademarks and licenses following the fair-value measurement of the Group's main trademarks pursuant to "IFRS 3 - Business Combinations";
    (ii) the reduction of € 11,066 thousand in the value of leased assets following the fair-value measurement of these assets;
    (iii) the write-downs following impairment tests of patents, concessions, trademarks and licenses of Italian Directories, TDL, Telegate and Europages totaling € 91,805 thousand (of which € 75,973 thousand pertained to Italian Directories).

Capital expenditure of € 45,991 thousand (€ 48,095 thousand in 2011) related to the following areas of business:
- in Italian Directories (€ 31,570 thousand in 2012 versus € 36,952 thousand in the previous year):
  - 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, Mobile Commerce and Lamiaimpresaonline products to provide SMEs with a more complete specialist e-commerce service that can effectively handle the computerization of purchases;
  - commercial and publishing improvements to upgrade the systems and adapt them to new product ranges, and administrative improvements by way of the new managerial reporting system;
  - the acquisition of infrastructure for the disaster recovery program;
- in the Telegate group (€ 7,162 thousand versus € 3,024 thousand in 2011): replacing and upgrading technical equipment in call centers, developing the CRM system, istration department;
- in Consodata S.p.A. (€ 3,305 thousand versus € 3,674 thousand in 2011): developing software platforms, enhancing databases (including georeferenced databases), purchasing data banks, and overhauling the enterprise resource planning (ERP) and accounting system.
  - *deferred tax assets* totaled € 16,503 thousand at December 31, 2012 (€ 22,800 thousand a year earlier), of which € 14,249 thousand related to Italian Directories, € 1,922 thousand to the TDL group and € 266 thousand to the Telegate group;
  - *non-current financial assets,* which totaled € 1,921 thousand (€ 2,298 thousand at December 31, 2011), referred mainly to loans to Italian Directories employees. This item was reclassified from net financial debt to non-current assets with effect from August 2012, in accordance with ESMA provisions.
- **operating non-current liabilities** totaled € 58,353 thousand at December 31, 2012 (€ 49,029 thousand at December 31, 2011). The item includes:
  - *defined-benefit pension plans,* which totaled € 15,765 thousand at December 31, 2012 (€ 13,047 thousand at December 31, 2011), net of assets destined to service these plans, totaling € 50,428 thousand at December 31, 2012 (€ 48,374 thousand at December 31, 2011);
  - the *reserve for severance indemnities* totaled € 15,353 thousand at December 31, 2012 (€ 13,144 thousand a year earlier);
  - the *reserve for sales agents' termination indemnities* totaled € 24,571 thousand at December 31, 2012, up by € 4,002 thousand compared with December 31, 2011 (€ 20,569 thousand). This reserve represents the accrued debt at the end of the year to sales 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 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**, which totaled € 67,161 thousand at December 31, 2012 (€ 9,501 t housand at December 31, 2011), include € 60,598 thousand of deferred tax liabilities resulting from the fair-value measurement of property, plant and equipment, intangible assets and liabilities. The item pertains to Italian Directories in the amount of € 42,647 thousand and to the Telegate group in the amount of € 16,864 thousand. The item also includes a provision of € 6,185 thousand to the non-current portion of the corporate restructuring reserve in accordance with the new SEAT Pagine Gialle Italia S.p.A. employee reorganization plan for the period between February 1, 2013 and January 31, 2015. This plan, which was previously agreed at labor union level, was formalized on December 21, 2012 by the signing of a labor union agreement at the Italian Ministry of Employment and Social Policies. Ratified by the Company's Board of Directors, the plan paved the way for reorganization by way of managing redundancies through the compulsory wage guarantee fund and early retirement. This reserve should be considered together with the current portion of the corporate restructuring reserve, which totaled € 17,065 thousand at December 31, 2012. Of the € 9,258 thousand increase in 2012, € 8,200 thousand related to the reorganization plan.
- **operating working capital** was € 10,477 thousand at December 31, 2012 (€ 96,051 thousand at December 31, 2011).

Listed below are the most significant changes that took place during the year, particularly with reference to:

  - *trade receivables*, which totaled € 360,528 thousand at December 31, 2012, falling by € 160,269 thousand compared with December 31, 2011, with the decline taking place mainly at Italian Directories (€ 149,577 thousand);
  - *payables for services to be rendered and other current liabilities* totaled € 203,299 thousand at December 31, 2012, down by € 62,532 thousand year on year in relation to purchase and invoice times for advertising services;
  - *trade payables* amounted to € 177,938 thousand at December 31, 2012, with the fall of € 14,670 thousand compared with December 31, 2011 pertaining essentially to Italian Directories.

- **non-operating working capital** was negative for € 33,529 thousand at December 31, 2012 (negative for € 16,770 thousand a year earlier). This includes:
  - *income tax payables* of € 15,145 thousand at December 31, 2012 (€ 1,992 thousand at December 31, 2011), up by € 13,153 thousand due to the provision for taxes for the period in the income statement;
  - *current tax assets* of € 22,691 thousand at December 31, 2012, down by € 3,489 thousand on December 31, 2011 (€ 26,180 thousand);
  - *provisions for current non-operating risks and charges* of € 32,179 thousand (€ 27,470 thousand at December 31, 2011): these consist mainly of the employee restructuring reserve of € 17,065 thousand, for which € 8,200 thousand of the € 9,258 thousand increase in 2012 related to the new reorganization plan at SEAT Pagine Gialle Italia, and the SEAT Pagine Gialle Italia sales network restructuring reserve of € 9,372 thousand. This latter reserve saw accruals of € 7,400 thousand in 2012 and drawdowns of € 5,501 thousand.

Equity

Equity was -€ 968,151 thousand at December 31, 2012 (-€ 555,078 thousand at December 31, 2011), of which -€ 996,460 thousand was attributable to the Parent Company (-€ 568,759 thousand at December 31, 2011) and € 28,309 thousand to non-controlling interests (€ 13,681 thousand at December 31, 2011).
The difference of € 427,701 thousand in the portion attributable to the Parent Company was due to the loss for the year of € 1,058,542 thousand. This result was influenced by the write-downs following the impairment tests, which offset the effects of the debt restructuring and the Merger with Lighthouse that included income from the equitization of the Lighthouse bonds and the fair-value measurement of SEAT Pagine Gialle S.p.A.'s equity at the time of the Merger, represented by the purchase price pursuant to IFRS 3 (please refer to the "IFRS 3 - Business Combinations" section).
It should be noted that the result at the time of the merger of Lighthouse amounted to € 669,627 thousand.

Net financial debt

Net financial debt totaled € 1,327,945 thousand at December 31, 2012, down € 1,408,541 thousand year on year.
As at December 31, 2011, net financial debt differed from net financial debt (book value) insofar as it was expressed gross of: *(i)* transaction and refinancing costs relating to the medium- and long-term senior debt with The Royal Bank of Scotland; *(ii)* costs relating to the subordinated loan due to Lighthouse International Company S.A.; *(iii)* costs relating to the issuing of the senior secured bonds; and *(iv)* the net value arising from the measurement at market value of cash flow hedge instruments that were in place at the end of the period or, if closed early, that will become effective in subsequent periods. As a result, net financial debt (book value) totaled € 2,704,924 thousand at December 31, 2011, a difference of € 31,562 thousand compared with net financial debt (€ 2,736,486 thousand); as described at the start of the "Reclassified consolidated statement of financial position at December 31, 2012" section, this difference was extinguished owing to the main accounting effects of the financial restructuring.

Net financial debt at December 31, 2011

	(euro thousand)	As at 12.31.2012	As at 12.31.2011	Change
A	Cash	199,659	172,732	26,927
B	Cash equivalent	-	-	-
C	Trading securities	-	-	-
D=(A+B+C)	Liquidity	199,659	172,732	26,927
E.1	Current Financial Receivable to third parties	2,387	3,486	(1,099)
E.2	Current Financial Receivable to related parties	-	-	-
F	Current Bank debt	92,757	740,250	(647,493)
G	Current portion of non current debt	73,685	3,017	70,668
H.1	Other current financial debt to third parties	35,211	31,376	3,835
H.2	Other current financial debt to related parties	-	1,369,500	(1,369,500)
I=(F+G+H)	Current Financial Debt	201,653	2,144,143	(1,942,490)
J=(I-E-D)	Net Current Financial Indebtedness	(393)	1,967,925	(1,968,318)
K	Non current Bank loans	501,116	-	501,116
L	Bonds Issued	789,405	722,242	67,163
M.1	Other non current loans to third parties	37,817	46,319	(8,502)
M.2	Other non current loans to related parties	-	-	-
N=(K+L+M)	Non Current Financial Debt	1,328,338	768,561	559,777
O=(J-N)	Net Financial Indebtedness (ESMA)	1,327,945	2,736,486	(1,408,541)
	Transaction costs on loans and securitization costs not yet amortized and Net market value of "cash flow hedge" instruments	-	(31,562)	31,562
	Net Financial Indebtedness - book value (*)	1,327,945	2,704,924	(1,376,979)

(*) Net Financial Indebtedness - book value doesn't include financial assets available for sale and non-current financial assets included in "other non-current assets".

Debt can be broken down as follows:

- **non-current financial debt** at December 31, 2012 stood at € 1,328,338 thousand (€ 768,561 thousand a year earlier) and comprised the following items:
  - *Senior secured bonds* amounted to € 789,405 thousand, corresponding to the net issue value (€ 779,445 thousand) plus the total issue discount at December 31, 2012 (€ 9,960 thousand). New *Senior Secured* bonds with a nominal value of € 65,000 thousand were issued on August 31, 2012, as described in detail in the section on the main accounting effects of the financial restructuring; these bonds were admitted to trading on the Luxembourg Stock Exchange's MTF market on November 8, 2012.

    The three issues (two in 2010 and the one in August 2012), with a combined nominal value of € 815,000 thousand, mature on January 31, 2017, with a nominal yield of 10.5% to be paid half-yearly at the end of January and the end of July.
  - *Non-current payables to banks* amounted to € 501,116 thousand at December 31, 2012. They related to the senior loan with The Royal Bank of Scotland, and specifically to the term facility, which bears a variable interest rate of Euribor plus a spread of 5.4% p.a. The terms of the above-mentioned bank loan are different to those of the previous loan in terms of the repayment schedule (extended to June 2016), the spread (increased to 540 basis points p.a.) and certain other clauses.
  - *Other non-current payables* totaled € 37,817 thousand at December 31, 2012 and referred to the seven finance leases (six with effect from December 2008 and one with effect from the end of October 2009) in relation to the purchase of the Turin real-estate complex of SEAT Pagine Gialle Italia S.p.A. These leases provide for repayment through the remaining 44 installments on the contracts with effect from December 2008 and the remaining 48 installments on the contract with effect from October 2009. All installments are quarterly deferred installments subject to a variable interest rate equal to three-month Euribor plus a spread of around 65 basis points p.a. The residual value is fixed at around 1% of the value of the real-estate complex.
- **current financial debt** at December 31, 2012 stood at € 201,653 thousand (€ 2,144,143 thousand at December 31, 2011). The significant change compared with a year earlier is due to the reclassification to long term of the payables to banks; at the end of 2011, in accordance with paragraph 74 of IAS 1, these payables were recorded under current liabilities given that the debt restructuring was not yet complete and that the relevant loan agreements provided for the application of an acceleration clause (making the debt fully and immediately payable) in the event of payment default. The item consists mainly of:
  - *Current payables to banks*: these totaled € 92,757 thousand at December 31, 2012 (€ 740,250 thousand at December 31, 2011) and related mainly to the senior debt with The Royal Bank of Scotland, as described below:
    - € 90,000 thousand relating to the revolving line of credit aimed at covering the working capital requirements of SEAT Pagine Gialle Italia S.p.A. and/or its subsidiaries, which provides for a variable interest rate equal to Euribor plus the same spread used for the term facility. This credit line was drawn down in full as of April 21, 2011 to meet the Company's working capital requirements following the closure of the revolving trade receivables securitization program, which was completed on June 15, 2011;
    - € 2,701 thousand relating to accrued and unpaid interest expense on the term facility and the revolving facility with The Royal Bank of Scotland.

In 2012, the Company repaid a total of € 60,196 thousand to The Royal Bank of Scotland, of which € 35,196 thousand was repaid following the completion of the financial restructuring in relation to the principal of tranche A of the senior loan, and € 25,000 was repaid in relation to the new repayment schedule.

  - *Current portion of non-current financial debt*: this totaled € 73,685 thousand at December 31, 2012 (€ 3,017 thousand at December 31, 2011) and related mainly to:
    - € 3,685 thousand for the current portion of the non-current debt to Leasint for the seven finance leases relating to the purchase of SEAT's Turin real-estate complex;
    - € 70,000 thousand for the current portion of the non-current financial debt to The Royal Bank of Scotland.
  - *Other current payables to third parties:* this amounted to € 35,211 thousand at December 31, 2012 (€ 31,376 thousand at December 31, 2011) and referred mainly to interest accrued and not yet paid to senior secured bondholders.
  - *Other current payables to related parties* amounted to € 1,369,500 thousand at December 31, 2011 and related to payables to Lighthouse International Company S.A. This figure included the principal amount of € 1,300,000 thousand and € 69,500 thousand of accrued and unpaid interest. These liabilities were extinguished by the equitization that was part of the previously described debt restructuring program.

The loan agreement with The Royal Bank of Scotland requires compliance with specific covenants, which are monitored quarterly and relate to the maintaining of certain ratios between: *(i)* net debt and EBITDA; *(ii)* EBITDA and interest on debt; and *(iii)* cash flow and debt service (including interest and principal payable in each reference period).
In light of the events that took place during late January and early February, culminating in SEAT Pagine Gialle Italia S.p.A. and SEAT Pagine Gialle S.p.A. filing for a composition with creditors' procedure pursuant to article 161, paragraph 6 of Royal Decree 267/1942, in accordance with the principle of equal treatment of creditors, the Company did not provide The Royal Bank of Scotland with any notification on the matter, nor did it publish any data other than the information required by Consob's 'black list' status and by the Turin court following the above-mentioned filings.

The Senior facilities with The Royal Bank of Scotland, and the debt to Leasint S.p.A., feature the application of floating interest rates linked to the Euribor. Due to the high proportion of debt represented by fixed-rate loans, it was not considered necessary to take out any new hedging instruments.
Some 60% of the total debt for the 2012-2014 period, as it results from the financial restructuring, is at a fixed rate, with this percentage climbing to 80% for the 2015-2016 period.

In accordance with the terms of the facilities agreement with The Royal Bank of Scotland and of the senior secured bonds, SEAT Pagine Gialle Italia S.p.A. has issued the following principal guarantees, which are standard for transactions of this kind:

- pledge of the Company's main trademarks;
- pledge of shares of main subsidiaries (TDL Infomedia Ltd and Telegate AG, owned directly and indirectly);
- pledge of the Company's main bank and postal current accounts.

Finally, SEAT Pagine Gialle S.p.A. has pledged the entire share capital of SEAT Pagine Gialle Italia S.p.A. as a guarantee against the aforementioned loans.

SEAT Pagine Gialle Italia S.p.A. also created a special lien in favor of The Royal Bank of Scotland, in connection with the senior loan agreement, on its fixed assets with a net book value greater than or equal to € 25,000.
For the book value of the collateral, detailed for the purposes of the separate financial statements of SEAT Pagine Gialle S.p.A., see on paragraph 18 of the Explanatory Note.

- **current financial receivables** and cash and cash equivalents totaled € 202,046 thousand at December 31, 2012 (€ 176,218 thousand a year earlier) and included € 199,659 thousand of cash and cash equivalents (€ 172,732 thousand at December 31, 2011), of which € 93 million pertained to UK subsidiary Telegate, resulting partly from the successful outcome of the lengthy litigation involving three separate disputes with Deutsche Telekom.

Following the debt restructuring, agencies Standard & Poor's and Moody's assigned respective ratings to SEAT Pagine Gialle S.p.A. of B- with a negative outlook and Caa1 with a stable outlook. As at the approval date of this report, the ratings assigned to SEAT Pagine Gialle S.p.A. by Standard & Poor's and Moody's were D and Ca respectively.

Risk from high levels of financial debt

At December 31, 2012, despite benefiting from the significant equitization transaction described above, the SEAT Pagine Gialle Group still had a high level of debt around 5.5 times EBITDA, of 2012(net of non-recurring cost adjustments of € 55,741 thousand at Telegate AG following the successful outcome of the claims against Deutsche Telekom), and about 13 times EBITDA forecasted for 2013 on the basis of New Strategic Guidelines and an overall average life of debt outstanding at December 31, 2012 of four years.

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

(euro thousand)	Due date - by As at December 31, 2013	As at December 31, 2014	As at December 31, 2015	As at December 31, 2016	As at December 31, 2017	Beyond five year	Total
Senior Secured Bond (*)	-	-	-	-	815,000	-	815,000
The Royal Bank of Scotland	70,000	80,000	185,000	326,000	-	-	661,116
Leasint S.p.A. (**)	3,685	3,821	3,965	4,115	4,269	29,922	49,777
Total non-current financial debt (gross value)	73,685	83,821	188,965	330,231	819,269	29,922	1,525,893

d amounted to € 789,405 thousand.
(**) In the consolidation financial statement the item amounted to € 41,502 thousand for the adjustment of the book value to fair value.

Liquidity risk - obtaining of financial resources

The evident impossibility of obtaining alternative sources of finance owing to the shortfall predicted at the end of the year resulted in the 'blank filing' for a composition with creditors' procedure, as stated in the "Subsequent events" section.

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

The agreements in place at December 31, 2012 are summarized below.

1. *Indentures relating to the bonds issued by SEAT and entitled "€ 550,000,000 10% Senior Secured Notes Due 2017", "€ 200,000,000 10.5% Senior Secured Notes Due 2017" and "€ 65,000,000 10% Senior Secured Notes Due 2017" (the latter were issued as additional notes to the € 550,000,000 issue).*

According to the indentures (which are documents subject to U.S. law) governing the above-mentioned issued notes (bonds), originally issued by SEAT for a total of € 815,000,000, if *(i)* as a result of a merger of SEAT with or into another entity ("Person"), a party directly or indirectly becomes a holder ("Beneficial owner") of more than 30% of SEAT's voting capital; or *(ii)* all or substantially all of SEAT's or SEAT Pagine Gialle Italia S.p.A.'s assets, as calculated on a consolidated basis, are transferred (unless the transfer results in the transferee becoming an obligor in relation to the notes issued by SEAT and a subsidiary of the transferor), a change of control is deemed to have taken place, as a result of which, pursuant to the contractual terms and conditions of the notes, the holders of said notes can request that they are bought back at 101% of their nominal value, plus interest.

2. *Term and Revolving Facilities Agreement*

Pursuant to paragraph 7.9 of the Term and Revolving Facilities Agreement signed by, *inter alia*, SEAT, as Guarantor, SEAT Pagine Gialle Italia S.p.A., as Borrower, and The Royal Bank of Scotland plc (RBS), as Lender, on August 31, 2012, in the event of a change of control, the Lender's commitment to disburse new sums pursuant to the aforementioned facilities agreement shall immediately be considered null and void, and the Borrower must immediately and prematurely repay all sums disbursed to it in its favor pursuant to said agreement. Under the terms of this agreement, a change of control is deemed to have occurred if one person or several persons acting in concert directly or indirectly acquire control of SEAT or SEAT Pagine Gialle Italia S.p.A.; for this purpose, control is taken to mean the power to exercise (directly or indirectly pursuant to agreements) more than 30% of the voting rights at SEAT or SEAT Pagine Gialle Italia S.p.A. shareholders' meetings or the direct or indirect ownership of more than 30% of the share capital of SEAT or SEAT Pagine Gialle Italia S.p.A. (shares which entitle their holders to a share of profits or dividends up to a certain amount are excluded from this calculation).

Credit risk

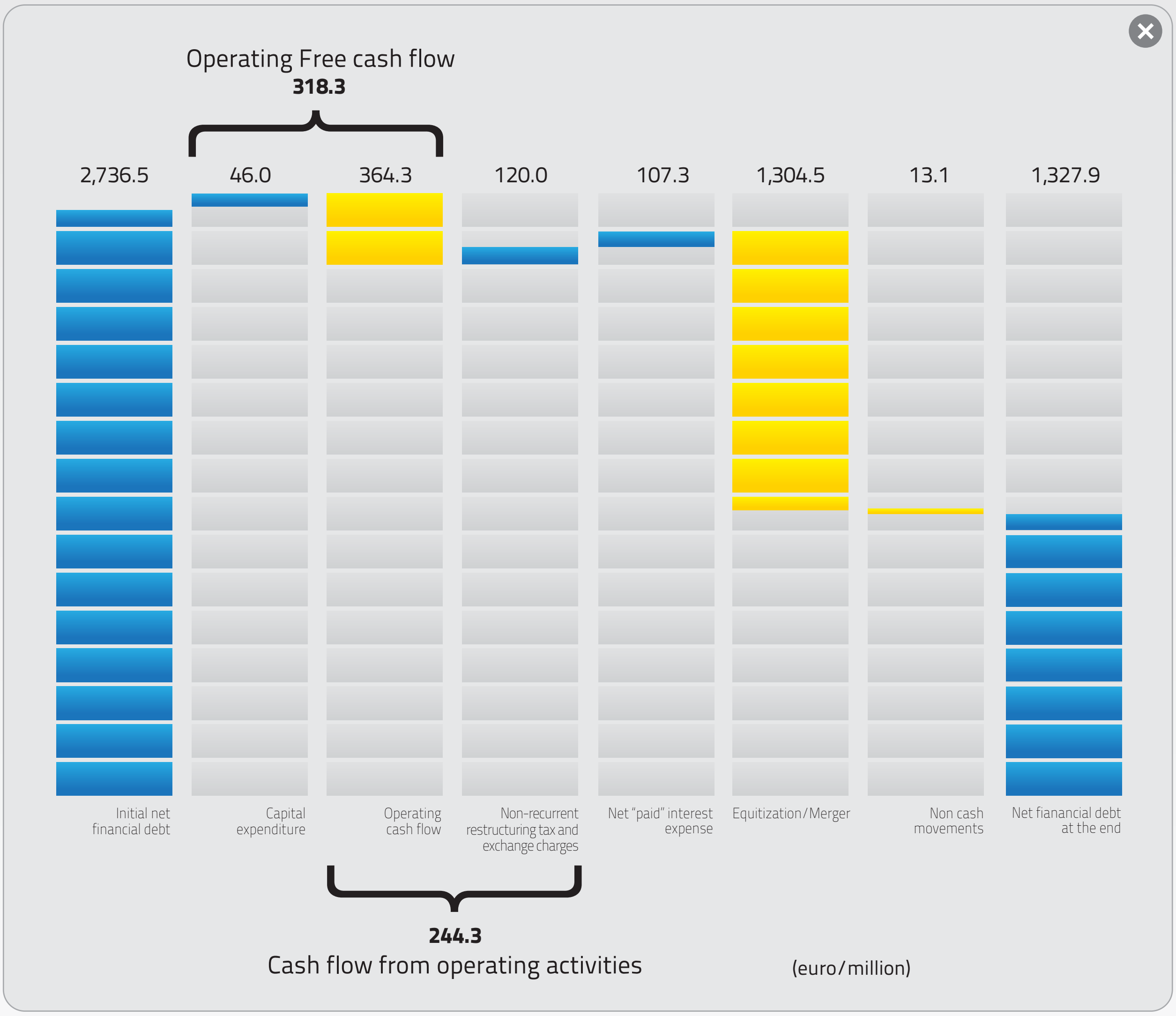
The SEAT Pagine Gialle Group operates in the online directional advertising market, where there is a large number of clients. As at December 31, 2012, 85% of the Group's trade receivables (88% a year earlier) related to SEAT Pagine Gialle Italia S.p.A., which has around 379,000 customers throughout Italy, consisting mainly of small and medium-sized businesses. Each year,SEAT alone issues some 532,000 invoices, each providing on average for payment in 2.5 installments of around € 550 each, meaning more than € 1.3 million of receipts.
There is, therefore, no concentration of credit risk.
The large volume of transactions generates a high number of payments in arrears, hence the need for an effective credit management system. Over time, SEAT has introduced a widespread and continually strengthened team that is able to efficiently manage all phases of the payment request process. The in-house team, call centers, collection agencies and legal experts constitute a total of around 800 people.
Credit risk exposure - represented by the provisions for doubtful receivables on the financial statements - is measured using a statistical model that breaks down the client base by location and seniority, which reflects the historical experience of SEAT in debt collection and projects it into future estimates.
At Group level, provisions for doubtful trade receivables stood at € 89,361 thousand at December 31, 2012, an increase on December 31, 2011 (€ 76,164 thousand) in order to ensure sufficient coverage of overdue receivables. Compared to the total amount of trade receivables, the coverage ratio of the fund is equal to 19.9%.

Consolidated cash flows for 2012

(euro thousand)	Year 2012	Year 2011	Change
EBITDA	295,960	370,637	(74,677)
Gain (losses) from discountinuig operating assets and liabilities	(2,658)	(2,039)	(619)
Decrease (increase) in operating working capital	74,667	57,460	17,207
(Decrease) increase in operating non current liabilities (*)	(3,728)	(11,690)	7,962
Capital expenditure	(45,991)	(48,095)	(2,104)
(Gains) losses on disposal of non-current operating assets	17	60	(43)
Operating free cash flow	318,267	366,333	(48,066)
Payment of interest expense, net	(107,300)	(162,943)	55,643
Payment of income taxes	(17,656)	(94,035)	76,379
Payment of non-recurring and restructuring expense	(104,329)	(34,909)	(69,420)
Distribution of dividends	(1,514)	(2,163)	649
Flow on "Non-current assets held for sale and discontinued operations"	-	-	-
Equitization/merger	1,304,500	-	1,304,500
Foreign exchange adjustments and other movements	16,573	(75,569)	92,142
Change in net financial debt	1,408,541	(3,286)	1,411,827

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

The following graph summarizes the main elements that affected the change in net financial debt during 2012.



The **free operating cash flow** generated in 2012 (€ 318,267 thousand) was down by € 48,066 thousand on the previous year (€ 366,333 thousand); this reduction reflected a € 74,677 thousand decline in EBITDA as a result of tough economic conditions, offset partly by a drop of € 2,104 thousand in capital expenditure (€ 45,991 thousand in 2012 versus € 48,095 thousand in 2011) and by a positive contribution of € 17,207 thousand from operating working capital. Operating free cash flow as a percentage of revenues from sales and services increased from 38.3% in 2011 to 39.4% in 2012, while operating free cash flow as a percentage of EBITDA rose from 98.8% in 2011 to 107.5% in 2012.

Financial performance of Italian Directories

Notes on the individual items can be found in the "Financial performance by Business Area: Italian Directories" section.

Italian Directories reclassified income statement

(euro thousand)	Year 2012	Year 2011	Change Absolute	%
Revenues from sales and services	626,859	748,649	(121,790)	(16.3)
Costs of materials and externals services (**)	(270,996)	(298,804)	27,808	9.3
Salaries, wages and employee benefits (**)	(68,510)	(70,001)	1,491	2.1
Gross Operating Profit (GOP)	287,353	379,844	(92,491)	(24.3)
% on revenues	*45.8%*	*50.7%*		
Net valuation adjustments and provisions to reserves	(59,262)	(33,009)	(26,253)	(79.5)
Other operating income (expenses)	(1,922)	(1,219)	(703)	(57.7)
EBITDA	226,169	345,616	(119,447)	(34.6)
% on revenues	*36.1%*	*46.2%*		
Operating amortization, depreciation and write-down	(43,594)	(48,804)	5,210	10.7
Non-operating amortization, depreciation and write-down	(1,836,950)	(662,795)	(1,174,155)	n.s.
Non-recurring and restructuring costs, net	(98,689)	(37,595)	(61,094)	n.s.
EBIT	(1,753,064)	(403,578)	(1,349,486)	n.s.
% on revenues	n.s.	*(53.9%)*		
Interest expense, net	(165,284)	(267,223)	101,939	38.1
Gain (loss) on investments accounted fo at equity	(14,359)	(62,245)	47,886	76.9
Profit (loss) before income taxes	(1,932,707)	(733,046)	(1,199,661)	n.s.
Income taxes	172,884	(84,735)	257,619	n.s.
Profit (loss) on continuing operations	(1,759,823)	(817,781)	(942,042)	n.s.
Profit (loss) from non-current assets held for sale and discontinued operations	-	-	-	n.s.
Profit (loss) for the year	(1,759,823)	(817,781)	(942,042)	n.s.

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

Italian Directories statement of comprehensive income

(euro thousand)		Year 2012	Year 2011
Profit (loss) for the period	(A)	(1,759,823)	(817,781)
Profit (loss) for "cash flow hedge" instruments		1,561	11,047
Actuarial gains (loss) recognised to equity		(1,660)	139
Total other comprehensive profit (loss) for the year, net of tax effect	(B)	(99)	11,186
Total comprehensive profit (loss) for the year	(A+B)	(1,759,922)	(806,595)

Italian Directories reclassified statement of financial position

(euro thousand)		As at 12.31.2012	As at 12.31.2011	Change
Goodwill and "marketing related" intangibles assets		220,018	1,873,919	(1,653,901)
Other non-current assets (*)		289,730	250,909	38,821
Operating non-current liabilities		(39,153)	(32,378)	(6,775)
Non-operating non-current liablities		(35,843)	(3,524)	(32,319)
Operating working capital		12,705	111,144	(98,439)
- Operating current assets		*364,062*	*524,959*	*(160,897)*
- Operating current liabilities		*(351,357)*	*(413,815)*	*62,458*
Non-operating working capital		(21,109)	(16,878)	(4,231)
- Non-operating current assets		*21,152*	*23,367*	*(2,215)*
- Non-operating current liabilities		*(42,261)*	*(40,245)*	*(2,016)*
Non-current assets held for sale and discontinued operations, net		(250)	(250)	-
Net invested capital		426,098	2,182,942	(1,756,844)
Total equity	(A)	(1,007,227)	(557,111)	(450,116)
- Current financial assets, cash and cash equivalent		*(102,261)*	*(147,539)*	45,278
- Current financial debts		*207,248*	*2,150,593*	*(1,943,345)*
- Non-current financial debts		*1,328,338*	*768,561*	*559,777*
Net financial debt (ESMA)		1,433,325	2,771,615	*(1,338,290)*
Transaction costs on loans and securitization costs not yet amortized and Net market value of "cash flow hedge" instruments		-	(31,562)	31,562
Net financial debt - "book value" (*)	(B)	1,433,325	2,740,053	(1,306,728)
Total	(A+B)	426,098	2,182,942	(1,756,844)

(*) Net Financial Indebtedness - book value doesn't include financial assets available for sale and non-current financial assets included in "other non-current assets".

IFRS 3 - Business Combinations

As stated previously, on August 31, 2012, the Merger by incorporation of Lighthouse into SEAT became effective and the financial restructuring process was completed. The Merger is a significant transactions as detailed in the Documento informativo defined by art.70, paragraph 6 and art. 57, paragraph 1, letter d) and paragraph 3 of the Regulation adopted by Consob with resolution n. 11971 of May 14, 1999 as subsequently amended and supplemented published on August 24, 2012.
Pursuant to "IFRS 3 - Business Combinations", the Merger was structured as a reverse acquisition whereby Lighthouse was the acquirer and SEAT was the acquiree. Although SEAT was the incorporating company from a legal perspective, in accordance with IFRS 3, from an accounting standpoint, Lighthouse was the acquirer because the control of SEAT was acquired by Lighthouse shareholders upon completion of the Merger. In light of this, the SEAT Group's consolidated financial statements were prepared from the perspective of Lighthouse, the acquirer, and reflect the acquisition of the SEAT Group as of the acquisition date of August 31, 2012. In this regard, it should be stressed that before the financial restructuring, the assets and liabilities of Lighthouse consisted solely of a bond listed on the Luxembourg Stock Exchange and an outstanding loan disbursed to the SEAT Group in an amount equal to said bond, while the amounts on the income statement consisted essentially of cash flows related to interest income and expense accrued on these financial receivables and payables. As a result, the data for 2011 cannot be compared with those for 2012, which, as indicated, include the SEAT Group from August 31, 2012.

The accounting treatment of the acquisition

The acquisition of SEAT was booked in accordance with IFRS 3. The Lighthouse shareholders acquired 88% of SEAT, whose existing shareholders retained a stake of 12%. The purchase cost was determined by considering the number of equity securities that Lighthouse would have had to issue to provide SEAT shareholders with a stake equal to the one they would hold upon completion of the Merger. The fair value of this quantity of equity securities was used as the purchase cost. In light of this and of the terms of execution of the Merger, and given the fact that SEAT shares are listed on the Mercato Telematico Azionario (the screen-based segment of the Milan stock exchange), the price was determined on the basis of the SEAT share prices on the acquisition date (the final SEAT share price prior to the transaction, i.e. the closing price on August 30, 2012, was used). The purchase cost was therefore € 76,903 thousand (€ 0.03959 x 1,927,027,333 existing ordinary shares = € 76,291 thousand, plus € 0.9 x 680,373 savings shares = € 612 thousand).

Goodwill calculation

For the purposes of booking the acquisition, the following were calculated: the fair value of the assets acquired and the liabilities assumed, and the relative goodwill, i.e. the difference between the purchase cost and the net value of said assets and liabilities.

	Euro Thousand
Purchase cost	76,903
Net Fair Value of activities and liablities at the Acquisition date	(1,341,790)
Goodwill	1,418,693

The Merger qualifies as a reverse acquisition since the company being incorporated from a legal perspective (Lighthouse) is the de facto acquirer. The SEAT Group's assets and liabilities were therefore measured at value, resulting in the following effects on the financial statements:

- identification and measurement of certain intangible assets (€ 603 million of customer relationship and database assets; € 198 million of patents, concessions, trademarks and licenses) totaling € 801 million;
- fair value evaluation of financial liabilities and writing off (recorded as a reduction of debt) the residual value of issuing costs for senior secured bonds (€ 16.0 million) and adjusting the book value of the leasing debt to its fair value (€ 5 million);
- determining the tax effects on the aforementioned adjustments, where applicable;
- recording residual goodwill of approximately € 1,419 million;
- allocating the appropriate share of these adjustments to equity pertaining to minority interests.

The table below shows a breakdown of the fair value of the assets acquired and liabilities assumed, as at the acquisition date:

(euro thousand)	Book value	Fair value (*)	Purchase Price Allocation
Fair Value of activities at the Acquisition date			
- Other non current assets	163,048	797,338	960,386
- of which Database	*10,006*	*258,700*	*268,706*
- of which Customer Relationship	*-*	*344,379*	*344,379*
- of which patents, concessions, brands and licences	*2,218*	*197,911*	*200,129*
- of which other intangible assets	*59,615*	*-*	*59,615*
- of which tangible assets	*27,547*	*207*	*27,754*
- of which leased assets	*50,400*	*(11,066)*	*39,334*
- of which deferred tax assets	*9,472*	*7,207*	*16,679*
- Current assets	885,891	(12,400)	873,491
- Non curren liabilities	(804,141)	(267,870)	(1,072,011)
- of which non current financial liabilities	*(753,846)*	*(11,022)*	*(764,868)*
- of which other non current liabilities	*(20,827)*	*(6,020)*	*(26,847)*
- of which deferred tax liabilities	*-*	*(250,828)*	*(250,828)*
- Current liabilities	(2,728,227)	640,171	(2,088,056)
- of which current financial liabilities	*(2,222,573)*	*667,579*	*(1,554,994)*
- of which paybales for services to be rendered and othe current liabilities	*(236,388)*	*(29,993)*	*(266,381)*
- of which trade payables	*(149,129)*	*2,585*	*(146,544)*
- Non-controlling interests	(25,735)	-	(25,735)

Costs related to the acquisition	10,135		10,135
Net Fair Value of activities and liablities at the Acquisition date	(2,499,029)	1,157,239	(1,341,790)
Purchase cost			76,903
Goodwill			1,418,693

(*) It includes the adjustment of current liabilities Lighthouse SA the corresponding carrying amount in current elision of the latter for the purpose of the merger.

Significant events in 2012

Financial restructuring

As indicated in the Introduction, which we refer for further details, the restructuring of the financial debt of SEAT Pagine Gialle S.p.A. was concluded on September 6, 2012.

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.

Ratings agencies Standard & Poor's and Moody's

Following the debt restructuring, agencies Standard & Poor's and Moody's assigned respective ratings to SEAT Pagine Gialle S.p.A. of B- with a negative outlook and Caa1 with a stable outlook. As at the approval date of this report, the ratings assigned to SEAT Pagine Gialle S.p.A. by Standard & Poor's and Moody's were D and Ca respectively, having been downgraded as a result of the current financial crisis.

Renewal of the Board of Directors and Board of Statutory Auditors, appointment of a new Board of directors, a new Chief Executive Officer and new Committees

The Ordinary Shareholders' Meeting called to approve the financial statements as of 31 December 2011 on 12 June 2012 had failed to renew for one year the mandate of the entire Board, whose mandate expired with precisely such meeting.
The same meeting was also renewed for a three-year period, the appointment of Statutory Auditors, also in maturity.
Following the conclusion of the restructuring process, the Board of Directors has resigned. the Extraordinary Shareholders' Meeting of October 22, 2012 resolved to amend articles 8 (Right to attend),10 (Meeting notice) and 11 (Ordinary and Extraordinary Shareholders' Meetings) of the Articles of Association, while the Ordinary Shareholders' Meeting of the same date resolved to:

- set at nine the number of members of the Board of Directors, establishing their term of office up to the approval of the financial statements for the year ended December 31, 2014, and set at € 50,000.00 the annual compensation for each director, authorizing a civil liability insurance policy for the directors, general managers and the chief financial officer, with a maximum annual premium of € 350,000.00.
- appoint Guido de Vivo, Vincenzo Santelia, Chiara Damiana Maria Burberi, Mauro Pretolani, Paul Douek, Luca Rossetto, Francesca Fiore, Harald Rösch and Mauro Del Rio as directors (all of whom were selected from the only list submitted by the Shareholders' Meeting), and appoint Guido de Vivo as Chairman of the Board of Directors.

Directors Chiara Damiana Maria Burberi, Mauro Pretolani, Luca Rossetto, Francesca Fiore, Harald Rösch and Mauro Del Rio stated that they met the independence criteria set forth in articles 147-ter, paragraph 4, and 148, paragraph 3, of Legislative Decree 58/1998 and in the Code of Corporate Governance for Listed Companies.

On October 26, 2012, the Board of Directors appointed Vincenzo Santelia as Chief Executive Officer of the Company, bestowing upon him the power to implement Group strategy, with effect from the start of November.
Having verified the independence criteria of directors Chiara Damiana Maria Burberi, Mauro Pretolani, Luca Rossetto, Francesca Fiore, Harald Rösch and Mauro Del Rio, the Board also appointed the following Committees for the 2012-14 period:

- the Appointments and Remuneration Committee, comprising Mauro Pretolani (Chairman), Paul Douek and Francesca Fiore;
- the Audit and Risk Committee, comprising Chiara Damiana Maria Burberi (Chairman), Luca Rossetto and Harald Rösch.

New Sales 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 sales network and providing an adequate 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. In total, 74 such companies had been set up as at the date of drafting this report.

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 reimburse the excess sums paid for the provision of telephone subscriber data in the amount of € 47.2 million, including interest. This money was received during July.

On November 2, 2012 the Federal Court of Justice of Germany upheld the ruling of June 8, 2011 and rejected Deutsche Telekom AG's request for an additional challenge to said ruling. The Court ordered Deutsche Telekom AG to repay a further € 50 million (approx.), including interest, as compensation for excess payments made by Telegate AG for the provision of telephone subscriber data. This money was received in November.

Subsequent events

In addition to what is already indicated in the Introduction to this Report, to which reference is made, we note the following facts.

Signing up to the opt-out scheme

On January 28, 2013, the Company's Board of Directors resolved to sign up to the opt-out scheme established under article 70, paragraph 8 and article 71, paragraph 1-*bis* of the Issuers' Regulation, thereby availing itself of the option to avoid the obligation to publish a prospectus for significant mergers, de-mergers, capital increases by way of non-cash consideration, acquisitions and disposals. On February 1, 2013, the Company released appropriate information to the market.

Appointment of the Supervisory Board

On March 1, 2013 - following the resignations of Supervisory Board members Marco Reboa, Marco Beatrice and Francesco Nigri pursuant to Legislative Decree 231/2001 - SEAT Pagine Gialle S.p.A. gave notice that the Board of Directors had resolved to appoint as members of said Supervisory Board Marco Rigotti (an adjunct professor of commercial law at Bocconi University), in the role of Chairman, Chiara Burberi (independent director of the Company) and Michaela Castelli (secretary to the Board of Directors of the Company), setting their term of office until the Shareholders' Meeting called to approve the 2014 separate financial statements.

Resignations of directors

On March 20, 2013, non-executive director and member of the Company's Appointments and Remuneration Committee Paul Douek resigned from his positions within the Company and within subsidiary SEAT Pagine Gialle Italia S.p.A. Paul Douek subsequently announced that his resignation would take effect on April 29, 2013.

Appointment of the representative of savings shareholders

On May 2, 2013, the special meeting of savings shareholders: *(i)* appointed Stella D'Atri as their common representative for 2013, 2014 and 2015, and *(ii)* approved the statement for the fund set up to cover the expenses required to protect their common interests. The Common Representative has submitted to the Company for payment out of the aforementioned provisions, the statement of professional fees which decided to turn to for advice and assistance as a result of the application for admission to the composition with creditors by the Parent Company. In this regard, the Court of Turin, in a case in order to obtain the authorization for payment of such costs in accordance with art.161, paragraph 7 LF, denied such permission by order of June 11, 2013.

Sale of the nish subsidiaries of the Telegate AG Group

On June 10, 2013 Telegate AG announced that it has reached on June 7, 2013 the agreement for the sale of Telegates's wholly owned spanish subsidiaries Nueva Information Telefonica S.A.U. and 11850 Guias S.L.U. in favor of Titania Corporate S.L. with a value of € 1 million.

Start of activities aimed at the disposal of some investments

The New Strategic Guidelines suggest some disposals of investments, particularly those in the Telegate AG, TDL Infomedia Ltd. and CIPI S.p.A., were no longer considered synergistic with the activities of the Group. As a result, I was initiated activities aimed at their disposal, at times and in ways compatible with the arrangement procedure, with a view to better meeting the insolvency creditors resulted in the latter received some expressions of interest that are being considered by the Board of Directors.

Start of arbitration proceedings filed by Rotosud S.p.A. and ILTE S.p.A.

On June 10, 2013, Rotosud S.p.A. and ILTE - Industria Libraria Tipografica Editrice S.p.A. (printing service providers for the Group) served the Company with a request for binding-arbitration proceedings. The suit concerns four service contracts between the Company and Rotosud/ILTE initially entered into in 2005 and then modified in 2010, with the term extended until December 31, 2019, and contains a claim for financial and non-financial damages amounting to at least € 39.6 million. Rotosud/ILTE has invited the Company to appoint an arbitrator of its choice within 20 days of the notice of request for arbitration proceedings. The Company believes the claims of Rotosud/ILTE to be wholly unfounded and will contest them as it sees fit.

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

On June 17 and 18, 2013, the Company received correspondence from, respectively, the UK pensions authority ("*The Pensions Regulator*" - TPR) and the trustee of the pension fund of UK subsidiary Thomson Directories Ltd. In the first, TPR served notice of proceedings that may require it to ask the Company to provide financial support to the aforementioned pension fund. The deficit of the fund was estimated to be around £ 48 million. In the second piece of correspondence, the trustee, having acknowledged the TPR document and the Company's filing on February 6, 2013 for a composition with creditors' procedure, indicated that SEAT's maximum contingent liability to the pension fund was around £ 52 million. These amounts represent the estimated expenses and theoretical cost to an insurance company of covering the fund. Future contact with TPR and the trustee with a view to resolving the matter will take into account the actual situation of the fund, the applicable provisions and the Company's available resources. The Company believes that any amounts owed will be significantly less than those shown above.

Outlook

The strategic guidelines underpinning the Plan filed with the composition with creditors' Proposal

As stated in the Introduction, the Board of Directors approved new strategic guidelines that formed the basis of the Plan and Proposal required under the composition with creditors' procedure as a going concern pursuant to article 186-*bis* of the Bankruptcy Act. This plan and proposal will be examined by the Court, with the help of the commissioner, in accordance with applicable legislation.
The Plan and the Proposal, in whatever form they take once this process has been completed, will follow the authorization schedule established by the rules governing composition with creditors' procedure.
In accordance with the law, the provisions contained in the new strategic guidelines and in the Plan, which were drawn up in a particularly uncertain and unstable market and economic climate, were properly certified, pursuant to the aforementioned composition procedure, by an independent expert.
The qualifying elements of the new strategic guidelines are summarized below.
The plan drawn up by SEAT's management team includes new strategic initiatives based on the commercial trends of the Company's various products (which show growth in the online and mobile business but a sharp decline in print and voice products) and on the impact of steps taken in 2012, particularly the new sales operating and organizational model.
Work began in early 2012 to reorganize the sales network, with the aim of significantly improving planning and control capabilities, bridging the skills gap and raising the level of administrative and production services.

The plan also mentions the impact of customers gradually switching to online components. This shift from traditional to online products, and from a shrinking market to a growing one, is also contributing to a situation whereby the current negative trend will stabilize slowly over time and then give way to growth from 2015 onward.
The new strategic guidelines focus on the domestic market and can be broken down into three main areas of action:

1) *Restore SEAT's commercial offering to full capacity* by redeveloping products, offers and the sales network. This involves rebuilding the key elements of SEAT's commercial formula: a simple, unique and modern product that can appeal to large numbers of Italian SMEs; a controlled and skilled sales force that can offer good-quality service; and a commercial offering that attracts SEAT customers to try its new products with confidence. All this while setting important targets for the Company in terms of expanding its customer portfolio.

2) *Search for external growth opportunities* by aiming to become a leading facilitator of commercial transactions (e-commerce, online couponing, credit services) and by developing a new premium web agency offering for medium-to-large companies.

3) *Simplify things considerably.* From the Group structure (by way of the sale of non-strategic subsidiaries) to the organization of the business and the implementation of cost-saving initiatives, this involves a complete overhaul of the Company with a view to eventually freeing up significant resources.

Restore the commercial offering to full capacity

The first step aims to bring the performance of traditional and online advertising products (online directories) in line with the market, more than offsetting the overall decline through growth in web agency services.

Management has identified several steps to bring about quicker stabilization of revenues and a return to growth. These include:

- Completion of the reorganization of the sales network
  The plan provides for increasing agent numbers so that the sales force is as large as it was in 2011 and 2012. The aim is to generate new customers and ensure better management of the existing customer base.
  The Company also aims to increase the average productivity of its agents, thanks to improved operational planning under the New Sales Model, with a view to restoring the levels seen in 2009 and 2010.
  The plan provides for taking on new resources with high levels of online expertise in the first two years (2013 and 2014). These new resources will support agents in local branches by providing before- and after-sales assistance and training.

- Product innovation
  SEAT will update its entire website offering in 2013 and 2014, introducing greater customization and more advanced functions, such as unrestricted organization of content and automatic optimization for all platforms (PCs, smartphones, tablets), with a view to further enhancing the Company's competitive advantage.
  SEAT also intends to update its more traditional products (including the print directories) so they are better adapted to modern usage methods.

- Development of the commercial offering
  Begun in early 2013, the most significant initiative involves testing a 'subscription' form of contract that enables customers to try out SEAT products without committing to a full year or more.

- Investment in communication
  SEAT intends to create the ideal conditions to consolidate its position as a leading "business development partner" for Italian SMEs, with the emphasis on digital marketing.
  The plan therefore provides for a significant increase in advertising spending, of which a large portion is earmarked for online campaigns.

We expect these initiatives to improve our relations, and therefore our commercial performance, with our existing customers and to help us attract new customers so we can restore the customer base to its previous levels.

Search for new growth opportunities

We believe that additional growth will come mainly from the commercial-transaction sector, an area that overlaps with the advertising market. SEAT's advertising products aim to make its customers more visible and generate more leads for them. Some new products, however, go beyond simply matching demand to supply; they actually allow transactions to develop. E-commerce (whereby our customers can sell their products remotely and manage post-order logistics) and online couponing (whereby consumers pre-order a certain quantity of products or services promoted by SEAT customers) are therefore products with significant potential in light of market growth forecasts in Italy and the levels already reached in other European countries.
SEAT also intends to offer its customers a credit management consultancy service and to extend its current web agency model to medium-to-large customers not covered by the existing standard offer.
We expect the contribution from these projects to the top line to come mainly in the final stages of the plan.

Simplify things considerably

SEAT's plan provides for a much simpler corporate structure (by way of selling off some major equity investments), a more streamlined organizational structure in Italy and, lastly, targeted measures for cutting direct and indirect costs.

Specifically, the shareholdings in Telegate AG, TDL Infomedia Ltd. and Cipi S.p.A. are no longer considered sinergic with the Group's activities. They will therefore be sold, in accordance with the time frames and methods established by the composition with creditors' procedure, with a view to honoring debts to creditors to the maximum possible extent.

The industrial costs of the initiatives under way (web agencies, commercial transactions) are proportionally higher than was historically the case, meaning that product margins are expected to fall.
We expect commercial costs to increase in line with revenues, while advertising costs will rise sharply in 2013, compared with 2012, before stabilizing.
In addition to those carried out between 2009 and 2012, we expect to introduce targeted initiatives on indirect costs on the basis of the results of specific benchmarking activities.

* * *

As mentioned, these actions will be carried out over a time period dictated by the proposed composition with creditors' procedure as a going concern, which is pending before the Court of Turin. During this period, the Company expects revenues to initially fall, as a result of the stagnation currently afflicting the business, before gradually returning to growth in the final stages as the new strategic initiatives take hold. We expect margins rates to decline permanently.
By the end of the plan, we expect consolidated revenues to be around the level they were at before the 2012 restructuring. In light of the new competitive environment, we expect operating margins to halve compared with recent levels.

Going concern evaluation

In accordance with the provisions of Banca d'Italia - Consob - Isvap joint document no. 2 of February 6, 2009, when it approved the financial statements, the Board of Directors had to perform the necessary checks on the Company's ability to continue as a going concern, taking into account all available information on the foreseeable future, i.e. at least the 12 months following the reporting date (although it is preferable to consider a period of 18 months, i.e. up to June 30, 2014).

The acknowledgement of the situation and of the critical outlook that led to the Board's decision to file for a composition with creditors' procedure meant immediately that the going-concern principle could not be applied for the purposes of preparing the financial statements, in the absence of specific actions to overcome the crisis afflicting the Company.

Despite the prompt reaction of the Board, which took the above steps without delay, on the same day that they approved these financial statements, the directors, when assessing the Company's ability to continue as a going concern, uncovered certain factors that contribute considerably to the permanence of significant uncertainties over the Company's ability to continue to operate in the foreseeable future. Notwithstanding the difficulties arising from a persistently very tough economic climate, these factors relate specifically to the following key stages of the Procedure:

- **the Court of Turin admitting the Company to the composition with creditors' procedure as a going concern:** on the basis of the elements contained in the filing, the Court must first assess whether the legal and factual conditions are in place to admit the Company to a composition procedure. If these conditions are not in place, the Court may declare the filing to be inadmissible, thereby ensuring an insolvency status;
- **the Shareholders' Meeting taking the necessary decisions to execute the proposed composition with creditors:** as described earlier, the Proposal provides for some of the Company's debts to be converted into equity by way of a reserved capital increase that will dilute the stakes of existing shareholders. At present, as there is no nucleus of major shareholders with a sufficient stake to ensure the quorums required to hold meetings and take decisions, it is impossible to predict the outcome of the meeting called to take the decisions in question;
- **the positive outcome of the creditors' meeting**: it is uncertain whether the creditors will vote in a sufficient majority to approve the proposal so it can be authorized by the Court;
- **the Court authorizing the composition with creditors**: when investigating the matter, the Court must take into account and assess all available information, particularly the report of the commissioner appointed when the Company is admitted to the composition with creditors' procedure;
- **the Proposal re-establishing positive equity** that is sufficient to bring the Company and its main operating subsidiary out of the situations pursuant to articles 2446 and 2447 of the Italian Civil Code, respectively, and to sustain business for the period covered by the plan drawn up during the Procedure;
- **uncertainties surrounding the estimates and forecasts made by the Company in relation to the composition with creditors' procedure and the viability of the Plan underlying the Proposal.** The actions provided for by the new strategic guidelines are subject to the completion of certain operations, including some of an extraordinary nature, for the purposes of which the Procedure must evolve favorably and result in the authorization of the composition with creditors.

In light of the above, the Board believes that for the Company to continue to operate in the foreseeable future the Procedure must be successful and the composition with creditors must be executed. Specifically, the proposed debt restructuring is essential to make the Company's debt levels compatible with its ability to generate cash and sustain its business.

Having considered the steps taken, the Board of Directors has reached the final conclusion that the reasonable assumption that the Procedure will be successful (which entails, among other things, the non-implementation of articles 2446 and 2447 of the Italian Civil Code pursuant to article 182-sexies of the Bankruptcy Act) restores the positive assessment of business continuity, thereby enabling approval, as things stand, of the 2012 financial statements on the assumption of the Company's ability to continue as a going concern.

Financial performance by Business Area

The data for 2012 are presented on a comparable basis with the data for 2011, as explained in more detail in the introduction to the report on operations in this Annual Report at December 31, 2012.

(euro million)		Italian Directories	UK Directories	Directory Assistance	Other activities	Aggregate Total	Eliminations and other adjustments	Consolidated Total
Revenues from sales and services	Year 2012	626.9	57.1	100.3	43.9	828.3	(19.5)	808.8
	Year 2011	748.6	60.9	119.1	49.2	977.8	(21.1)	956.7
GOP	Year 2012	287.4	2.6	9.3	4.0	303.3	0.1	303.4
	Year 2011	379.8	7.0	17.8	5.7	410.3	0.7	411.0
EBITDA	Year 2012	226.2	0.6	65.9	3.3	296.0	-	296.0
	Year 2011	345.6	4.6	15.1	5.2	370.5	0.1	370.6
EBIT	Year 2012	(1,751.6)	(40.8)	41.7	(3.3)	(1,754.0)	(0.9)	(1,754.9)
	Year 2011	(403.6)	(21.4)	(8.7)	0.5	(433.2)	0.2	(433.0)
Total assets	December 31, 2012	893.1	30.1	203.8	41.2	1,168.2	(6.3)	1,161.9
	December 31, 2011	2,700.0	57.4	171.8	48.0	2,977.2	(50.5)	2,926.7
Total liablities	December 31, 2012	2,004.5	36.7	69.7	25.5	2,136.4	(6.3)	2,130.1
	December 31, 2011	3,377.8	66.7	55.3	37.4	3,537.2	(55.4)	3,481.8
Net invested capital	December 31, 2012	322.0	(12.4)	34.2	16.0	359.8	-	359.8
	December 31, 2011	2,062.3	4.7	75.0	14.7	2,156.7	(6.9)	2,149.8
Capital expenditure	Year 2012	31.6	3.2	7.2	4.1	46.1	(0.1)	46.0
	Year 2011	37.0	3.3	3.3	4.6	48.2	(0.1)	48.1
Average workforce	Year 2012	1,195	595	1,399	335	3,524	-	3,524
	Year 2011	1,032	620	1,845	339	3,836	-	3,836
Average number of sales agents	Year 2012	1,171	-	-	53	1,224	-	1,224
	Year 2011	1,350	-	1	46	1,397	-	1,397

Key performance indicatores of the Group	Year 2012	Year 2011
Number of published directories		
PAGINEBIANCHE®	103	103
PAGINEGIALLE®	205	202
ThomsonLocal	173	178
Number of distributed directories (values in million)		
PAGINEBIANCHE®	22.4	23.8
PAGINEGIALLE®	16.7	16.6
ThomsonLocal	21.8	22.7
Number of visits (values in million)		
uniterrupted site access for 30 minutes		
PAGINEBIANCHE.it® (*)	150.2	158.6
PAGINEGIALLE.it® (*)	279.3	211.5
TuttoCittà.it®	30.2	28.0
Europages.com	57.0	56.0

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

Italian Directories

Market situation

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

Revenue per product

				Year 2012 % on total revenues
Print	PAGINEGIALLE	PAGINE GIALLE®	classified directories of italian business	10.3
	PAGINEBIANCHE	PAGINE BIANCHE®	alphabetical directories	10.6
		Other print product		6.5
Internet & Mobile	PAGINEGIALLE.it	PAGINE GIALLE.it®	search engine specialised in business search	44.6
	PAGINEBIANCHE.it	PAGINE BIANCHE.it®	search engine specialised in subscriber search	14.1
Voice	89.24.24	89.24.24. Pronto PAGINEGIALLE®	voice service which provides directory assistance values added services	4.6
	12.40	12.40. Pronto PAGINEBIANCHE®	voice service which provides subscriber information service	
Total core revenues				**90.7**

Product innovation

Online and mobile services

Changes are taking place in the market for corporate support services and media: the internet enables a faster information and purchase process, which changes the relationship between the customer and the Company. In this environment, it is essential that we continue in the traditional advertising market while extending our product range so we can further increase our market share in online local advertising. As we at SEAT look to consolidate and strengthen our leadership in the web agency market, we have focused on innovation by entering the *self-provisioning* segment in partnership with Google and expanding our couponing service, which has also allowed us to increase our presence in online transactions.

The major interventions during the year aimed to: *(i)* develop innovative offers to meet customers' needs while ensuring that products evolve in line with market trends; *(ii)* implement innovative functionalities and user-generated content online while developing new mobile apps with a view to increasing usage of the Company's services.

Some of the main development initiatives launched during 2012 are listed below.

Couponing: in 2012, we continued our work to strengthen our offering in this particularly competitive sector, which demands increasing efforts in terms of developing new functionalities and applications that can maximize sales. In order to ensure that our offering is attractive to the local advertising segment and for product sales, we worked specifically on online payment systems, customer loyalty tools, payment security management, online distribution through stronger partnerships, and website exposure and searchability, thereby improving the *user experience*.

Web Agency: we are active in this sector through our website product range; in the second half of 2012, we released our new PGLogo service and improved our App4site offering. The expert design of a professional logo is essential for any business that wants to stand out from the crowd and represents the foundations of coordinated branding and *corporate identity*. Many Pagine Gialle products use the logo as a graphics and communication tool (company fact sheet, fan sites, websites, etc.), which makes having a modern, effective, high-definition logo a prerequisite for all SMEs that choose SEAT for their marketing program. PGLogo, which uses graphic designers specialized in logo and brand design, is an additional graphics and communication management service for SMEs. We enhanced our App4site offering by adding video creation (Video Self Made) and document management (Doc Box) apps. We also spent a lot of time on our corporate social networking services. By creating, managing and sponsoring activities through social networks, SEAT ensures the integrated management of its customers' advertising, providing visibility and searchability on all the major internet channels.

Online and mobile usage: the drivers behind the strategy to increase usage of our online and mobile services were: *(i)* the horizontal and vertical enrichment of local and *user-generated content*; *(ii)* the implementation of Web 2.0 features that allow the user to play a more active role; *(iii)* the implementation of social-networking functionalities and the integration on mobile platforms, with a view to interpreting users' 'on-the-go' needs by personalizing their user experience and increasing their interaction with the online *community*. Our major mobile releases concerned upgraded browsers and apps for the main brands (Apple, Android and RIM), as well as the new online and mobile versions of Tuttocittà.

In terms of changes to the current product range, development concerned:

- product quality;
- the efficiency of underlying production processes;
- the improvement of our commercial offering via segmentation of the customer base.

For our websites range, we spent a lot of time on creating automatic product-quality monitoring tools, improving SEO tools such as the keyword generator and optimizing website exposure on mobile devices.

We also made changes to the Light and Special Projects for Large Clients, integrated comments received online into the voice channel and worked on the WWW (What, Where, WEB) system. The latter involved using a web service to centralize information on the business worth of a piece of data from a SEAT customer. This service enables us to put all the elements of a commercial offering (e.g. videos, *web presentations*, *visual sites*, fan pages, e-commerce) across the customer's web space, ensuring they are up to date and valid without the need for editorial intervention. We also started projects relating to the segmentation of the customer base and the improvement of sales interfaces via the Ready To Go program.

Directory assistance services

In order to increase usage of the Company's services, we started new services and promotions in 2012 that differed in accordance with customer profiles and usage patterns.

A pilot was launched for H3G customers to pay an annual subscription for unlimited use of the 89.24.24 service via the 133/139 numbers.
We also developed a new method for delivering information directly to users' Facebook walls, enabling immediate interaction and viral content, and extended the telephone movie theater bookings service nationwide.
We launched the IMU (single municipal tax) calculator to consolidate 12.40's position as the premier advanced telephone service and make it the first port of call for citizens with requirements pertaining to public utilities and services.
For our Large Client 89.24.24 advertisers, we launched the 'lead generation to guaranteed contact' offer.

Publishing products

Starting with the 2013 Bari edition, PAGINEBIANCHE® and PAGINEGIALLE® have been revamped.
The PagineBiancheInforma section, which features at the start of the alphabetical listings, has been enriched with public utilities content (e.g. addresses and opening hours of the major services), redesigned and advertised on the new cover.
The PAGINEGIALLE® editions were printed in a more compact format and enriched with new content: an editorial section printed at the start of the book with helpful tips on how to deal with small household emergencies, and, in towns and cities where Tuttocittà® is not distributed, a local map.
In addition, in order to improve the browsing experience, we published a category index at the end of the book and all new features were advertised on the cover.
The advertising section in PAGINEBIANCHE® and PAGINEGIALLE® directories was simplified and modernized by way of clearer advertisements and new customizable spaces to allow customers to personalize their non-text advertisements as much as possible.
In December 2012, we completely redesigned and added new functionalities to the e-book apps for iPad. The updated apps had been downloaded by 85% of users within a few weeks. We also launched our version for Android tablets.

Development of new IT systems

Our IT investments during the year primarily concerned:

- product innovation aimed at providing a service that increasingly meets customers' needs, focusing on flexibility and faster response times;
- a review of the main administrative processes for corporate cost-saving initiatives;
- completion of the WEB Age program, involving several projects aimed at: implementing the integrated management of personal information; optimizing and removing current constraints on the purchase process; reviewing network support tools to make sales processes quicker and more efficient; producing comprehensive monitoring tools; and improving post-sales customer satisfaction by reducing query resolution and lead times;
- release of a New Sales Model featuring the creation of Digital Local Services companies with a view to making agents more efficient and visits more effective, as well as improving customer service levels;
- the development of software to activate all infrastructure and IT system interventions needed for the transfer activities brought about by the financial restructuring.

Product innovation during the year saw the continuation of a number of improvements to IT systems to meet the new requirements of the marketing plans set out by the Company's Business Units, with the launch of new products and improvements made to the existing range on all SEAT platforms (print, online&mobile, voice). Specifically: *(i)* we released the new couponing offer for Large Clients; *(ii)* we completed our "Sfogliatore Web PagineBianche" program to provide a digital version of PagineBianche in addition to the print version in all directory areas; *(iii)* we released software patches for the self-provisioning renewal of website creation service "La Mia Impresa Online".

In terms of infrastructure technologies, in 2012 we acquired centralized hardware (data center) to replace obsolete machines with new network apparatus and machines capable of better performance and lower energy consumption, and to continue our efforts to 'virtualize' centralized hardware and streamline storage. We also updated our employees' workstations.

Structure of the Business Area

The Italian Directories Business Area is organized as follows:

MAIN COMPANIES

↓

SEAT Pagine Gialle S.p.A.

↓

SEAT Pagine Gialle Italia S.p.A.

↓

Digital Local Services

As part of the complex financial restructuring process, the transfer by SEAT Pagine Gialle S.p.A. of almost all its assets and liabilities to wholly owned subsidiary SEAT Pagine Gialle Italia S.p.A. (formerly Pagine Gialle Phone Service S.r.l.) was completed on September 1, 2012.

This means that the Italian Directories Business Area, which represented the Parent Company until the transaction took place, now also includes data relating to the transferee (SEAT Pagine Gialle Italia S.p.A.) and to the Digital Local Services companies set up by said transferee in July 2012 in order to ensure better oversight of the sales network and to provide sufficient support to agents and customers.

Henceforth, Italian Directories refers to these aggregated data, as defined above.

Main company events

- 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, to rename it SEAT Pagine Gialle Italia S.p.A., and to adopt new articles of association.
- The transfer of SEAT Pagine Gialle S.p.A. to SEAT Pagine Gialle Italia S.p.A. as part of the Group's debt refinancing program took effect on September 1, 2012.

Economic and financial data

The table below shows the main results for 2012 restated to make them comparable with those for 2011, as described in more detail in the Introduction.

(euro million)	Year 2012	Year 2011	Change Absolute	%
Revenues from sales and services	626.9	748.6	(121.7)	(16.3)
GOP	287.4	379.8	(92.4)	(24.3)
EBITDA	226.2	345.6	(119.4)	(34.5)
EBIT	(1,751.6)	(403.6)	(1,348.0)	n.s.
Net invested capital	322.0	2,062.3	(1,740.3)	(84.4)
Capital expenditure	31.6	37.0	(5.4)	(14.6)
Average workforce	1,195	1,032	163	15.8

Revenues from sales and services totaled € 626.9 million in 2012, down by 16.3% on the previous year. In particular, the predicted effects of the worsening economic climate were magnified in the second half of the year.
The core business (print-online&mobile-voice) saw a 16.9% fall in revenues compared with 2011. The drop affected all product lines, although it was less severe (-6.6%, entirely due to the web component sold bundled with Pagine Bianche® print) for online activities, which saw their share of total revenue climb from around 52.6% in 2011 to 58.7%. The reduction was due in part to the renewal of contracts ahead of their annual expiry, notwithstanding the overall two-year term of the service provision. The accounting criterion linked to the length of the contract provided, in the case of early contract renewal, the recognition in a one-off recognition upon the start of the new contract of revenues yet to be recorded under the original contract. In the case of early renewal, this simplification brought about a misalignment between the overall revenue recognition period and the provision of the service contractually agreed with the customer and consistently tracked on the computer systems. This solution was deemed acceptable at the time because of the limited impact of renewing contracts early and because of the prevalence of standard annual contracts over multi-year (two-year) contracts. In the final months of 2011, and particularly up to the first quarter of 2012, when the practice was abandoned, early contract renewal played an increasingly significant role, meaning that the Company, while working to the same accounting standards, had to adopt an algorithm that would realign the revenue recognition period with the length of provision of the service contractually agreed with the customer. Over the course of 2012, Italian Directories continued to encourage SMEs to get online by focusing on innovation, launching new products and services, and diversifying its business.
In more detail:

a) **Core revenues:** this item totaled € 568.9 million in 2012, down by 16.9% on the previous year. It breaks down as follows:

- *print*: revenues from print products, including those from the two Pagine Gialle and Pagine Bianche e-book apps for iPad launched at the end of April 2011, totaled € 171.9 million in 2012, down by 32.0% compared with the previous year owing to lower revenues from both PAGINEBIANCHE® and PAGINEGIALLE®. The initiatives launched in 2012 to ensure the sustainability of print product revenues and to increase product usage included: *(i)* the new directory advertising range, featuring new kinds of advertising space (some sorted alphabetically, some by size and some with a custom shape) and a new standard range of perfectly duplicable content on PAGINEBIANCHE® and PAGINEGIALLE®; *(ii)* combining the residential and commercial editions of PAGINEGIALLE® in some smaller areas; *(iii)* the optimizing of free listing on PAGINEGIALLE®; and *(iv)* the updating of the Pagine Gialle and Pagine Bianche e-book apps available on the App Store and for Android, featuring new functions (e.g. for Pagine Gialle, individual company search by name and easier browsing thanks to direct cross-reference and on-page links; for Pagine Bianche, search by first name or last name, search for a contact without knowing the address).

- *online&mobile*: online&mobile products generated revenues of € 368.3 million in 2012, down by 6.6% on the previous year. Net of the spin-off of the online revenues of PAGINEBIANCHE®, traditional advertising and online marketing revenues were broadly stable compared with 2011. Even online revenues, which had previously bucked the downward trend of traditional product revenues, suffered in the second half of the year from the effects of the economic downturn, which reduced the advertising budgets of SMEs and forced them to make different marketing investment choices. 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 32.0% year on year, with visits totaling around 279.3 million. Visits to PAGINEGIALLE.it® and PagineGialle Mobile enjoyed strong growth (+21.7% to 193.5 million), as did visits to web and mobile sites created for customers (+63.4% to 85.8 million). Overall traffic on PAGINEBIANCHE.it® reached around 150.2 million visits, down slightly (-5.2%) compared with 2011. As at the end of December, SEAT's mobile applications had achieved more than 4.1 million downloads (+128% compared with 2011) on Apple and other major platforms, with 2,071 thousand downloads (around 51% of the total) for PagineGialle Mobile, 1,210 thousand downloads (around 30%) for PagineBianche Mobile, 231,000 downloads for 89.24.24 Mobile and 588,000 downloads for Tuttocittà Mobile. In terms of product innovation with a view to boosting usage of our services, in June the Company: *(i)* launched the PagineBianche Mobile app for Windows Phone, enabling users to search for addresses and information on individuals, companies and organizations using geolocation; and *(ii)* 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). In September, Glamoo and PayPal signed an agreement that will enable all Glamoo users with a PayPal account to receive thousands of highly localized travel, lifestyle and shopping offers on their smartphones and to complete their purchase of products and services using a reference transaction on PayPal. In October: *(i)* we launched our new advertising campaign for Tuttocittà Mobile, the free iPhone app that contains maps and vast amounts of information from the SEAT database on all Italian cities; and *(ii)* we unveiled an updated version of PagineBianche Mobile 1.0 and PagineGialle Mobile 2.0, starting development of the PagineBianche and PagineGialle apps for the new BlackBerry 10. In February, we unveiled our new PagineBianche iPad app, which is available for free on the iTunes App Store and which includes all the functions already available on the iPhone version (such as search by name, phone number or address, or access to special search and use functions, including ones that make use of the iPad's geolocation capabilities), with the option of viewing search results on a high-quality interactive map and sharing these results on the major social networks.
- *voice*: advertising revenues from the 89.24.24 Pronto PAGINEGIALLE® and 12.40 Pronto PAGINEBIANCHE® services totaled € 28.7 million, down by € 8.9 million compared with the previous year, with 12.40 Pronto PAGINEBIANCHE® advertising revenues holding up better. 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 movie theater 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. During October, we launched our new 89.24.24 Pronto PAGINEGIALLE® advertising campaign to support a repositioning of the brand as a tool for easily and quickly finding a solution to everyday problems.

b) Other revenues and non-core products: revenues from other products totaled € 58.0 million in 2012, down by € 6.1 million on the previous year. In particular, these refer to voice traffic revenues (€ 34.5 million) generated by the 89.24.24 Pronto PAGINEGIALLE® and 12.40 Pronto PAGINEBIANCHE® services, down by 24.6% on 2011. The item also includes € 7.7 million of revenues from direct-marketing products, merchandising and the Sky offer, down by € 0.4 million compared with the previous year.

GOP amounted to € 287.4 million in 2012, down by € 92.4 million on the previous year and representing a margin of 45.8%. The reduction is due to the fall in revenues, which was offset only partly by lower operating costs.
Materials and external services, net of costs debited to third parties, totaled € 271.0 million in 2012, down by € 27.8 million (-9.3%) compared with 2011. Specifically, *industrial* costs dropped by € 6.8 million from € 125.7 million in 2011 to € 118.9 million in 2012 owing to lower print volumes and labor costs. The reduction in the volume of calls to the 89.24.24 Pronto PAGINEGIALLE® and 12.40 Pronto PAGINEBIANCHE® services resulted in lower inbound call center service costs (-€ 2.6 million to € 14.6 million), while commissions to web publishers continued to rise (+€ 2.2 million to € 22.4 million) as part of the management of new online offers intended to boost web traffic. *Commercial* costs totaled € 102.3 million in 2012, down by € 17.6 million compared with 2011 (€ 120.0 million) owing mainly to lower commissions and sales costs (-€ 15.0 million), which, following the implementation of the *New Sales Model*, are reflected in salaries, wages and employee benefits insofar as this model brought about the creation of new Digital Local Services companies spread throughout Italy and run by employees who were previously agents (zone managers). Advertising costs of € 14.3 million in 2012 were broadly stable compared with the previous year and related mainly to online and voice products.
Overheads totaled € 49.6 million in 2012, a drop of € 3.5 million on the previous year.
Salaries, wages and employee benefits, net of costs recovered for staff seconded to other Group companies, totaled € 68.5 million in 2012, down by 2.1% compared with 2011 (€ 70.0 million). This fall, which was due mainly to a revised bonus policy for the partial fulfillment of company objectives owing to the unfavorable climate in the directories market, was offset partly by the implementation of the *New Sales Model* for the reasons stated above.
The average salaried workforce rose from 1,032 in 2011 to 1,195 in 2012.
The workforce, including directors, project workers and trainees, consisted of 1,382 employees as at December 31, 2012 (1,254 employees as at December 31, 2011).

EBITDA amounted to € 226.2 million in 2012, down by € 119.4 million compared with 2011 and representing a margin of 36.1% (46.2% in 2011). EBITDA essentially reflects the downturn in GOP and was also affected by higher provisions to the allowance for doubtful trade receivables (+€ 31.8 million), in order to retain sufficient coverage of overdue receivables, offset partly by lower provisions for commercial risks (-€ 2.7 million) related closely to the drop in revenues.

The **operating loss (EBIT)** was -€ 1,751.6 million in 2012, up by € 1,348.0 million from -€ 403.6 million in 2011. This increase mainly reflects the total write-down of € 1,804.7 million following impairment tests on goodwill of € 1,327.6 million, customer relationship and database assets of € 401.1 million and trademarks of € 76 million. More details can be found in Note 6 to the consolidated financial statements. Net non-recurring costs of € 76.6 million consist mainly of the debt restructuring costs amounting to € 68.1 million; net restructuring costs of € 22.1 million consist mainly of provisions of € 14.4 million to the Italian Directories restructuring reserve in connection with the new corporate restructuring program for the period between February 1, 2013 and January 31, 2015, and provisions of € 7.4 million to the restructuring reserve in connection with the project to reorganize the Italian Directories sales network.

Net invested capital, which stood at € 322.0 million at December 31, 2012, net of the carrying amounts of equity investments in subsidiaries, was down by € 1,349.5 million compared with a year earlier (€ 2,062.3 million), owing mainly to write-downs following impairment tests on goodwill and specific intangible assets of SEAT Pagine Gialle Italia.

Capital expenditure of € 31.6 million in 2012 related mainly to: *(i)* improvements to the online and mobile platforms (around € 9.4 million) - the online area in particular 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; *(ii)* improvements to commercial online products (around € 4.7 million), relating mainly to the partnership with Glamoo, as well as to the development of the PGCommerce, Mobile Commerce and Lamiaimpresaonline products to provide SMEs with a more complete specialist e-commerce service that can effectively handle the computerization of purchases; *(iii)* commercial and publishing improvements (around € 8.5 million) to upgrade the systems and adapt them to new product ranges, and administrative improvements by way of the new managerial reporting system; and *(iv)* the acquisition of infrastructure for the disaster recovery program.

The **average workforce** numbered 1,195 in 2012, compared with 1,031 in the previous year. The increase of 163 is due mainly to the implementation of he New Sales Model, which involved the creation of new *Digital Local Services* companies (equal to 74 at the date of preparation of this report). These companies are spread throughout Italy and are run by employee field managers, most of whom were previously agents (*zone managers*) and whose structure, which replaces the previous managed by ex zone managers includes additional 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 fall under the scope of the package of EU Directives on telecommunications:

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

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

While the reform came into force on May 25, 2011 in most EU countries, in Italy the 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** (implementing EU Directives 136/2009 and 140/2009) was issued, introducing a number of amendments to the Personal Data Protection Code (Legislative Decree 69/2012). The aspect most relevant to SEAT Pagine Gialle concerns the regulations governing the use of cookies, which state that, in order for cookies to be installed on a user's computer (for marketing or other identification purposes), the user must receive clear notification and give their express authorization. The Italian data protection agency has launched a public consultation process, which is ongoing, with a view to establishing detailed rules on the technical and communication methods used to send this notification. SEAT Pagine Gialle is taking part in this consultation by way of a position paper.

In January 2012, the European Commission presented its draft General Data Protection Regulation, which will supersede Directive 95/46/EC and will govern the new European legal framework on data protection, together with a directive on data processing for judicial and police purposes (this is also under discussion). Once approved, the EU Regulation shall immediately become enforceable. Unlike directives, it will not need to go through the transposition process in each Member State.
SEAT is actively participating in the discussions to ensure that the final version of the Regulation takes our recommendations into consideration.

Lastly, in June 2012, AGCOM (the Italian communications watchdog) issued Resolution 52/12/CIR, which revised the National Numbering Plan 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 its directory assistance services.

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

Law 166 of November 20, 2009 ("Urgent provisions for the implementation of EU obligations and the execution of judgments of the Court of Justice of the European Union") converted Decree 135 of September 25, 2009 (the "Malan amendment") into law and made significant amendments to article 130 of the personal data protection code ("unwanted communication"). The new provisions of law permit telephone processing of the data of subscribers included in telephone directories for advertising, direct sales, market research and commercial communications purposes for those who have not exercised their right to opt out. Subscribers may opt out by including their telephone number in a public opt-out register created on November 2, 2010 following the publication of Presidential Decree 178 of September 7, 2010, **"Public register of subscribers opposed to the use of their telephone number for direct-marketing purposes"**. The register, which is managed by the Ugo 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 Italian data protection agency 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 Pagine Gialle S.p.A. has therefore signed up to the opt-out register for matching.

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

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

For SEAT Pagine Gialle S.p.A., the only consequence of these developments is the elimination of the "envelope" symbol printed in the Pagine Bianche directory to indicate (under the previous regime) consent from the subscriber to receive postal marketing. This will take place as soon as an order is issued by the Italian data protection agency.

UK Directories

Market situation and strategic positioning

The TDL Infomedia group, which has been present on the UK telephone directory market since 1980, joined the SEAT Group at the end of 2000. It currently has around 40,000 customers, with approximately 48% representing online activities, and has a workforce of 600. The group produces 173 editions of its Thomson Local directories, with 22 million copies distributed throughout the UK, making Thomson the third-largest operator in the country, after Yell and British Telecom.
The Group operates in three related business areas, and its main products are as follows:

- classified print directories under the Thomson Local brand with a regional focus, published in 173 different editions, covering 85% of the population and 45% of the area of the UK. Thomson Local is distributed free of charge to more than 23 million households and companies. In addition to the business section, which is classified according to categories, it also contains information on public services and local entertainment events, as well as street maps;
- online directories via its proprietary site, www.ThomsonLocal.com. The website is the online version of the print product and provides search services using key words. The website enables users to search Thomson's proprietary database (Direct Marketing Services) through the sale of online licenses for its proprietary database and the Business Search Pro product, as well as through email marketing products for SMEs;
- the full range of web services for SMEs includes website creation and optimization, as well as SEO and SEM campaigns.

Thomson has confronted the tough market conditions by continuing its policy of organizational restructuring and streamlining, and by improving its commercial offering through the sale of multimedia packages and the restructuring of its sales process, switching from direct door-to-door sales to a portfolio-based customer management and sales model. In 2012, the company also signed a traffic-generation agreement with TalkTalk and overhauled its product range (websites, pay-per-click offers, videos, outdoor advertising).

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

On September 21, 2012 the Board of Directors of Thomson Infomedia LTD decided on the capitalization by SEAT Pagine Gialle Italia S.p.A. of debt owed by the company open to £ 23.4 million in respect of the condition that this amount is transferred as a credit in capital account and contextually entered in the Financial Statement as at September 28, 2012.

Economic and financial data

The table below shows the main results for 2012 compared with those from the previous year:

(euro million)	Year 2012	Year 2011	Change Absolute	%
Revenues from sales and services	57.1	60.9	(3.8)	(6.2)
GOP	2.6	7.0	(4.4)	(62.9)
EBITDA	0.6	4.6	(4.0)	(87.0)
EBIT	(40.8)	(21.4)	(19.4)	(90.7)
Net invested capital	(12.4)	4.7	(17.1)	n.s.
Capital expenditure	3.2	3.3	(0.1)	(3.0)
Average workforce	595	620	(25)	4.0

Revenues from sales and services totaled € 57.1 million (£ 46.3 million) in 2012, down by € 3.8 million compared with the previous year.
The fall in revenues in 2012 reflected a sharp decline in print products; online revenues were broadly stable thanks to the restructuring of the sales network, the website and the commercial offering. The overhaul of thomsonlocal.com, which went on throughout 2012, had a positive effect on traffic, with visits up by 48% year on year to 1.4 million at December 2012.
Print product revenues suffered a sharp decline of 15.8%, although this was affected by a favorable exchange rate and a different publication schedule: more specifically, 173 Thomson Local directories were published in 2012, compared with 178 in 2011. At constant publication volumes and constant euro/sterling exchange rates, revenues fell 11.3% year on year.
Revenues from direct marketing and other sales rose by € 1.2 million compared with 2011, owing in particular to the positive effect (£ 1.7 million) of the 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 in recent 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 SMEs.

GOP amounted to € 2.6 million in 2012, a drop of € 4.4 million on the previous year. This result reflects the fall in revenues, the smaller margin on online revenues and the increase in distribution and storage costs arising from the directory distribution contract with British Telecom.

EBITDA was down € 4.0 million to € 0.6 million (£ 0.4 million), in line with GOP performance.

EBIT totaled -€ 40.8 million, compared with -€ 21.4 million in 2011. As well as the downturns in GOP and **EBITDA**, this reflects the write-downs of goodwill (€ 13.8 million), customer database assets (€ 15.2 million) and trademarks (€ 5.7 million) following impairment tests.

The **net invested capital** of the TDL Infomedia group stood at -€ 12.4 million at December 31, 2012 (€ 4.7 million a year earlier) in light of the write-downs of goodwill, customer database assets and trademarks following impairment tests. Net invested capital at December 31, 2012 also included net liabilities of € 15.5 million in connection with a defined-benefit pension fund (compared with € 13.0 million at December 31, 2011).

Capital expenditure of € 3.2 million was broadly in line with the previous year and referred essentially to investments for the overhaul of the billing and order processing systems, as well as to website restructuring and page optimization activities with a view to boosting traffic from search engines.

The **average workforce** numbered 595 in 2012, down by 25 on the previous year.

Regulation

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

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

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

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

Following an opinion obtained from the European Court of Justice, the Court of Appeal upheld BT's appeal and overturned the CAT ruling, declaring clause USC7 to be unlawful. At the time of writing, Ofcom is yet to declare whether it intends to pursue the public consultation that it launched in March 2008.

Directory Assistance

Market situation and strategic positioning

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

Since the transfer, SEAT Pagine Gialle Italia S.p.A. has been relocated from Directory Assistance to Italian Directories owing to its new company name.

Structure of the Business Area

The Directory Assistance Business Area is organized as follows:

MAIN COMPANIES

Telegate AG

Spagna
- 11811Nueva Información Telefónica S.A.U.
- 11850 Guias S.L.

Germania
- WerWieWas GmbH
- Telegate Media AG

Prontoseat S.r.l.

Economic and financial data

The table below shows the main results for 2012 compared with those from the previous year:

(euro million)	Year 2012	Year 2011	Change Absolute	%
Revenues from sales and services	100.3	119.1	(18.8)	(15.8)
GOP	9.3	17.8	(8.5)	(47.8)
EBITDA	65.9	15.1	50.8	n.s.
EBIT	41.7	(8.7)	50.4	n.s.
Net invested capital	34.2	75.0	(40.8)	(54.4)
Capital expenditure	7.2	3.3	3.9	n.s.
Average workforce	1,399	1,845	(446)	(24.2)

Revenues from sales and services in the Directory Assistance Business Area totaled € 100.3 million in 2012, down by 15.8% compared with 2011 (€ 119.1 million).
EBITDA of € 65.9 million (€ 15.1 million in 2011) included the repayment by Deutsche Telekom AG of excess sums paid by Telegate AG for the provision of telephone subscriber data for the 2000-2004 period and for the 1997-2000 period. More information can be found in the analysis by company that follows.

Telegate Group

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

Main company events

- 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. The Court ordered Deutsche Telekom AG to repay a total of approximately € 47 million for the excess sums paid by Datagate GmbH and Telegate Media AG for the provision of telephone subscriber data.
- The merger of Datagate GmbH into Telegate Media AG (both companies wholly owned by Telegate AG) was completed on August 3, 2012. The merger, which saw the entire stake in WerWieWas GmbH transferred to Telegate Media AG, took effect on January 1, 2012.
- On November 2, 2012, the Federal Court of Justice in Germany ordered Deutsche Telekom AG to repay a further € 50 million as compensation for excess payments made by Telegate AG for the provision for telephone subscriber data.
- On June10, 2013 Telegate AG announced that it has reached on June 7, 2013 the agreement for the sale of Telegates's wholly owned spanish subsidiaries Nueva Information Telefonica S.A.U. and 11850 Guias S.L.U. in favor of Titania Corporate S.L. with a value of € 1 million.

The table below shows the main results for 2012 compared with those from the previous year:

(euro million)	Year 2012	Year 2011	Change Absolute	%
Revenues from sales and services	92.7	110.0	(17.3)	(15.7)
GOP	9.0	17.3	(8.3)	(48.0)
EBITDA	66.3	14.7	51.6	n.s.
EBIT	42.2	(9.0)	51.2	n.s.
Net invested capital	30.7	56.1	(25.4)	(45.3)
Capital expenditure	7.2	3.0	4.2	n.s.
Average workforce	1,206	1,581	(375)	(23.7)

Revenues from sales and services totaled € 92.7 million in 2012, down by € 17.3 million compared with the previous year, owing mainly to the continuous decline in the volume of calls for traditional directory assistance services, including added-value and outsourced services.
Online advertising revenues totaled € 34.0 million in 2012 (down by 3.1% on the previous year), which was 36.7% of total revenues (around 32% in 2011).

The breakdown of revenues by country is as follows:

- in **Germany**, where 2012 saw a continued structural decline in the telephone assistance services market, voice revenues fell to € 52.8 million, down by 20.4% year on year. In terms of turnover, the fall in call volumes was partly offset by an increase in revenues per call. The business model transformation continued in 2012, focusing on the local search business to establish the company as a local advertising specialist for SMEs. In this regard, and with a view to improving customer loyalty, the company reorganized its sales network and enhanced its online offering on its 11880.com and www.klicktel.de websites. In 2012, Telegate expanded its product range, providing innovative services, ensuring a mobile presence through the use of tablet and smartphone apps, and offering free website construction to customers that buy a media product.

Traffic indicators showed an upward trend: during 2012, there were 350 million searches on Telegate channels, with the number doubling on mobile platforms. As at December 2012, mobile app downloads stood at 1.9 million, an increase of more than 50% compared with the previous year.
Online advertising revenues totaled € 33.8 million in 2012, down by 3.4% compared with the previous year. This result was influenced by the sales network measures implemented by Telegate to improve the efficiency of the sales process and to increase service margins. The online component was boosted by revenues from website creation and the sale of Google AdWordsTM (approximately € 10 million), an advertising initiative that enables firms to promote their products and services on the search engine of the US group;

- in **Spain**, revenues fell by 29.9% to € 6.1 million, owing to the sharp fall in directory assistance services call volumes in particularly challenging economic and market conditions affected by the Spanish government's austerity program.

GOP for the Telegate group amounted to € 9.0 million in 2012, down by € 8.3 million compared with the previous year. The drop in revenues was offset only partially by the reduction in advertising costs, database usage costs and structural costs. Salaries, wages and employee benefits dropped by € 5.6 million as a result of the company's policy to streamline and reorganize its sales network.

EBITDA in 2012 amounted to € 66.3 million, up by € 51.6 million compared with 2011. This item was boosted by the repayment by Deutsche Telekom AG of excess sums paid by the Telegate group for the provision of telephone subscriber data for the 2000-2004 and 1997-2000 periods. The overall amount was € 55.7 million, net of the share of interest recorded under financial income.

EBIT was € 42.2 million in 2012, up by € 51.2 million compared with the previous year. This result reflects the previously discussed increase in EBITDA and includes € 5.2 million of non-recurring and restructuring costs connected mainly with the closure of call centers in Germany, as well as € 9.6 million of intangible asset impairment losses (€ 9.2 million for the 11880 trademark and € 0.4 million for customer relationship assets). In 2011, this item included a goodwill impairment loss of € 12.2 million.

The **net invested capital** of the Telegate group stood at € 30.7 million at December 31, 2012 (including € 28.0 million relating to goodwill and customer relationship), down by € 25.4 million compared with December 31, 2011, owing partly to the above-mentioned impairment of intangible assets.

Capital expenditure totaled € 7.2 million in 2012, up sharply on the previous year (€ 3.0 million in 2011), and referred to the replacement and upgrading of technical equipment in call centers, the development of the CRM system, and the upgrading of computer stations and infrastructure in the administration department.

The **average workforce** of the Telegate group numbered 1,206 in 2012 (1,581 in 2011), with the fall owing to a reduction in telephone operators following the restructuring and closure of some call centers.

Prontoseat S.r.l.

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

The table below shows the main results for 2012 compared with those from the previous year:

(euro million)	Year 2012	Year 2011	Change Absolute	%
Revenues from sales and services	7.6	9.0	(1.4)	(15.6)
GOP	0.3	0.6	(0.3)	(50.0)
EBITDA	(0.4)	0.5	(0.9)	n.s.
EBIT	(0.5)	0.4	(0.9)	n.s.
Net invested capital	0.2	0.2	-	-
Capital expenditure	-	0.3	(0.3)	(100.0)
Average workforce	193	264	(71)	(26.9)

Revenues from sales and services totaled € 7.6 million in 2012, down by 15.6% compared with the previous year. This decline is essentially attributable to a fall of -€ 1.3 million in inbound revenues as a result of fewer calls to 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 and the acquisition of new clients on the 12.40 Pronto PAGINEBIANCHE® service slowed slightly.

Although revenues fell by € 1.4 million, **GOP** was down by just € 0.3 million thanks to cost-cutting measures and a decrease in salaries, wages and employee benefits after the number of telephone operators was reduced.

EBITDA fell by € 0.9 million to -€ 0.4 million as a result of higher provisions for legal disputes with operators.

EBIT performed in line with EBITDA.

The **average workforce** numbered 193 in 2012, down by 71 on the previous year.

Regulation

Germany

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

Austria

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

Spain

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

Telegate Spain claims that a universal service obligation infringes the EU directives, given that the subscriber information service market is now fully liberalized. The company took part in the assessment procedure launched by the ministry, proposing to manage the telephone information service component only, in place of Telefónica. The ministry did not consider the proposal, however. The European Commission is currently carrying out a review to assess whether the procedure followed by the Spanish government was in compliance with European legislation. Even if the order issued by the Ministry of Communications is confirmed, no changes are expected to take place to the competition aspects of the Spanish directory assistance market.

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

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

Other activities

Structure of the Business Area

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

MAIN COMPANIES

- Europages S.A.
- 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 par value of € 16.00 each. SEAT Pagine Gialle S.p.A. 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.

Using the powers bestowed upon it by the shareholders' meeting, the Board of Directors subsequently recorded a capital reduction of € 10,103,008.00 by reducing the par value of each share from € 16.00 to € 1.44105. The current share capital is thus € 1,000,000.00, divided into 693,938 shares, each with a value of € 1.44105. SEAT Pagine Gialle S.p.A. holds 682,672 of these shares, representing 98.37% of the share capital.

Economic and financial data

The table below shows the main results for 2012 compared with those from the previous year.

(euro million)	Year 2012	Year 2011	Change Absolute	%
Revenues from sales and services	43.9	49.2	(5.3)	(10.8)
GOP	4.0	5.7	(1.7)	(29.8)
EBITDA	3.3	5.2	(1.9)	(36.5)
EBIT	(3.3)	0.5	(3.8)	n.s.
Net invested capital	16.0	14.7	1.3	8.8
Capital expenditure	4.1	4.6	(0.5)	(10.9)
Average workforce	335	339	(4)	(1.2)

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

Europages

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

Europages is a lead generation and company search platform. It has a multilingual search engine that allows users to select and contact potential suppliers, clients and distributors from 35 countries, mainly in Europe. Firms are free to create their own profile on web pages that are set up for indexing on the major search engines. Europages gives its members the chance to manage published content and to monitor a series of useful indicators for optimizing results.

More than 2,100,000 companies were registered on Europages at the end of 2012, with the number of members up by +18% year on year to 62,435. The increase in member numbers is due to better-quality traffic and improved applications that facilitate user experience and content management.

The table below shows the main results for 2012 compared with those from the previous year:

	Year 2012	Year 2011	Change	
(euro million)			Absolute	%
Revenues from sales and services	15.3	16.7	(1.4)	(8.4)
GOP	1.2	2.1	(0.9)	(42.9)
EBITDA	0.9	1.9	(1.0)	(52.6)
EBIT	(0.6)	1.3	(1.9)	n.s.
Net invested capital	0.8	(1.9)	2.7	n.s.
Capital expenditure	0.6	0.6	-	-
Average workforce	85	82	3	3.7

Revenues from sales and services totaled € 15.3 million, down by € 1.4 million compared with 2011 as a result of challenging economic conditions in Italy (-10%) and Spain (-30%). Revenues from other countries were broadly stable or slightly higher.

In terms of website traffic indicators, there was significant growth compared with 2011 in page views (+10%), clicks on links to customers' websites (+13%), and searches performed (+13%). The various language versions of Europages were accessed 57 million times, broadly in line with the figure for 2011.

GOP totaled € 1.2 million, a fall of € 0.9 million compared with 2011. This fall reflects the aforementioned reduction in revenues, as well as higher salaries, wages and employee benefits resulting from an expanding workforce.

EBITDA amounted to € 0.9 million and performed in line with GOP.

EBIT of -€ 0.6 million includes a € 1 million write-down of the Europages trademark following impairment tests.

Net invested capital stood at € 0.8 million at December 31, 2012 (-€ 1.9 million a year earlier).

Capital expenditure totaled € 0.6 million in 2012. This was in line with the previous year and concerned upgrades to and maintenance of computer hardware as well as development of content management applications.

The **average workforce** numbered 85 in 2012 (82 in 2011).

Consodata S.p.A.

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

For over 20 years, Consodata S.p.A., amont th the market leaders in Italy for one-to-one marketing and geo-marketing, has been offering wide-ranging and innovative direct-marketing services to thousands of businesses operating in various sectors. Thanks to its extensive database, Consodata S.p.A. is able to provide its customers with information on the behavior of millions of consumers using advanced marketing intelligence tools.

The table below shows the main results for 2012 compared with those from the previous year:

(euro million)	Year 2012	Year 2011	Change Absolute	%
Revenues from sales and services	18.2	20.5	(2.3)	(11.2)
GOP	3.8	4.1	(0.3)	(7.3)
EBITDA	3.6	4.0	(0.4)	(10.0)
EBIT	(0.3)	0.5	(0.8)	n.s.
Net invested capital	7.7	8.9	(1.2)	(13.5)
Capital expenditure	3.3	3.7	(0.4)	(10.8)
Average workforce	103	109	(6)	(5.5)

Revenues from sales and services totaled € 18.2 million in 2012, down by 11.2% on the previous year. This decrease was due mainly to the loss of a large mailing order, as well as to the fact that 2011 revenues were boosted by a major project on geographical coordinates carried out during the first quarter of that year.
This factor, which is detrimental to the results of the Large Clients channel, was partly offset by the sale by SEAT agents of direct-marketing products related to major sporting events in 2012 (the European Football Championship and the Olympics).

Revenues from products sold by the direct channel of Consodata agents were down slightly in 2012 after the withdrawal of the print product Annuario Alberghi.

Despite the downturn in revenues, **GOP** fell by just € 0.3 million in 2012 to € 3.8 million, owing to the low margins on orders no longer carried out and to the cost-cutting policy.

EBITDA performed in line with GOP.

EBIT of -€ 0.3 million included depreciation and amortization of € 3.4 million, of which € 0.2 million related to the share of amortization of customer relationship assets recognized in the company following the allocation to intangible assets of part of the purchase cost pursuant to “IFRS 3 - Business Combinations”.

Net invested capital stood at € 7.7 million at December 31, 2012 (versus € 8.9 million at December 31, 2011).

Capital expenditure totaled € 3.3 million in 2012, down by € 0.4 million compared with the previous year, and concerned, as well as the usual development of software platforms, database enrichment, data bank acquisitions, and a major overhaul of the ERP and accounting system.

The **average workforce** numbered 103 in 2012, down by six on the previous year.

Regulation

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

The authority declared that the use of subscriber information contained in telephone directories and databases created prior to August 1, 2005 for promotional, advertising or commercial purposes, and the sale of these data to third parties (including those not operating in the telecommunications sector), constituted a breach of the legislation in force. This legislation demands, *inter alia*, that certain guarantees be made to subscribers, which are set out in Order 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 Italian data protection agency 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, mobile phone numbers and data on owners of prepaid cards not contained in telephone directories) for non-commercial purposes.

On September 16, 2010, the authority rejected the request, declaring that the processing of data from the single database for purposes other than use in telephone directories was unlawful. The authority also made a distinction between single databases and telephone directories, to be understood as two autonomous and separate items, since they are created for different purposes and each contains different kinds of data.

On December 20, 2010, Consodata 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.

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

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

The table below shows the main results for 2012 compared with those from the previous year.

	Year 2012	Year 2011	Change	
(euro million)			Absolute	%
Revenues from sales and services	10.5	12.1	(1.6)	(13.2)
GOP	(1.0)	(0.6)	(0.4)	(66.7)
EBITDA	(1.1)	(0.7)	(0.4)	(57.1)
EBIT	(2.3)	(1.3)	(1.0)	(76.9)
Net invested capital	7.5	7.8	(0.3)	(3.8)
Capital expenditure	0.2	0.3	(0.1)	(33.3)
Average workforce	147	149	(2)	(1.3)

The market for promotional items suffered from a huge decline in demand in 2012 and thus from aggressive competition on all fronts, with volumes down particularly sharply in the SME segment. Against this background, **revenues from sales and services** totaled € 10.5 million in 2012, down by € 1.6 million compared with 2011. The decline in revenues was most apparent during the first part of the year, due in part to the downturn in sales through SEAT's sales network, while the final quarter was more steady thanks to a recovery in orders from the Large Clients (Special) segment.

GOP of - € 1.0 million reflects the more aggressive competition in terms of prices, especially in the SEAT sales channel, offset partly by the ongoing cost-cutting policy, particularly regarding employees.

EBITDA amounted to - € 1.1 million and performed in line with GOP.

EBIT was -€ 2.3 million (-€ 1.3 million in 2011) and suffered from higher costs (€ 0.4 million) arising from provisions for redundancy payouts following a voluntary-redundancy agreement with 18 workers at the Catania site.

Net invested capital stood at € 7.5 million at December 31, 2012, down by € 0.3 million compared with a year earlier.

Capital expenditure of € 0.2 million in 2012 was in line with the previous year and was maintained in order to guarantee full operational capacity at the sites.

The **average workforce** of 147 was broadly in line with the previous year. In March 2013, following the end of the special wage guarantee fund (CIGS) period, it being determined that it would not be possible for all workers to return to their previous roles, the company reached an agreement with the labor unions to reduce employee numbers at the Catania site by 59.

Other information

Human resources

SEAT Pagine Gialle Group

	As at 12.31.2012	As at 12.31.2011	Change
Employees	3,959	4,204	(245)
Directors, project workers and trainees	38	88	(50)
Total workforce at the end of the year	3,997	4,292	(295)
	As at 12.31.2012	As at 12.31.2011	Change
Employees	3,464	3,790	(326)
Directors, projects workers and trainees	61	46	15
Average workforce for the year	3,524	3,836	(312)

The SEAT Pagine Gialle Group had a total workforce of 3,997 employees as at December 31, 2012, down by 295 compared with December 31, 2011, with an average workforce during the year of 3,524 employees (3,836 in 2011).

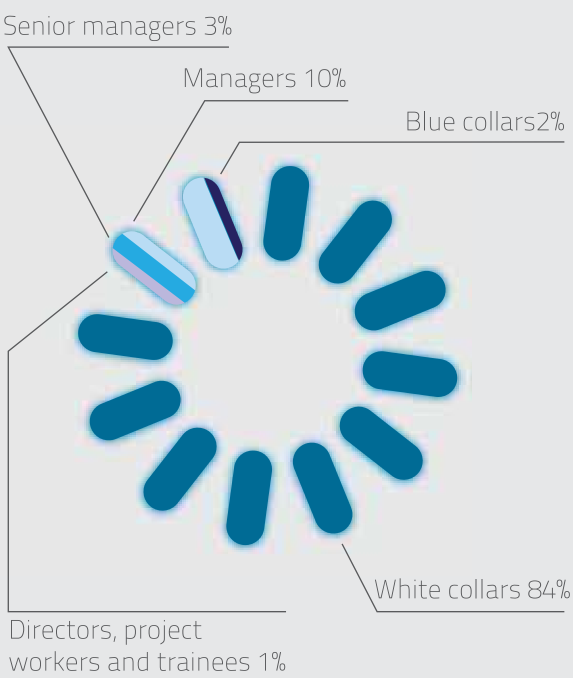
The fall of 295 in the workforce at the end of the year compared with December 31, 2011 is due mainly to a reduction in the number of telephone operators in the Telegate group following the restructuring and closure of call centers during the year.

The fall of 312 in the average workforce for the year compared with that of the previous year is due mainly to the reduction in the number of staff employed at the call centers of the Telegate group (-375 employees) and of subsidiary Prontoseat S.r.l. (-72 employees), and to the reduction in the workforce at UK subsidiary Thomson (-25 employees). There was an increase of 163 in the average workforce of the Italian Directories Business Area (*SEAT Pagine Gialle S.p.A., SEAT Pagine Gialle Italia S.p.A. and the Digital Local Services companies*), due mainly to the restructuring of the sales network (the New Sales Model), which involved the creation of new Digital Local Services companies controlled by SEAT Pagine Gialle Italia S.p.A. and located throughout Italy, with the aim of providing back-office and support services to SEAT agents. The new companies are headed by employee field managers, most of whom were previously coordinating agents (zone managers).

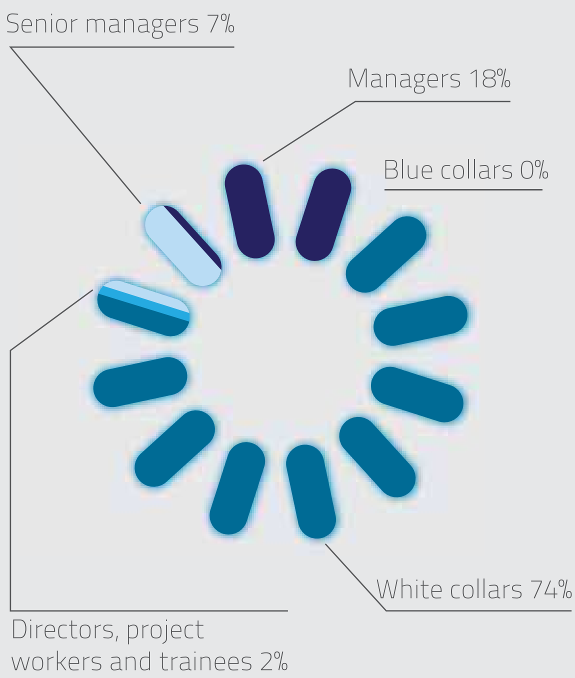
As regards the distribution of human resources across the various Business Areas, SEAT employed only 34% of the average total workforce for the year, despite having generated around 77% of the Group's revenue. This is attributable to the following factors:

- iin Italy the sales force consists mainly of agents (1,158 as at December 31, 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 40% of the average total workforce in 2012, despite accounting for only around 12% of total Group revenue for the period.

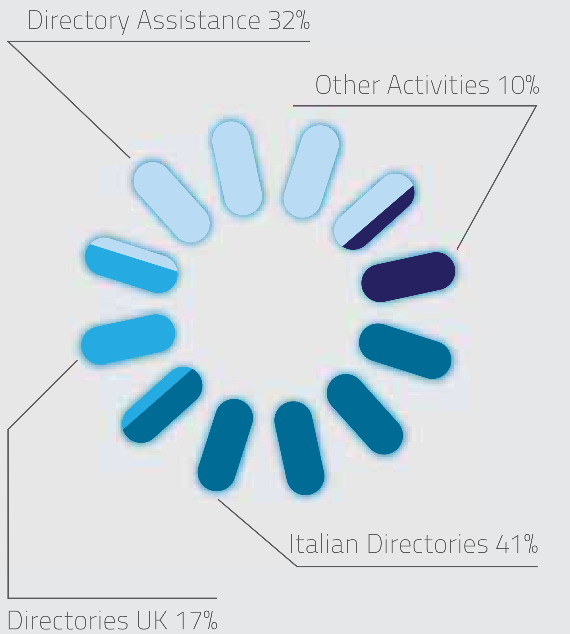
SEAT Pagine Gialle Group



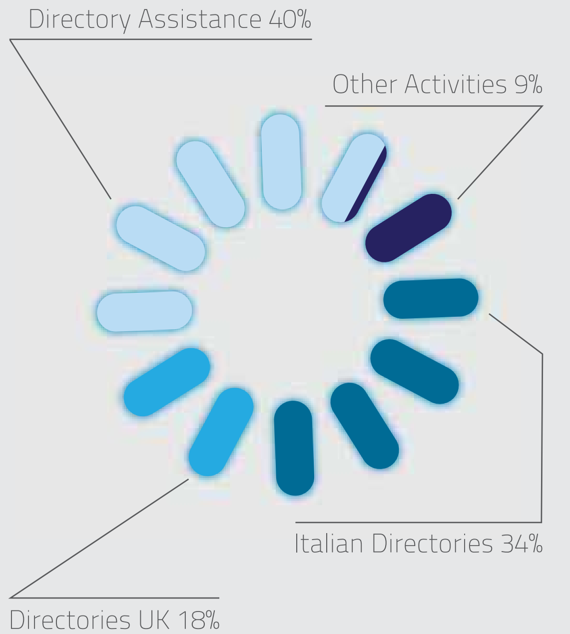
SEAT (Seat Pagine Gialle S.p.A, Seat Pagine Gialle Italia S.p.A., Digital Local Services)



Labour cost by Business Area



Average workforce by Business Area



Italian Directories (SEAT Pagine Gialle S.p.A., SEAT Pagine Gialle Italia S.p.A., Digital Local Services companies)

	As at 12.31.2012	As at 12.31.2011	Change
Employees	1,349	1,172	177
Directors, project workers and trainees	33	82	(49)
Total workforce at the end of the year	1,382	1,254	128

	As at 12.31.2012	As at 12.31.2011	Change
Senior Managers	71	69	2
Managers	206	198	8
White collars	862	728	134
Journalists	1	1	-
Employees	1,140	996	144
Directors, projects workers and trainees	55	36	19
Average workforce for the year	1,195	1,032	163

From July 2012 onward, thanks to the creation of the new Digital Local Services companies as part of the *New Sales Model*, the workforce underwent a net increase of 128 employees. The New Sales Model effect accounted for 181 new employees (the staff of the Digital Local Services companies), while the workforce of SEAT Pagine Gialle's "old business structure" was reduced by 53 employees, due mainly to the reduction in the number of internships as at December 31, 2012. The average number of internships during 2012 was up compared with the previous year, however, due to the continuation of the "Talent Factory" project, which aims to recruit and train young sales and marketing professionals.

The average workforce for the period rose by 16% in total between 2011 and 2012. This increase was also due almost exclusively to the development of the New Sales Model, as a result of both the addition of the Digital Local Services companies staff to the workforce (+124 employees in the average salaried workforce) and the hiring of the field managers in charge of the Digital Local Services companies.

Sales network

As at December 31, 2012, SEAT Pagine Gialle Italia S.p.A.'s sales network comprised 1,158 agents and dealers (1,241 as at December 2011) and 120 employees (88 as at December 31, 2011), broken down into Customer Business Units (CBUs) categorized by type of customer and market potential: "Large Clients & Top Customers" and "SMEs & Local."

To be more specific:

- the "Large Clients & Top Customers" CBU, which is aimed at nationwide companies with specific communication needs and local SMEs with a high level of investment, uses a team of highly qualified specialists to deal with customers. The intelligence structure of the "Large Clients & Top Customers" CBU includes Customer Marketing & Solutions, which oversees market changes, responds to requests for innovation and specialization, proposes and develops new solutions, ensures that the market approach for web-driven service levels is based on accurate customer segmentation, and uses a Coaching and Planning team to disseminate skills within the organization. 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 Government Authorities, 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; a Head of Sales Management; 12 Key Account Managers; 1 Top Account Manager; 2 Top Customers & Local Government Authorities Sales Area Managers; 8 Top Customer Area Managers; a Head of National Sales; a Head of Services; a Head of Finance & Insurance; and a Head of Prospects & Retail.

  Six dealers and agents specialize in the Public Administration segment, while the network for complex clients comprises 43 Top Customer agents.

- the "SMEs & Local" CBU targets SMEs and other small 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 A/B/C), which in turn are divided into 12 teams according to location, sales potential and operational excellence.

  The "SMEs & Local" CBU has a network of 1,109 agents, who cover the SME communication market, and around 460 telesales operators.

With the aim of improving support for the commercial network and expanding its geographical coverage, a restructuring process was launched in the second half of 2012, involving the creation of limited-liability companies known as Digital Local Services companies, which are wholly owned by SEAT and provide back-office and support services to the Company's agents. The Digital Local Services companies are headed by field managers, who are employed by SEAT to directly oversee the sales force and ensure its activities are aligned with the Company's objectives, and to improve the speed and efficiency with which sales policies are adopted.

The Field Managers are selected from among the best Market Managers and coordinating agents (zone managers).

The number of Digital Local Services at December 31, 2012 was 50.

In 2009, the Telesales Service department launched an initiative to support the activities of the "SME Sales" team, with the aim of improving customer service and establishing more contacts. This initiative continued in 2012.

Organizational development

Following the death of CEO 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. The Administration, Finance and Control Division, whose head, Massimo Cristofori, reports to the Board of Directors via the Steering Committee, has been tasked with coordinating the preliminary and implementation phases of the 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 Corporate Affairs now reports directly to the Chief Financial Officer, alongside the Stock Exchange Relations team. Staying with Administration, Finance and Control, the Investor Relations office is now responsible for M&A activity.
In July, the Company revealed the new organizational structure of the Large Clients & Top Customers CBU, whose sales force is broken down by customer type (National Customers, Top Customers and Local Government Authorities, and Central Government Authorities). The workforces of the Business Control, Sales Support and Quality, and Customer Marketing departments were confirmed, with the latter being tasked with developing special and light projects.

On October 26, 2012 the Board of Directors appointed Vincenzo Santelia as the new CEO. In November, the CEO took charge of the Print & Voice, Marketing & Customer Services Business Unit on a temporary basis following the resignation of the unit's head.

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 months 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 for strategic and innovative areas of the business, in particular the Online & Mobile BU, and for the sales force, where 255 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 150 internships (covering 2011 and 2012) led to the appointment of 33 agents and 7 in-house employees. The Talent Factory interns completed 18,240 hours of training during 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, with 130 managers and clerical staff taking part.
Another aspect of our managerial-training program involved the development of a team leadership course for the newly appointed field managers, in order to help them understand the role and gain leadership skills and tools.

Our main initiative in terms of specialist training was organizing technical courses for IT and Online & Mobile BU staff. A total of 104 people went on office automation refresher courses, while we teamed up with Security Governance in the first part of the 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. Thanks to agreements 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. These agreements expired on December 31, 2012, when a final statement was issued detailing the portion of the training expenses to be recovered.

As agreed with labor unions, the Professional Retraining Program (Law 102/2009) for people being supported by the special wage guarantee fund (CIGS) continued in 2012. The program involves classroom activities, on-the-job training, and the dissemination of training material. The project was brought to an end in December, upon the expiration of the applicable legal provisions.
The "Evaluaction" performance review system for the sales force was launched in the second half of the year, and will continue in 2013.
We also launched the Performance Review 2012 system, which involved assigning activities and setting targets for the current year.

People services

The SEAT4PEOPLE program continued its work in 2012 by signing agreements (of which there are now more than 280) and creating initiatives for SEAT employees and agents, e.g. employee service desks located at Company offices, conventions, travel events and English courses at SEAT's offices.
The SEAT community is kept up to date via SEAT4PEOPLE on the Company's intranet, Company notice boards, and personalized e-mails. SEAT4PEOPLE also managed initiatives in cooperation with the Turin branch and other area branches of the CRAL DLF (workers' recreational organization).
SEAT4PEOPLE organized holiday camps for employees' children aged between 6 and 12 for the fifth year running, as well as the Loyalty Award for seniority with the Company and a Christmas event for children.
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.
The 4,000+ members of the CASSA MUTUA health insurance scheme were provided with policy support.

Industrial relations in 2012

At the Ministry of Employment and Social Policies on December 21, 2012, the Company signed a corporate-restructuring agreement with labor unions for the period from February 1, 2013 to January 31, 2015. The agreement provided for the previous plan, which was considered no longer suitable in light of the changing market situation and deepening economic crisis, to be terminated ahead of schedule, on December 31, 2012. A new two-year restructuring program was organized, with up to 150 employees across all Company offices eligible for the special wage guarantee fund (CIGS).
Redundancies will continue to be managed via the CIGS and early retirement pursuant to Law 416/81 and subsequent amendments thereto, in order to minimize the distress caused by the restructuring process.

On December 31, 2012, the Company ended its Professional Retraining Program pursuant to Law 102/2009 and subsequent amendments thereto, which had enabled it to put workers eligible for the CIGS, but not entitled to early retirement, on on-the-job training courses.
Throughout 2012, we continued to manage labor union relations in accordance with the guidelines set out in the corporate restructuring plan. We signed an agreement on a Company bonus for the 2012-2014 period in May, in addition to signing agreements with the unions on funded training and the definition of a shared set of rules with a view to finding a balance between technical and organizational requirements and personal and family needs (holiday planning, company closures, etc.).

Property and facilities management

Throughout 2012, the Property and Facilities Management department provided ordinary and extraordinary maintenance and internal and external logistics services for all SEAT S.p.A. offices, as well as everyday services such as catering, reception, access control and cleaning. The department was also responsible for workplace safety, together with the Health and Safety department.
The department's property activities involved moving SEAT's Treviso office, restructuring the second floor of its Milan office and relocating online staff there, and handing the first floor of the Rome office over to local ownership (space optimization).
Throughout the year, the department was heavily involved in implementing the New Sales Model, providing property and logistics services to the individual Digital Local Services companies (e.g. operational management, reviewing and maintenance, relocation). As a result, some of the Digital Local Services companies were relocated to SEAT S.p.A. offices (Treviso, Brescia, Milan, Turin, Rome), with clear advantages in terms of both operations and management.

Sales and marketing and learning community

The Company continued to offer entrance courses for all types of agents. As announced in the first half of the year, new agents hired were required to take an online test to prove their expertise in online products. Three areas of expertise were identified, with a targeted course launched for each area.

The next step is to enhance the skills of the sales force, since their ability is essential for success, regardless of the products. The Company is currently considering a highly innovative sales techniques module, which will be launched in early 2013.

Stock option plans

The stock option plans in existence at the end of 2012 and shown in the table below were established over time by Telegate AG.
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 2012.

		Options at 01.01.2012	New options granted 01.01.2012 12.31.2012	Options exercised 01.01.2012 12.31.2012	Options expired and not exercised 01.01.2012 12.31.2012	Options expired 01.01.2012 12.31.2012 for termination of service/other	Options at 12.31.2012	of which exercisable at 12.31.2012 (*)	Maximum validity of the options
2005 Stock option Plan for Directors and Employees of Telegate group	No. Of ordinary shares	9,000	-	-	-	-	9,000		June 2013
		135,290	-	-	-	13,775	121,515		June 2013
		184,000	-	-	-	45,000	139,000		June 2013
	Strike price for ordinary share (euro)	14.28	-	-	-	-	14.28	14.28	
		16.09	-	-	-	16.09	16.09	16.09	
		11.01	-	-	-	11.01	11.01	11.01	

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

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 by Finmavi and Media with the Court of Milan, seeking to ascertain the invalidity or ineffectiveness of the deed of pledge with which shares in Cecchi Gori Communication S.p.A. (now HMC) held by Media had been given in guarantee to the Spun-off Company and, in any case, seeking an order for the Spun-off Company to pay damages of no less than 750 billion 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 accepted the appeal of Finmavi and Media, but also accepted a ground for cross-appeal put forward by the Spun-off Company, referring the matter to another division of the Appeal Court 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 Appeal Court of Milan, and the Spun-off Company entered an appearance at the hearing on March 24, 2009.
The case was deferred until the hearing of June 25, 2013 for the clarification of pleadings.

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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 of the decision of the Shareholders' Meeting of August 11, 2000

This refers to the legal proceedings brought by Finmavi and Media against HMC concerning the resolutions taken on August 11, 2000 by the Extraordinary Shareholders' Meeting of Cecchi Gori Communications S.p.A., which introduced changes to the Company's Articles of Association aimed at awarding special rights to category B shareholders.
After losing the case at the first two levels, Finmavi and Media filed an appeal with the Court of Cassation, and the Spun-Off Company appeared at the hearing with a counter-appeal and cross-appeal on October 16, 2007.
To date, the hearing for debate has not been scheduled.

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

The dispute with Deutsche Telekom over costs relating to the supply of telephone subscriber data was resolved in 2012. To be more specific:

- on July 16, 2012, the Federal Court of Justice in 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 a total of € 47.2 million, including interest, for the excess sums paid for the provision of telephone subscriber data;
- on November 2, 2012, the Federal Court of Justice in Germany ordered Deutsche Telekom AG to repay a further sum of around € 50 million, including interest, as compensation for excess payments made by Telegate AG for the supply of telephone subscriber data.

On May 28, 2013, the Regional Court of Cologne rejected in the first instance the case brought by Telegate AG against Deutsche Telekom AG, in which it sought € 86 million in damages for violation of competition rights in relation to the events that resulted in Deutsche Telekom AG being ordered to repay the excess sums paid for the supply of data. Telegate AG will assess whether to lodge an appeal.

Corporate Governance

Introduction

As we know, the Company's financial restructuring, which was begun in the first half of 2011, was completed in the third quarter of 2012.
In light of this, the Board of Directors, which was appointed on June 12, 2012 and then resigned following the restructuring process, resolved to postpone any decisions concerning compliance with the Code of Corporate Governance for Listed Companies, as subsequently amended at the end of 2011 (the "Code"), and to comply with the corporate-governance rules previously in force, postponing any decisions to a time when the Group's debt structure and its shareholder and corporate structure are more stable.
Once the aforementioned process had been completed, on October 22, 2012, the Shareholders' Meeting, attended for the first time by holders of the shares issued following the restructuring of the Company, acknowledged the resignations of all members of the previous Board of Directors and appointed a new Board. The necessary steps for the new Board of Directors to be able to take office following an 18-month restructuring process involved of the launch of the analyses required to properly adopt the provisions of the Code.
Consequently, it was only on December 18, 2012 that the Board, having acknowledged the measures already taken by the Company and the areas that need further attention, declared itself in favor of complying with the recommendations of the Code, issuing a mandate to carry out, during the first few months of 2013, the analysis and action needed for the Company to comply with those recommendations of the Code that it had not yet adopted.
On April 24, 2013, pursuant to the mandate issued on December 18, 2012, the Board of Directors resolved to comply with the new Code, identifying the necessary steps to be taken to adopt the recommendations set out therein.
The Code is available to the public on the Borsa Italiana website (www.borsaitaliana.it).

The rules, conduct and processes established by SEAT Pagine Gialle S.p.A.'s corporate-governance structure aim to ensure an efficient and transparent corporate-governance system. This system comprises a series of procedures and codes that are continually verified and updated to respond effectively to changes in legislation and best practice.
The major aspects of corporate governance are described below, while more detailed information can be found in the Report on Corporate Governance and Shareholder Structure (prepared and published pursuant to article 123-bis of Legislative Decree 58/98 and available on the Company's website, www.seat.it).

Management and coordination activities

SEAT Pagine Gialle S.p.A. is not subject to the management and coordination of other companies or entities. Pursuant to article 2497-bis of the Italian Civil Code, as a result of the transfer, *(i)* SEAT Pagine Gialle Italia S.p.A. identified SEAT Pagine Gialle S.p.A. as the entity that performs management and coordination activities, while the companies controlled directly by SEAT Pagine Gialle Italia S.p.A. identified the latter. These activities involve indicating the Group's operating and general strategic direction by defining and updating the internal control and governance model and drawing up general policies for managing financial and human resources, procuring factors of production, training and communication.

Company organization

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

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

Board of Directors

The Board of Directors plays a central role in the Company's corporate-governance system. It meets regularly (usually once a month, though the meetings have recently been more frequent due to the Company's restructuring process) and is structured and operates in such a way as to ensure the effective and efficient performance of its duties.

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

As previously mentioned, before the restructuring was completed, the Ordinary Shareholders' Meeting of June 12, 2012 resolved to:

- set the number of members of the Board of Directors at nine and fix its term of office until the approval of the financial statements for the year to December 31, 2012;
- 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.

Subsequently, following the completion of the financial restructuring, the Ordinary Shareholders' Meeting of October 22, 2012 resolved to:

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

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

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

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

Specifically, the proposed changes to article 14 of the Articles of Association (Composition of the Board of Directors) arose from the need to comply with the regulations introduced by Law 120 of July 12, 2011 concerning gender balance in the composition of the management and control bodies of listed companies, which, by changing the provisions on the appointment of members of management and control bodies set out in Legislative Decree 58 of February 24, 1998, as subsequently amended (the "Consolidated Finance Act"), require listed companies to comply with gender balance criteria under which the least represented gender must account for at least one fifth of members for the first term following August 12, 2012 and at least one third for the two subsequent terms.

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

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

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

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

A list may be presented only by shareholders who individually or jointly hold at least 2% of voting rights at the Ordinary Shareholders' Meeting, which is the minimum established by Consob pursuant to article 147-ter, paragraph 1 of Legislative Decree 58/1998. In order to

prove ownership of said rights, copies of ownership certificates issued by authorized intermediaries must be submitted to the Company's registered office before the list publication deadline.
Within the same deadline, each list must be accompanied by the CVs of nominees and personal statements in which each candidate accepts their nomination, declaring that they are eligible and suitable for election and that they fulfill the requirements of law and the Articles of Association to become a director, and, where appropriate, that they qualify as independent pursuant to article 147-ter, paragraph 4 of Legislative Decree 58/1998. Lists containing three or more candidates must include candidates of different genders, in accordance with the provisions set out in the notice of convocation of the Shareholders' Meeting, so that the composition of the Board of Directors may comply with the regulations in force concerning gender balance.
Lists that fail to comply with the aforementioned requirements will be considered null and void.
More information on the methods used to appoint the Board of Directors can be found in article 14 of the Articles of Association and in the Report on Corporate Governance and Shareholder Structure (referred to in the Introduction). This document provides information on the list presented for the appointment of the Board of Directors, which most recently occurred at the Shareholders' Meeting of October 22, 2012.

List presented for the appointment of the Board of Directors (disclosure pursuant to article 144-decies of the Consob Issuers' Regulation).
At the aforementioned Shareholders' Meeting, the Company took the necessary steps to fulfill its obligations pursuant to articles 144-octies and 144-novies of the Consob Issuers' Regulation.
More specifically, with regard to the appointment of directors, exhaustive information was provided, within the timeframes established by law, on the personal and professional characteristics of the candidates, including the personal statements of those meeting the independence requirements established by law. The shareholders that presented the list were highlighted, as was their combined percentage shareholding (in this case, Acmo S.a.r.l., Acmo Finance (Ireland) Limited, Aio S.a.r.l., Aio II S.a.r.l., GRF Master Fund II L.P., Carisma S.p.A. and Guido de Vivo, which at the time held a total of 3,165,479,883 ordinary shares, giving them voting rights equal to 19.702% of the ordinary share capital). The Company promptly made this information available to the public on its website.

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

Guido de Vivo	Director of Moncler S.r.l. and of Bartolini S.p.A.
Vincenzo Santelia	No position in companies pursuant to article 1C2
Chiara Burberi	No position in companies pursuant to article 1C2
Mauro Pretolani	No position in companies pursuant to article 1C2
Paul Douek	No position in companies pursuant to article 1C2
Luca Rossetto	No position in companies pursuant to article 1C2
Francesca Fiore	No position in companies pursuant to article 1C2
Harald Rösch	No position in companies pursuant to article 1C2
Mauro Del Rio	No position in companies pursuant to article 1C2

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

Chairman and CEO/General Manager

The Company's two most senior posts are split between two directors: the Chairman and the CEO. Only the CEO - Vincenzo Santelia - is considered to be an executive director. The other, non-executive, directors are sufficient in number, competence and independence to ensure that their opinion carries significant weight in the Board's decision-making process.
There is no need for a lead independent director because the Chairman is neither the main person responsible for managing the business nor the person who controls the Company.
For purposes of full disclosure, the powers of the Chairman and the CEO, as well as the system of managerial powers, are outlined below.
The Chairman, Guido de Vivo, has signing authority and is a legal representative of the Company in dealings with third parties and in court. The Chairman, who is not usually awarded managerial powers, is responsible for organizing Board business and liaising between the CEO and the non-executive directors.
The CEO, Vincenzo Santelia, oversees the technical and administrative performance of the Company and carries out the decisions taken by the Board of Directors. Mr. Santelia has signing authority and is a legal representative of the Company in dealings with third parties and in court, and he has - in compliance with the requirements of law and the Articles of Association, with regard to matters that may not be delegated by the Board of Directors - specific powers and responsibilities for ensuring the operating management of Company business, up to a general limit of € 10 million. There are specific limits for some types of action.
The CEO has also been appointed as the director in charge of the Company's internal control and risk management system (described below), and as the head of the Company's secondary site.

Independent directors

The Board of Directors adopts a process for assessing the independence of its members whereby said directors sign, following their appointment and on an annual basis, a declaration (addressed to the Chairman of the Board of Directors and the Chairman of the Board of Statutory Auditors) of compliance with the independence requirements established by article 3 of the Code, with respect to the assessment criteria indicated in application criterion 3C1 of the Code.
On the basis of the information received, the Board has assessed whether each of its non-executive directors meets the independence requirements. As a result, it can confirm that Chiara Burberi, Mauro Del Rio, Francesca Fiore, Mauro Pretolani, Harald Rösch and Luca Rossetto qualify as independent directors. These directors also meet the independence requirements pursuant to article 148, paragraph 3 of the Consolidated Finance Act.

Internal committees of the Board of Directors

In compliance with principle 4P1 and criterion 4C1 of the Code, the Board of Directors has established the following internal committees, most recently with a resolution passed on October 26, 2012:
- 1 the **Appointments and Remuneration Committee**; and
- 2 the **Control and Risk Committee,**

to make suggestions and provide advice.
In compliance with the provisions set out in article 4, in light of the Group's new organizational structure, the Board decided that the duties provided for pursuant to articles 5 and 6 of the Code of Corporate Governance should be carried out by a single committee (the Appointments and Remuneration Committee), composed of three members who possess the professional skills necessary to perform said duties.
Both committees have three members. Their remits were established by the Board of Directors and can be supplemented or modified by a subsequent Board decision.

Appointments and Remuneration Committee

In accordance with articles 5P1 and 6P3 of the Code, the Appointments and Remuneration Committee is made up entirely of non-executive directors, the majority of whom are independent: Mauro Pretolani (the Chairman), Francesca Fiore and Paul Douek (Mr. Douek resigned on April 24, 2013). The Chairman is an independent director, and all members of the Committee possess the professional skills necessary to perform the relevant duties. The Committee was most recently appointed by the Board of Directors on October 26, 2012.

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

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

With regard to article 5C2 of the Code, during its meeting of April 24, 2013, the Board, inter alia, resolved that it was not necessary at the time to adopt a succession plan for the executive directors. With regard to the duties assigned to the Committee pursuant to article 6P4 of the Code, the Committee submits proposals to the Board of Directors concerning the remuneration of directors and managers with strategic responsibilities.

However, given that the Company is committed to an arrangement with creditors that will have a significant impact during the course of this financial year, it decided that it is not currently appropriate or in its interest to propose the adoption of a different remuneration policy to that adopted in previous years for the current year and subsequent years. Pursuant to the above, and until any decision to the contrary is made by the competent bodies, the Company will continue to follow the criteria currently applicable to its remuneration policy (see below) for the current financial year.

On October 26, 2012, in compliance with criterion 6C5 of the Code, the Board of Directors tasked the Appointments and Remuneration Committee with:

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

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

Finally, in accordance with the provisions of article 6 of the Code, the Appointments and Remuneration Committee:

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

The Remuneration Committee met on 3 occasions in 2012.

Directors' compensation

As well as being reimbursed for the expenses they incur when carrying out their duties, directors are entitled to an annual compensation established by the Shareholders' Meeting. This compensation may include fees for directors with specific jobs.
Pursuant to article 2389, paragraph 3 of the Italian Civil Code, the remuneration of directors with specific jobs is decided by the Board of Directors, subject to approval from the Board of Statutory Auditors.
Non-executive directors (whose pay is commensurate with their required commitment, taking into account membership of committees) are not eligible for share-based incentive schemes.

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

The Shareholders' Meeting of October 22, 2012 resolved to authorize a civil liability insurance policy for the directors, general managers and Chief Financial Officer, with a maximum annual premium of € 350,000.00.
The remuneration of senior managers has a variable component that depends on the results of each manager's department and on their individual targets.

General remuneration policy

The policy concerning the remuneration of the CEO, the General Manager and the managers with strategic responsibilities of Seat Pagine Gialle S.p.A., as defined by the Board of Directors at the proposal of the Appointments and Remuneration Committee pursuant to article 6P4 and criterion 6C1 of the Code of Corporate Governance, is set out in the Report on Corporate Governance and Ownership Structure, which should be referred to for further information.

Internal control and risk management system

1) Control and Risk Committee

The Control and Risk Committee, which was appointed most recently by the meeting of the Board of Directors held after the Shareholders' Meeting on October 26, 2012, consists of the directors Chiara Burberi (the Chairman), Luca Rossetto and Harald Rösch.
All the Committee members are independent directors and have sufficient experience in accounting and finance or risk management (in accordance with article 7P4 of the Code).
In addition to the Committee members, the meetings are attended by the Chairman of the Board of Statutory Auditors or another statutory auditor, the Secretary of the Board of Directors, and the Head of the Internal Audit department. Depending on the items on the agenda, the meetings may also be attended by the CEO and by representatives from the Independent Auditors and management.
During the aforementioned meeting on October 26, 2012, the Board of Directors resolved to task the Committee with duties pursuant to article 7C2 of the Code of Corporate Governance[1].
In line with the provisions of the Code, the regulations that govern the committee include rules on its appointments, composition and functioning. More specifically, pursuant to the regulations and in accordance with the aforementioned article 7C2, the Committee:

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

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

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

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

The Control and Risk Committee met six times in 2012 and six times in the first few months of 2013. During these meetings, the Committee:
- monitored the development of the organizational and operational model of the Internal Audit department;
- examined and assessed the progress of the activities set out in the audit plan prepared by the Internal Audit department for 2012 and the results of measures carried out;
- examined and approved the audit program for 2013;
- met with the Chief Financial Officer, 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 separate financial statements at December 31, 2012, the correct use of accounting principles and their consistency for the purposes of preparing the consolidated financial statements;
- met with the Partner of the Independent Auditors to examine the issues dealt with during auditing;
- met with Company management to examine main business processes and analyse accounting issues;
- met with the external consultant identified to illustrate the methodology used to carry out impairment tests, which has already been verified by the Independent Auditors;
- met with management to examine and assess the disaster recovery plan and significant corporate processes;
- examined and assessed the results of the enterprise risk management (ERM) process aimed at defining an integrated approach to identifying, assessing, managing and monitoring corporate risk;
- examined the "document on the organizational, administrative and accounting structure" prepared by the competent company departments in order to assist the assessment of the Company's corporate governance system, the Group structure and the organizational, administrative and accounting structure of SEAT pursuant to article 1C1 of the Code.

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

2) Internal control system

Pursuant to article 7P1 of the Code, the Company has an internal control and risk management system intended to identify, measure, manage and monitor the main risks it faces. This system is integrated into the Company's more general organizational and corporate-governance structures and takes sufficient consideration of national and international best practice and reference models.
As indicated in article 7P3 of the Code, in addition to the aforementioned Control and Risk Committee, the internal control system involves: *(i)* the Board of Directors; *(ii)* the director in charge of the internal control and risk management system; *(iii)* the Head of the Internal Audit department; *(iv)* the Board of Statutory Auditors; and *v)* other specific corporate departments and roles. The Company promotes coordination between these various entities via dedicated meetings attended by the different control bodies (the Control and Risk Committee, Board of Statutory Auditors, Supervisory Board, Independent Auditors, Chief Financial Officer and Internal Audit department).
In order to raise awareness of controls across the board, the Company has made all levels of the organizational structure responsible for creating and ensuring an efficient internal control system, as specified in its Code of Ethics. All employees are therefore responsible for the correct functioning of the control system within their own departments.

2.1.) Board of Directors

The Board of Directors is responsible for guiding and assesses the adequacy of the internal control system.
Pursuant to article 7C1 of the Code, the Board, in consultation with the Control and Risk Committee:
- defines the guidelines for the internal control and risk management system;
- pursuant to article 7C1, letter b) of the Code, assessed the adequacy of the internal control and risk management system in light of the Company's characteristics and risk profile, as well as the system's effectiveness. This assessment was carried out following the Board's examination of the adequacy of the

Company's corporate-governance system, the Group's structure and the Company's organizational, administrative and accounting structure (see previous paragraph on the role of the Board of Directors, referring to article 1 of the Code); pursuant to article 7C1, letter d) of the Code, the Board resolved that the Company's internal control system was efficient and effective;
- approves, at least once a year, the work schedule prepared by the Head of the Internal Audit department;
- assesses, in consultation with the Board of Statutory Auditors, the results set forth by the Independent Auditors in their suggestion letter (where applicable) and in the report on the fundamental issues arising from the audit.

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

The Board also: *(i)* appoints and revokes the mandate of the Head of the Internal Audit department; *(ii)* ensures that the latter has sufficient resources to perform his/her duties; and *(iii)* determines his/her remuneration in accordance with corporate policy (as described below).

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

In accordance with article 7C4 of the Code, on October 26, 2012, **the CEO** was identified by the Board of Directors as the director in charge of the internal control and risk management system. Consequently, the following tasks were assigned to him:
- identifying the main corporate risks, taking into account the nature of the business conducted by the issuer and its subsidiaries, and regularly putting them before the Board of Directors;
- executing the guidelines established by the Board of Directors, overseeing the design, creation and management of the internal control and risk management system, and constantly checking that the system is adequate and effective;
- adapting the system to changing operating, legal and regulatory conditions;
- requesting that the Internal Audit department perform checks on specific operational areas and on compliance with internal procedures and rules when carrying out Company operations, simultaneously informing the Chairman of the Board of Directors, the Chairman of the Control and Risk Committee and the Chairman of the Board of Statutory Auditors;
- promptly informing the Control and Risk Committee (or the Board of Directors) of any problems that arise during the performance of his activities or that have come to his attention, so that the Committee (or the Board) may take the necessary steps.

2.3.) Head of the Internal Audit department

As mentioned previously, the Company makes use of the support services provided by the Internal Audit department, which has now been transferred to subsidiary SEAT Pagine Gialle Italia S.p.A. (the transfer is described in the Introduction to this report), pursuant to a series of service contracts signed between the two companies.

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

During the Board meeting held on April 24, 2013, at the proposal of Mr. Santelia, the Board (following a favorable opinion from the Control and Risk Committee and in consultation with the Board of Statutory Auditors) resolved to: *(i)* acknowledge that subsidiary SEAT Pagine Gialle Italia S.p.A. had confirmed Francesco Nigri as Head of the Internal Audit department; *(ii)* ensure that the Head of the Internal Audit department has sufficient resources to perform his duties; and *(iii)* give the Remuneration and Appointments Committee a mandate to check that the remuneration of the Head of the Internal Audit department was in line with corporate policy and to inform the Board of the outcome of its checks. Furthermore, the Board: *(i)* acknowledged that the Head of the Internal Audit department is not responsible for any of SEAT Pagine Gialle Italia S.p.A.'s operational areas; and *(ii)* resolved that the Head of the Internal Audit department should report directly to the Company's Board of Directors.

The Head of the Internal Audit department is responsible for verifying that the internal control and risk management system is adequate and functioning properly. Furthermore, in accordance with article 7C5 of the Code, he:

a) verifies that the internal control and risk management system is suitable and functioning properly, both on an ongoing basis and in relation to specific needs and in compliance with international standards, via an *audit* plan that is approved by the Board of Directors and based on a structured process of analyzing and prioritizing the main risks;

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

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

In 2012, the Head of the Internal Audit department:
- carried out the checks provided for in the year's plan of action;
- reported regularly to the director in charge of the internal control and risk management system on his activities and the results of his interventions;
- attended all meetings of the Control and Risk Committee, took the minutes at these meetings and presented the results of his interventions;
- attended all meetings of the Supervisory Board and, upon request, meetings of the Board of Statutory Auditors.

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

2.4.1) Introduction

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

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

With this in mind, a web-based application has been developed to collate, manage and consolidate information. In keeping with international best practice, the identified risks to which the Company is exposed are broken down into four broad categories: strategic, operating, financial (reporting), and compliance.
The annual process uses self-assessment across the various departments, coordinated by the Internal Audit, to identify the key activities and controls that can reduce the manifestation of identified risks and/or mitigate their impact. A calculation algorithm, which considers the initial measurement of risk and the effectiveness of the control system in place, gives a residual rating to each risk. The identified risks with a high residual rating are brought to the attention of the executive director in charge of the internal control system, the Risk and Control Committee, the Board of Statutory Auditors and the Board of Directors on an annual basis.

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

With regard to financial and reporting risks identified during the ERM process, the Company has had a specific process in place for several years which aims to ensure the credibility, accura cy, reliability and timeliness of financial disclosure pursuant to Law 262/05. This process involves:
- *defining the scope,* i.e. a quantitative analysis of the importance of the companies included in the scope of consolidation. This analysis is carried out in the event of significant changes to the Group structure or to the core business of each subsidiary. On the basis of this analysis, it has been determined that, in quantitative terms, the subsidiaries are not currently of significant size (see the section above concerning the Board's assessment of the adequacy of the organizational, administrative and general accounting structure pursuant to article 1 of the Code);
- *identifying the major corporate processes* and the risks arising from failing to meet control objectives. This involves quantitative and qualitative analysis of the

processes in place and subsequent identification of the most significant ones;
- *evaluating controls*. The processes identified at the previous stage are subject to specific analyses that involve preparing and/or updating the administration and accounting system, and in particular the flowcharts, narratives and control matrix. The control matrix identifies the key controls and their characteristics: type of control (automatic or manual), frequency, person responsible for the process or sub-process and person responsible for the control;
- *performing tests* on the key controls identified in order to check compliance in relation to the financial-statement assertions (completeness, existence, rights and obligations, valuation, recognition, presentation and disclosure);
- *identifying any improvements that could be made* to the current internal control system in order to ensure better oversight of the areas and processes that are deemed significant in terms of their impact on financial disclosure.

The Internal Audit department carries out these activities on the basis of an annual plan of action. The results and any remedial action identified are brought to the attention of the Chief Financial Officer, the Control and Risk Committee and the Board of Statutory Auditors.

With regard to foreign subsidiaries TDL and Telegate AG, special questionnaires are carried out annually to provide a qualitative assessment of *entity-level controls* for the high-level components of the internal control system at each subsidiary.
If required, the Internal Audit department checks the adequacy of the internal control system at the subsidiaries - as part of their administrative and accounting procedures - on the basis of information provided by the Company's management and supervisory bodies.

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

Since 2004, the Company has had an organizational, management and control model as provided for by Legislative Decree 231/2001 on the subject of corporate administrative liability for crimes committed by senior persons or by those under their management or supervision. In this context, the following documents, which are considered appropriate to highlight the procedures and controls in place to reduce the likelihood of the crimes mentioned in said piece of legislation being committed, have been issued: the "Group Code of Ethics", the "Principles and Guidelines of the Organization, Management and Control Model", and the "Organizational Model".
The Company's website, http://www.seat.it/seat/it/governance/documentation/legislative_decree/index.html, contains a section dedicated to these issues.

The Supervisory Board (set up pursuant to Legislative Decree 231/2001), which was appointed at the meeting of the Board of Directors held on June 21, 2012 after the Shareholders' Meeting upon renewal of the company boards, consisted, **in 2012**, of Marco Reboa (a university professor of business and economics and a former independent director of the Company), Marco Beatrice (the head of SEAT's Corporate Affairs department) and Francesco Nigri (the head of SEAT's Internal Audit department). This setup is suitable for enforcing the guidelines contained in the report accompanying Legislative Decree 231/2001, giving the Supervisory Board the autonomy, independence, professionalism and continuity required to carry out its business effectively. The Board resolved to ensure that a member of the statutory control body is invited to all meetings of the Supervisory Board.
As a result of the resignation of Marco Reboa, Marco Beatrice respectively on 16 and 17 January 2013, and Francesco Nigri on February 20, 2013 - The Board of Directors on 20 February 2013 resolved to appoint as members of that body Messrs. Marco Rigotti (Professor of commercial Law at Bocconi University) with the role of President, Chiara Burberi (Independent Director of the Company) and Michaela Castelli (Secretary of the Board of Directors of the Company) shall determine the term of office until the Shareholders' Meeting called to vote on the financial statements 2014.
The Supervisory Board is charged with:
- implementing the organizational, management and control model;
- monitoring the effectiveness of the model to ensure that conduct within the Company corresponds to it;
- monitoring the effectiveness of the model by checking the suitability of the system designed to prevent the crimes mentioned in the above legislation;
- updating the model to implement appropriate modifications following environmental and/or organizational changes at the Company.

More specifically, the Supervisory Board's duties are:
a. monitoring the effectiveness of the model by implementing the appropriate control procedures;
b. monitoring how effectively unlawful behavior is prevented;
c. checking that the specific requirements remain in place by encouraging the updating of the model where necessary;

d. encouraging and contributing, together with other relevant parties, to the continual updating and adaptation of the model and of the system for monitoring implementation of the model;
e. ensuring the relevant flows of information;
f. ensuring cooperation with the Supervisory Boards of other subsidiaries;
g. establishing a monitoring program for the various business segments, in keeping with the principles of the model;
h. ensuring implementation of scheduled and unscheduled control interventions;
i. notifying the relevant departments of violations of the model and monitoring, together with the Human Resources department, the application of disciplinary action.

When carrying out its duties, the Supervisory Board has unlimited access to company information for investigations, analysis and control. It is supported by the Internal Audit department and, if necessary, external consultants.

In 2012, the Supervisory Board performed its usual supervisory activities and, following the transfer mentioned in the introduction to this report, acknowledged the need to update the documentation pursuant to Legislative Decree 231/2001, defining the methods and time frames for doing so.

Independent Auditors

Pursuant to article 159 of the Consolidated Act, the Ordinary Shareholders' Meeting of June 12, 2012 mandated the Independent Auditors PricewaterhouseCoopers S.p.A. to conduct the full audit of the Company's separate and consolidated financial statements for 2012-2020 and the limited audit of the half-year reports to June 30 for 2012-2020, and to verify that the Company's accounts are kept correctly and that the accounting entries accurately reflect operations in said years.

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

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

During the meeting of the Board of Directors held on June 21, 2012 after the Shareholders' Meeting upon renewal of the company boards, Massimo Cristofori (head of the Company's Administration, Finance and Control department) was confirmed in the role of CFO, since his position complies fully with the technical and professional requirements pursuant to article 154-bis no. 3 of the Consolidated Finance Act and to the final paragraph of article 19 of the Articles of Association. The Board of Statutory Auditors approved Mr. Cristofori's appointment. His term of office was set to expire at the Shareholders' Meeting called to approve the financial statements as at December 31, 2012.

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

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

Board of Statutory Auditors

The Board of Statutory Auditors consists of three standing auditors and two alternate auditors. They are appointed by the Shareholders' Meeting, which also sets their remuneration (article 22 of the Articles of Association).

The Extraordinary Shareholders' Meeting of June 12, 2012 approved the proposed amendments to article 22 *(Board of Statutory Auditors)* of the Articles of Association in order to comply with the aforementioned regulations on the composition of the Board of Directors as set out in the Consolidated Finance Act, as amended by Law 120/2011, and in the Issuers' Regulation (the "pink quota"). More specifically, the amendments provided that:

(i) lists for the appointment of members of the Board of Statutory Auditors containing three or more candidates must include, with reference to either the role of standing auditor or that of alternate auditor, candidates of different genders, in accordance with the regulations in force;

(ii) a mechanism for the replacement of standing auditors must be established that takes the rules on gender balance into consideration;

(iii) if the procedures set out in the Articles of Association fail to establish an appropriate gender balance, the Shareholders' Meeting must, subject to the majority required by law, take the necessary steps to ensure compliance with the rules on gender balance.

As previously mentioned, the regulations on gender balance are applicable to boards appointed after August 12, 2012, meaning that they did not affect the appointment of the Company's Board of Statutory Auditors (which took place on June 12, 2012).

Article 22 of the Articles of Association (as annexed to this document) states that all statutory auditors must be entered in the Register of Statutory Auditors pursuant to chapter 3 of Legislative Decree 39 of January 27, 2010[2] and must have been a statutory auditor for at least three years.

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

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

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

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

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

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

Statutory auditors are elected as follows:

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

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

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

In the event that an auditor must be replaced, he/she shall be succeeded by the alternate auditor from the same list as the replaced auditor. If said replacement does not allow for compliance with the regulations in force on gender balance, the second alternate auditor, where applicable, belonging to the least represented gender and

[2] Among other things, Legislative Decree 39 of January 27, 2010 (which transposed EU Directive 2006/43/EC into national law) on statutory audits replaced the term "controllo contabile" ("auditing") with "revisore legale dei conti" ("statutory auditor").
As a result of this, the name of the register was also changed.

elected from the list of the replaced candidate shall be the replacement. If the application of the above procedures does not allow for compliance with the regulations in force on gender balance, the Shareholders' Meeting must be called as soon as possible to ensure compliance with the provisions of said regulations.
The aforementioned provisions on the appointment of the Board of Statutory Auditors do not apply to Shareholders' Meetings that must, pursuant to law or the Articles of Association, appoint standing and/or alternate auditors and the Chairman in order to make the Board of Statutory Auditors complete following a replacement or the end of an auditor's mandate, or to the appointment of auditors who, for any reason whatsoever, are not appointed pursuant to the above provisions. In such cases, the Shareholders' Agreement passes resolutions in accordance with the quorums required by law, without prejudice to the provisions - where applicable - of article 144-sexies, paragraph 12 of the Issuers' Regulation, as adopted by Consob with Resolution no. 11971 of May 14, 1999, and in compliance with the regulations on gender balance and the other applicable provisions of law.

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

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

During the Ordinary Shareholders' Meeting of June 12, 2012, under the terms set forth by the regulations in force, the information and documentation required pursuant to article 144-sexies, paragraph 4 of the Consob Issuers' Regulation were provided and prepared. The shareholder that presented the list was identified as Sterling Sub Holdings S.A., and its percentage shareholding was revealed to be 29.41% of the ordinary share capital, prior to the completion of the transfer.
The Company promptly made information on the presented list available to the public on its website.

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

The Shareholders' Meeting of June 12, 2012 appointed the Board of Statutory Auditors for 2012-2014, re-electing all previous members.
Alternate auditors Guido Vasapolli and Guido Costa resigned on April 24, 2013 and May 2, 2013 respectively.
Personal and professional information on the statutory auditors can be found on the Company's website and in the Report on Corporate Governance and Shareholder Structure (referred to in the Introduction).

Shareholders' Meeting

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

In light of this new legislation, article 8 of the Articles of Association (as annexed to this document), as most recently amended by resolution of the Shareholders' Meeting of October 22, 2012, now states that those with voting rights, and who are eligible by law, may address the Shareholders' Meeting in accordance with the established methods and timeframes[3]. Each person with voting rights who is entitled to address the Shareholders' Meeting may be represented by written proxy or proxy granted via a written document in electronic format in accordance with the law.

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

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

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

Pursuant to article 135-undecies of the Consolidated Finance Act, as introduced by Legislative Decree 27/2010, for each Shareholders' Meeting, listed companies appoint a person to whom shareholders may grant a proxy with voting instructions on some or all of the proposals on the agenda, subject to the terms and conditions set forth by the legislation. This legislation is applicable unless otherwise provided for in the Articles of Association. In consideration of this, the Board deemed it in the interest of the Company not to deprive itself of the possibility, in certain circumstances, to appoint the person indicated pursuant to the aforementioned paragraph 1 of article 135-undecies of the Consolidated Finance Act. The Extraordinary Shareholders' Meeting of April 20, 2011 therefore resolved to grant the Board, where it deems it appropriate, the right to make the aforementioned appointment, provided that it specifically announces said appointment in the notice of convocation of the relevant Shareholders' Meeting.

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

Article 10 of the Articles of Association, as amended by the aforementioned Extraordinary Shareholders' Meeting[4], now states the following.

The Shareholders' Meeting is held, pursuant to law, in the municipality in which the Company's registered office (or, where applicable, its secondary site) is located, through a notice published under the terms and conditions provided

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

[4] The Shareholders' Meeting of April 20, 2011 resolved as follows, with reference to article 10:

Amendment to the second paragraph

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

Amendment to the fourth paragraph and introduction of a new fifth paragraph

Legislative Decree 27/2010 amended article 2369 of the Italian Civil Code, stipulating that the Articles of Association of companies that seek to raise funds from the venture capital market may rule out the possibility of holding more than one session of a Shareholders' Meeting. The amendment also stipulated that the majorities set forth for the second session shall apply to single sessions of the Ordinary Shareholders' Meeting, while those set forth for sessions subsequent to the second one shall apply to single sessions of the Extraordinary Shareholders' Meeting. In consideration of this, the Shareholders' Meeting of April 20, 2011 resolved to amend article 10 of the Articles of Association, stipulating that the Ordinary and Extraordinary Shareholders' Meetings will normally be held in several sessions, without prejudice to the right of the Board of Directors to assess whether it is appropriate for the Ordinary and Extraordinary Shareholders' Meetings to be held in a single session..

for by the applicable regulations. The Ordinary Shareholders' Meeting for the approval of the financial statements must be called within 180 days of the end of the financial year, in compliance with the applicable provisions of law, with the Company being required to prepare consolidated financial statements, or, in any case, when specific requirements relating to the Company's structure and purpose require that it be called.
The Shareholders' Meeting is also called whenever the Board deems it appropriate or when convocation is required by law.
The Ordinary and Extraordinary Shareholders' Meetings are normally held in several sessions. In this case, if the Extraordinary Shareholders' Meeting fails to validly take place on second convocation, it may meet for a third session.
The Extraordinary Shareholders' Meeting held on October 22, 2012 amended article 10 of the Articles of Association, stipulating that Ordinary and Extraordinary Shareholders' Meetings for which the notice of convocation is published after January 1, 2013 should be held in a single session, pursuant to law.

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

At the proposal of the Chairman, the Shareholders' Meeting appoints a secretary, who does not have to be one of the shareholders. In cases where it is required by law, and where the Chairman of the Shareholders' Meeting deems it necessary, the minutes are drawn up as a public deed by a notary appointed by the Chairman.
Article 19 of the Articles of Association - pursuant to article 2365, paragraph 2 of the Italian Civil Code - stipulates that the powers set forth therein shall cease to fall under the remit of the Shareholders' Meeting and shall instead be granted to the Board of Directors (see the above paragraph on the role of the Board of Directors pursuant to article 1 of the Code).

The directors will make every effort to facilitate shareholder participation. Where possible, all directors and statutory auditors (especially the directors whose role dictates that they can make a valuable contribution to discussions) attend the Shareholders' Meetings.
With reference to *application criterion 9C3 of the Code*, to date it has not been proposed that the Company adopt Shareholders' Meeting regulations, in light of the efficient management of its Shareholders' Meetings and the absence of any critical issues. Moreover, article 2371 of the Italian Civil Code expressly stipulates that the Chairman of the Shareholders' Meeting should verify the validity of the meetings and the identity and eligibility of those present, regulate the proceedings and ascertain the results of the votes (pursuant to article 12 of the Articles of Association, the Chairman of the meeting verifies (either directly or through third parties appointed to do so) attendees' right to speak, proxies' compliance with the legislation in force, the validity of the meeting, and the identity and eligibility of those present, and should lead proceedings and take the necessary steps to ensure the discussions and votes are carried out in an orderly fashion, setting forth the procedures for voting and ascertaining the results. More specifically, with regard to shareholders' right to speak, the Chairman generally states that speeches must be concise, pertinent to the agenda and no longer than a given duration for each speaker, which will be determined by the Chairman. Attendees who have already contributed to the discussion may ask to speak again, so that they may reply to any comments made).

For information on the Company's shareholder structure, please refer to the above section on ownership structure.

Shareholders' Meetings in 2012

The following meetings were held in 2012:

1) Bondholders' Meetings
On March 30, 2012, the "€ 550,000,000 10% Senior Secured Notes due 2017" (ISIN codes: XS0482702395; XS0482720025) and "€ 200,000,000 10% 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.

2) Savings Shareholders' Meeting
On April 12, 2012, the Special Savings Shareholders' Meeting voted by majority to create a fund pursuant to article 146 of the Consolidated Finance Act, 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.

3) Ordinary and Extraordinary Shareholders' Meetings
As mentioned previously, the Ordinary and Extraordinary Shareholders' Meetings of SEAT Pagine Gialle S.p.A. were held at Corso Mortara 22, Turin, the Company's secondary site, on June 12, 2012.
The Ordinary Shareholders' Meeting approved the 2011 financial statements of the Parent Company, SEAT Pagine Gialle S.p.A., the draft of which had been approved by the Board of Directors on April 30, 2012.
The Ordinary Shareholders' Meeting also 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. 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 and Guido Costa and Guido Vasapolli as alternate auditors, assigning Mr. Cervellera the role of Chairman of the Board of Statutory Auditors;
- 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 and/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 income statement 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., and thereby to *(i)* issue ordinary shares with no par value, to be allocated to Lighthouse shareholders, and *(ii)* issue free 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 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).

Following the conclusion of the financial restructuring process, the Extraordinary Shareholders' Meeting of SEAT Pagine Gialle S.p.A. held on October 22, 2012 resolved to amend articles 8 (Right to Attend),10 (Meeting Notice) and

11 (Ordinary and Extraordinary Shareholders' Meetings) of the Articles of Association, while the Ordinary Shareholders' Meeting of the same date resolved to:

- set at nine the number of members of the Board of Directors, establishing their term of office up to the approval of the financial statements for the year ended December 31, 2014, and set at € 50,000.00 the annual compensation for each director, authorizing a civil liability insurance policy for the directors, general managers and the Chief Financial Officer, with a maximum annual premium of € 350,000.00.
- appoint Guido de Vivo, Vincenzo Santelia, Chiara Damiana Maria Burberi, Mauro Pretolani, Paul Douek, Luca Rossetto, Francesca Fiore, Harald Rösch, and Mauro Del Rio as directors (all of whom were selected from the only list submitted by the Shareholders' Meeting), and appoint Guido de Vivo as Chairman of the Board of Directors.

The Extraordinary Shareholders' Meeting did not approve the proposed amendment of article 14 (Composition of the Board of Directors) of the Articles of Association.

Shareholder relations (article 11 of the Code of Corporate Governance)

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

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

With reference to the application criteria under article 9 of the Code, in compliance with the "SEAT Pagine Gialle S.p.A. procedure for the management and disclosure to the market of privileged information" (as mentioned above), throughout 2012 the Company disclosed information about its activities accurately, promptly and transparently, in accordance with the proper procedures.

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

During 2012, the Investor Relations department organized several formal meetings with the market (analysts, institutional investors and representatives of the financial community).

In order to encourage dialogue with financial-market operators, the Company has put the following on its website: all economic and financial documents (annual, half-year and quarterly reports and financial statements); support documentation (presentations to the financial community); a special Corporate Governance section (including documents on the Company's governance system, information on company boards and reports and materials for Shareholders' Meetings); and Company press releases, all in both Italian and English. The website also has a section with general information for shareholders and real-time Group share prices.

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

The Company has been informed of the following pursuant to the requirements of law:

(i) on August 29, 2012, the filing of the deed of merger between the Company and Lighthouse International S.A. with the Milan Companies Register brought an end to the shareholders' pact originally signed on April 29, 2009 - and renewed on April 26, 2012 - between: (a) Alfieri Associated Investors Serviços de Consultoria S.A.; (b) Cart Lux S.r.l. and Tarc Lux S.à r.l.; and (c) CVC Silver Nominee Ltd;

(ii) on September 6, 2012, the entry into force of all the agreements relating to the Company's complex restructuring process brought an end to the shareholders' agreement signed on March 12, 2012 between: (a) Alfieri Associated Investors Serviços de Consultoria S.A.; (b) Cart Lux S.à r.l. and Tarc Lux S.à r.l.; (c) CVC Silver Nominee Ltd; and (d) SEAT, in order to secure a successful outcome of the restructuring process.

The termination of both the aforementioned shareholders' pacts was announced in the newspaper "MF-Milano Finanza" on September 8, 2012, and declarations of the termination of the pacts were filed with the Milan Companies Register.

Environmental sustainability

Since the end of 2009, SEAT Pagine Gialle S.p.A. has been one of the promoters of a pan-European project, alongside other leading operators and associations representing the entire printed-paper industry.
This project, under the single brand "Print Power", can be broken down into two initiatives aimed at proving to the market that printed products are sustainable, in terms of both their advertising effectiveness and their environmental impact:

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

The first three years of the Print Power project have seen the launch of the following initiatives:
- around 2,200 advertising investment decision-makers and marketing agencies have become involved thanks to direct mailing;
- Print Power has been represented by speakers and stands at a number of events (such as the Digital Printing Forum, the International Paper Industry Exhibition, the CartaExpo paper exhibition, the AssoComunicazione Freccia d'Oro award, and the Turin International Book Fair);
- the first edition of the Print Power report was published in 2012 and distributed to 2,000 marketing industry professionals;
- Lorien Consulting conducted a study into the use and perception of paper by advertising investors, the results of which were presented at two dedicated events in 2012, at the Mediateca Santa Teresa in Milan and the Centro Congressi Unione Industriale in Turin;
- the project has maintained an active web presence through social networks such as Twitter and LinkedIn and by publishing weekly news updates on its website, www.printpower.eu/it.

With a view to evaluating the project's effectiveness in 2011, Print Power Europe commissioned a Synovate survey involving over 400 advertising spending decision-makers from the project's five largest member countries (France, Germany, Italy, Spain and the UK). Between 2010 (before the marketing campaign was launched) and 2011, there was:
- a slight increase in the use of newspapers and industry magazines;
- an increase in newspaper and magazine investment intentions for the following year;
- a significant intention to maintain investment in printed publications over the next two years.

2) **"Two Sides - the green side of paper":** is an information campaign on the environmental sustainability of the printed-paper industry. Aimed at a broad range of individuals, it uses facts and figures to illustrate that a large proportion of printed paper can be recycled and to objectively overcome certain stereotypes about the presumed negative impact that this material has on the environment:
- the European forests that provide wood to produce paper have grown by 30% compared with 1950;
- 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 chain;
- paper is the most recycled material in Europe and in Italy and can be reused up to seven times, to the extent that more than half of paper produced comes from recycling.

Begun in late 2010 (and relaunched in May 2011), the Two Sides campaign has featured 110 times in the national and local press and in magazines through adverts provided for free by project participants, for an estimated value of over € 500 thousand. The third edition of the campaign is scheduled to take place in mid-2013.
SEAT's contribution consists of the publication of a full-color page in the 2010/11 Rome, Naples and Palermo editions and the 2011/12 Modena and Cuneo editions of PAGINEBIANCHE®. The Company is currently planning to publish the new Two Sides campaign in three volumes of the 2013/14 PAGINEBIANCHE®.

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

Social responsibility

SEAT PG was extremely active in the area of social responsibility in 2012, particularly through activities aimed at fostering a digital culture and improving understanding among SMEs and other clients of how online and mobile activities can make a concrete contribution to the growth of Italy's economy.
In this context, SEAT PG played an active role in the third Digital Festival, one of the Italian digital industry's biggest events, as the festival's main partner. The exhibition takes a look at all aspects of the relationship between man and digital technology throughout the country, with a particular focus on the influence this technology has on everyday life. Its activities are broken down into four categories: 'Digital for business', which explores the relationship between digital technology and business; 'Digital for job', which is dedicated to digital technology's impact on the world of work; 'Digital for creativity', which looks at and experiments with digital technology when used alongside creativity in its various forms; and 'Digital for people', which focuses on discussions concerning the general public.
In order to illustrate how the internet and digital technology offer a crucial opportunity to boost consumption in Italy, SEAT PG conducted some national and local research into internet penetration among Italian companies and the development of online shopping in the country, and then published its findings in the media. The results were very interesting: some 28.4 million people use the internet at least once a week (equivalent to 54% of the population), with 25.5% of them (or 7.2 million individuals) shopping online frequently. Despite the importance of the internet to consumers, however, only 41% of companies currently have a website, and a tiny 3% are able to sell their products online. Digital technology therefore represents a huge opportunity for growth and development for the country's economy.
The Company has also joined forces with ASCOM, an association that represents businesses in the Turin area, to promote and organize a workshop entitled 'WEB & BUSINESS: how to use online marketing to boost visibility and business opportunities'. Aiming to provide essential, easy-to-use information about how to organize an effective marketing campaign, the workshop sets out the fundamental rules businesses should follow in order to be present and findable on the web and to generate new, effective business opportunities.
SEAT PG's active participation in the activities of the IAB, an international association dedicated to developing interactive advertising and marketing, was also inspired by its desire to foster a digital culture.
The Company has also been involved in the Faber project, which aims to put young people who are active in the field of digital creativity, and capable of developing innovative content and languages, in touch with businesses that may be interested in their skills. Organized by consultancy firm Torino Nord Ovest in partnership with the municipality of Turin, the project was designed to help entities that are active in digital creativity to acquire business expertise. Faber offers these entities the chance to experiment, acquire knowledge, engage in dialog and discuss designs with companies, whilst also promoting learning and the sharing of methods and tools related to digital creativity within traditional businesses.
"Smart cities" is another area of social importance in which SEAT PG has been involved over the past year. The main focus of its activities in this area is the "AGIRE" (ACT) program, which, in partnership with the municipality of Turin and CSI-Piemonte (a consortium of public bodies operating in the IT sector), provides new digital technologies for Turin-based companies operating in the energy-saving sector. Via a dedicated search engine and the chance to carry out an energy "check-up", the project offers a useful and efficient service that helps to foster a culture of eco-sustainability and appreciation of local resources, rewarding the best-performing companies as examples of excellence within their sector. The project was presented as part of the Smart City Exhibition, a national event held in Bologna in October.

SEAT PG also took part in the "National Quality and Innovation Campaign", an important marketing campaign run by Italy's leading companies since 1989, which promotes the strategic role of quality and innovation in boosting the country's economy.

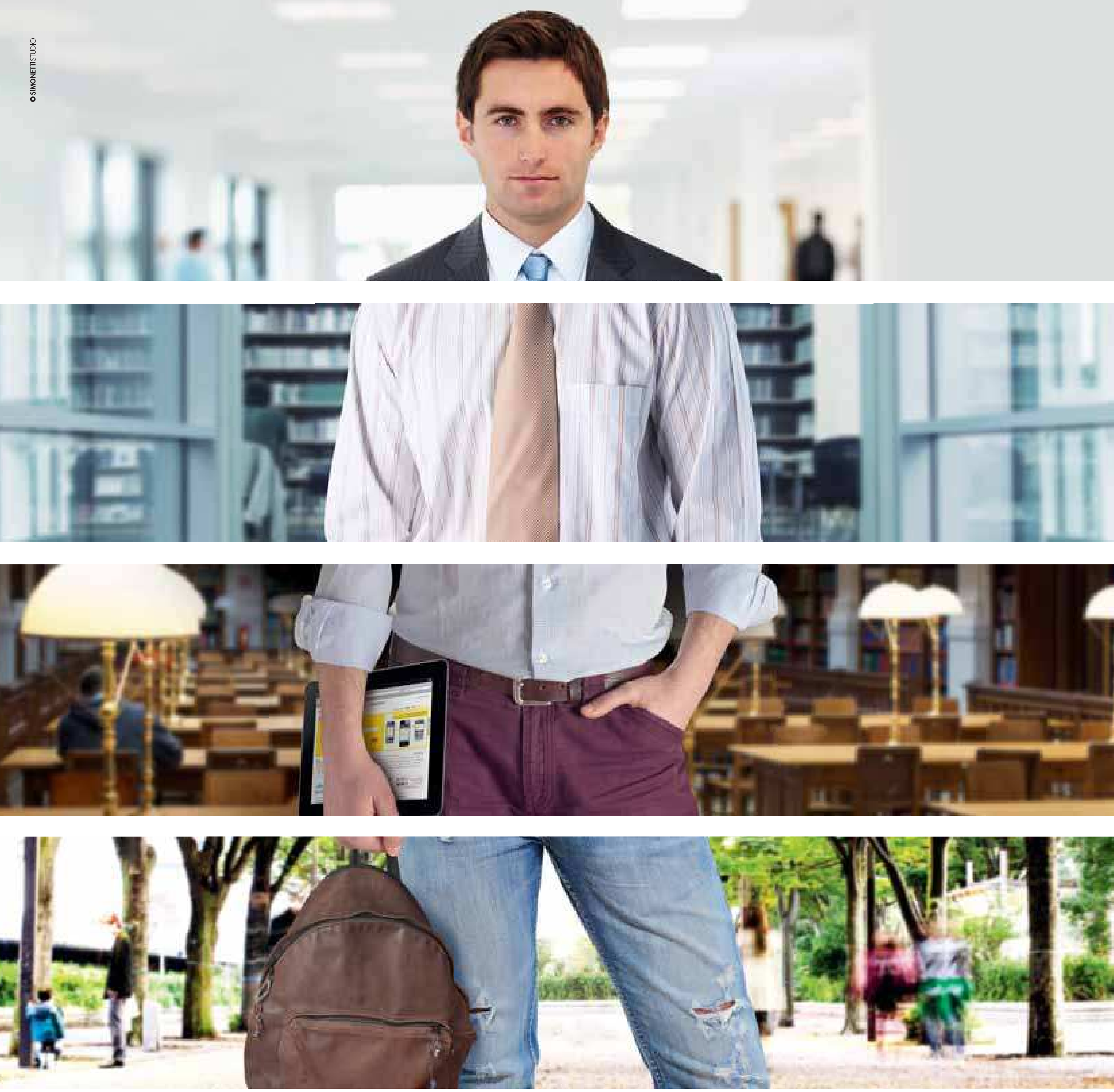
Codes of ethics

SEAT has proved its commitment to acting correctly and constantly improving relations with stakeholders by signing two codes of online conduct, which aim to promote key values within the relationship between providers and users of online services: transparency, visibility and the sharing of rules between company and consumer.
During the course of 2012, the Company:

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

The Code was signed by the leading companies in the couponing sector, guaranteeing their commitment to appropriate conduct towards consumers.
SEAT also acted as a key partner at the round table on "The ethics of the new digital relations between businesses and consumers", sharing its expertise with other participants. The event, which was held on November 6, 2012, involved various members of the digital ecosystem (representatives of digital-technology think tanks, regulatory authorities, consumer associations, and digital and e-commerce companies) and saw the formal presentation of the code of self-regulation;

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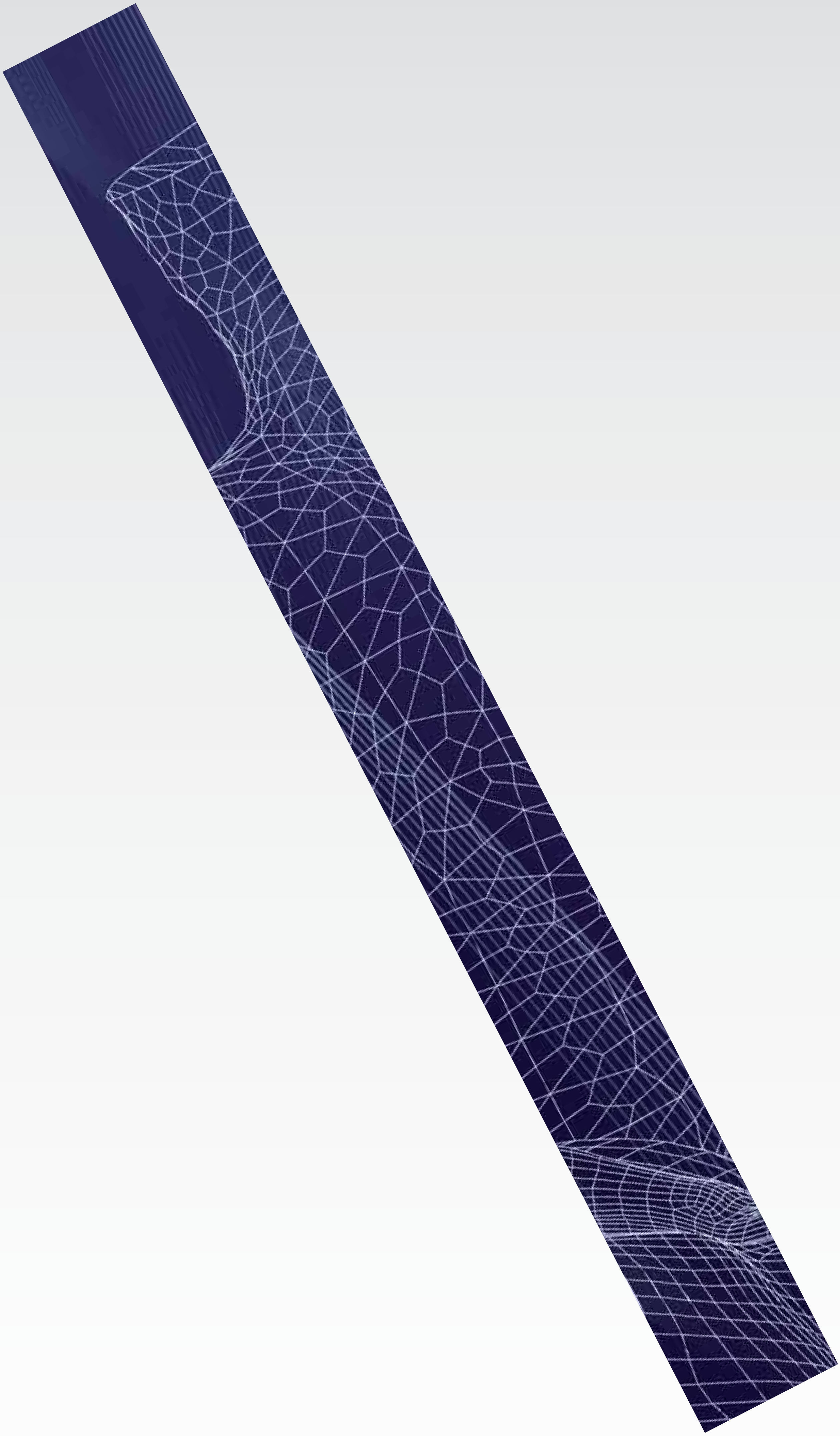
Consolidated
Financial Statements
of the SEAT
Pagine Gialle Group



Introduction

The last 18 months (the year ended December 31, 2012 and the first half of 2013) may be considered the most troubled period in the long history of SEAT Pagine Gialle S.p.A. ("SEAT" or the "Company") and the Group belonging to it.

During this period, the current Board of Directors has managed the Company only since the latter part of the last financial year. The previous Board consisted mainly of representatives of the closed-ended private equity funds that performed a leveraged buyout of the Company in 2003, which has had a deep and lasting effect on the Company's fate.

In light of this, readers should bear in mind that all information presented in this report referring to the period prior to November 2012 (as is the case for the Interim Report as at September 30, 2012) is based exclusively on the documentation prepared by the previous directors and the information provided by management.

The 2012 financial year was marked by market and economic conditions in continuing sharp decline. The year's most significant event was the consensual financial restructuring process (the "Restructuring"), which was based on a plan that was approved in August 2011 and subsequently reviewed in January 2012, before being submitted in February 2012 for certification pursuant to article 67, paragraph 3, letter d) of Royal Decree 267/1942 (the "Bankruptcy Act"). The forecasts set out in the plan were based on institutional estimates made at the time concerning future macroeconomic and market performance.
This process, which was begun in 2011, continued until September 2012 and had significant negative effects on operating activities, which were seriously exacerbated by the sudden death of Alberto Cappellini, the Company's CEO, in March 2012. Mr. Cappellini had been actively involved in both the implementation of the Company's strategy in difficult economic and competitive conditions and the financial restructuring.

The Restructuring was completed on September 6, 2012, with the Company's debt having been reduced considerably thanks to the equitization of almost all of the senior subordinated notes issued by Lighthouse International Company S.A. ("Lighthouse") and the refinancing of the debt to the Milan branch of The Royal Bank of Scotland plc ("The Royal Bank of Scotland" or "RBS"). The Company's shareholder structure underwent a major change following the merger by incorporation of Lighthouse into SEAT, with existing shareholders seeing their stake of the post-merger share capital reduced to 12% and the Lighthouse bondholders acquiring a stake of 88%.
The Restructuring was the result of long, complex, difficult and extremely costly negotiations between the Company, the three categories of financial creditors (RBS, holders of the 2010-17 senior secured bonds and holders of the Lighthouse senior subordinated notes) and the consortium of private equity funds that together owned around 50% of the Company's ordinary share capital, held between fall 2011 and March 2012, which resulted in an agreement on the essential elements of the Restructuring (the "term sheet"). Based on the term sheet, the agreements reached were implemented between February and September 2012 through a series of complex extraordinary financial and corporate transactions (a description of the phases and implications of the Restructuring transactions can be found in the relevant prospectuses published on www.seat.it, under the "Corporate Governance" section, in particular the prospectus prepared pursuant to article 70 and article 57 of Consob Regulation 11971/99, as subsequently amended, and in the subsequent relevant sections of this report).

The Restructuring was based on the forecast business, economic and financial data set out in the "2011-2013 Guidelines and 2015 Projections" (the "Guidelines") drawn up by the Board of Directors in office at the time.

The Restructuring involved the transfer of almost the entire business of the Company (including debts) to its wholly owned subsidiary SEAT Pagine Gialle Italia S.p.A., with a view to pledging the latter's shares to creditors. As a result of these operations, which were carried out in August and September 2012, and of the net cash flows generated from continuing operations and investment during the period, the Company's debt fell from around € 2,736 million at the end of 2011 to approximately € 1,328 million at December 31, 2012.
As mentioned above, as a result of the corporate transactions carried out pursuant to the 2012 restructuring agreements (the merger between the Company and Lighthouse in particular), the Company's shareholder structure underwent a major change in September 2012, with the private equity funds that had controlled the Company for the last decade seeing their combined stake reduced to around 6%.

As at October 22, 2012, some Lighthouse shareholders (almost all of which were foreign hedge funds) held

individual stakes of more than 2% in the Company, accounting for a total shareholding of 45.51%. On that date, the Shareholders' Meeting appointed a new Board of Directors, which took office and began operations at the beginning of November 2012. Its first act was to appoint Vincenzo Santelia as the new CEO, the position left vacant following the death of Alberto Cappellini.
After completing the necessary introductory process (involving getting familiar with the Company's business and organizational structure), the new CEO analyzed the Group's financial situation and operating and financial results for the year under way, as well as the relevant forecasts for the 2013 year.

Before embarking upon said analysis, the new Board of Directors was faced with the difficult task of approving the Interim Report as at September 30, 2012. The period in question was overseen exclusively by the previous Board, and the new Board did not have the time it needed to perform all the necessary checks.

Consequently, the new Board had to base its assessments on the principal data from the accounts and documents recently prepared by the previous directors (specifically: the Consolidated Half-Year Report as at June 30, 2012, approved on August 7, 2012 and subjected to a limited audit by the Group's newly appointed auditors; all documentation produced up to the end of August 2012 in connection with the aforementioned transfer to SEAT Pagine Gialle Italia S.p.A., including the expert report; the assessments of the advisors tasked with the purchase price allocation relating to the aforementioned Lighthouse/SEAT merger (based on which the extremely high amounts relating to the Company's intangible assets were determined. The current Board subsequently subjected said assets to impairment tests for the purposes of drawing up these financial statements; the results are described below).
Furthermore, as stated in the Interim Report, *"in the process of approval this Interim Report, the Board of Statutory Auditors (which was in office throughout the financial restructuring) and the management have informed the directors in office that, to the best of their knowledge, no events had occurred since these documents were drafted and approved that could significantly affect the presentation of the Group's financial position as at the date of approval of this Interim Report"*.
In line with its perspective, on November 2, 2012 the Group's Finance Department made an early repayment of a principal installment of € 25 million due on December 28, 2012, to be recorded as a reduction of the Company's bank debt, in order to optimize financial costs and since it had the necessary cash on hand.

With this background of apparent normality, between November 2012 and January 2013, the CEO, Mr. Santelia, performed checks on the Group's current and future business situation and operating and financial performance. To the surprise of the new directors, the outcome showed that the results then being formed (and now finalized) for 2012 were considerably worse than both the 2011 results and the forecasts set out in the Guidelines.
However, even more important than this was the fact that the forecast made for the 2013 financial year, which had just begun, was much worse than the projections set out in the Guidelines (which were used as the basis for the Restructuring).

The main reason for this is probably the fact that the crisis on the advertising market that had begun in 2011 worsened more than expected in 2012 as a direct result of the continuing deterioration of Italy's economy, and in particular the decline in advertising spending by SMEs, the Company's traditional customer base.
Furthermore, it emerged that the effects of the previous commercial policy on SEAT's operating activities exacerbated the negative consequences of the general market trend (an in-depth analysis of the above can be found on page 27 of this report).
The Company was also affected by the sudden death of Alberto Cappellini in March 2012, which left it without a leader until the new CEO took office in November that year.

Therefore, in January 2013, the new Board had to acknowledge that the economic and financial objectives set out in the Guidelines were no longer valid or attainable in light of recent performance and updated market forecasts.
More specifically, based on the updated forecast data resulting from the preparation of the 2013 budget, the new Board considered that the cash flows generated from operating activities (though significant), combined with cash and cash equivalents on hand, would be insufficient to meet the financial commitments arising from the Restructuring for 2013, equal to around € 200 million in principal and interest payments.
It also became apparent that the drastic downgrading of the forecast EBITDA generated by the Group's core business would result in the need to carry out significant write-downs of intangible assets that would more than wipe out its balance sheet (which had recently been rebuilt

thanks to the Restructuring but remained woefully inadequate). This would likely trigger a situation pursuant to articles 2446 and 2447 of the Italian Civil Code for the Company and its main operational subsidiary, SEAT Pagine Gialle Italia S.p.A.

In light of the Company's unsustainable financial position, its Board of Directors and that of SEAT Pagine Gialle Italia S.p.A. decided on February 6, 2013 to file for a composition with creditors' procedure to ensure business continuity pursuant to article 161 of the Bankruptcy Act, making a 'blank filing' pursuant to paragraph 6 of said article. The Board also decided not to pay the half-yearly coupon maturing on January 31, 2013 in relation to the senior secured bonds and (nor) the interest installments on the senior bank loan due on February 6.

The composition with creditors legislation enables the Company to proceed with its ordinary business activities provided that it complies with the principle of equal treatment of creditors, pursuant to which payments may not be made on debts in existence at the filing date without the authorization of the competent Court. The Court must also authorize extraordinary administration measures. Having filed for the composition, the Company enters into and may duly honor commitments related to its ordinary operations. The Company is therefore proceeding with its business activities, within the aforementioned limitations. It is not suffering any significant negative effects as a result of its situation, and the procedure grants it protection against its creditors.
The composition with creditors' procedure recently enacted by Italian leglislation, appeared to be the best solution to safeguard creditors' interests and is particularly well suited to the SEAT Group's economic, cash flows and financial position, in the interests of all stakeholders.
The Group has only a limited value in tangible fixed assets that it can liquidate to satisfy its creditors, and its most important resource by some distance is its still considerable ability to generate positive cash flows without having to seek new sources of financing for its ordinary operations.
SEAT's ability to continue as a going concern is essential if this characteristic of the Group is to be valued: if it cannot continue as a going concern, its liquidation value (net of relative costs) would be nowhere near sufficient to cover its total debt.
After the Company filed for a composition with creditors' procedure, the Court gave it a period of 120 days, which was then extended by just under a month until July 1, 2013, to submit the composition proposal, including the plan and the other necessary documentation.

The Company consequently began drawing up a new business plan based on the assumption that economic conditions would continue to be difficult. According to the plan, the Company would begin to recover in 2013, but would have to allow sufficient time for the strategic directions and measures identified to take effect. At the end of the time horizon of the forecast data (2018), the Company is expected to still be profitable and able to generate cash, but on a smaller scale than in the past.
Specifically, the Board of Directors approved the new economic and operating strategic guidelines (the "New Strategic Guidelines") for the formulation of the plan and proposed composition with creditors on the assumption of business continuity pursuant to article 186-bis of the Bankruptcy Act (the "Plan" and the "Proposal" respectively), which will be evaluated by the Court, with the help of the Court appointed commissioner, in accordance with the time frames and terms and conditions provided for by applicable legislation.
The Plan and the Proposal, in whatever form they take once this process has been completed, will follow the authorization schedule established by the rules governing composition with creditors' procedure.
Furthermore, the provisions of the New Strategic Guidelines and the Plan, which were formulated in particularly uncertain and unstable market and economic conditions, were successfully submitted for certification by an independent expert (the "Certification") pursuant to the aforementioned composition procedure.

More details on the content of the New Strategic Guidelines can be found in the "Outlook" section, on page 52 of this report.

The Proposal was therefore prepared on the basis of the New Strategic Guidelines, giving due consideration to the results of the Certification and, where possible, to the suggestions and observations made by the creditors through their advisors. The Proposal and the Plan will be submitted to the Court of Turin. The Court will evaluate the legal and factual grounds for admitting the Company to the composition with creditors' procedure; if said grounds are deemed to be lacking, the Court will declare the application inadmissible and will instead declare the Company insolvent, with all that this entails.
If the application is deemed admissible, the Proposal will be submitted for approval by the creditors so that it can subsequently be authorized by the Court.
The Proposal provides for the merger by incorporation of SEAT Pagine Gialle Italia S.p.A. into the Company, followed by the repayment in full of the senior creditors not downgraded, the equitization of a portion of the senior

debts downgraded to unsecured, the repayment in cash of another portion of the aforementioned debts and, finally, the repayment in cash of a portion of the other unsecured debts. Once the Proposal has been authorized and executed, the Company's consolidated debt is expected to be reduced by around € 1 billion.

These measures should restore the consolidated and statutory book value of the Company's equity so that it exceeds share capital, thereby eliminating the situation pursuant to article 2446 of the Italian Civil Code.

* * *

As mentioned above, as part of the Restructuring: a) SEAT merged with Lighthouse in a transaction whereby the former incorporated the latter (the "Merger"); and b) with effect from September 1, 2012, SEAT transferred almost its entire business, including equity investments in subsidiaries and its entire debt, to its wholly owned subsidiary SEAT Pagine Gialle Italia S.p.A. (formerly Pagine Gialle Phone Service S.r.l.) (the "Transfer").

These extraordinary transactions had significant consequences in relation to the presentation and composition of SEAT's statements of financial position and operations following the transactions.

Pursuant to "IFRS 3 - Business Combinations", the Merger was qualifies as a reverse acquisition whereby Lighthouse was the acquirer and SEAT was the acquiree.

Although SEAT was the incorporating company from a legal perspective, in accordance with IFRS 3, for accounting purposes, Lighthouse was considered the acquirer insofar as the majority of SEAT's share capital was acquired upon completion of the Merger by the former Lighthouse bondholders, who became Lighthouse shareholders.

As a result, the SEAT Group's consolidated income statement for the year ended December 31, 2012 includes the result of Lighthouse for the first eight months and the result of the entire SEAT Group only starting from the acquisition date, August 31, 2012:

- The "Financial performance of the Group" section contains a breakdown of the SEAT Group's operating performance for the year ended December 31, 2012, based on a comparable consolidated income statement and consolidated statement of cash flows, showing the SEAT Group's performance for the whole of 2012, including the performance of Lighthouse S.A. for the first eight months of the financial year. As a result, the consolidated income statement and consolidated statement of cash flows show the results and cash flows for the whole of 2012 ("comparable").

The comparative data for 2011 are taken from the SEAT Group's Consolidated Financial Statements at December 31, 2011.

- In accordance with IFRS 3, the SEAT Group's results in the "Consolidated Financial Statements" section reflect the acquisition that took place on August 31, 2012. As a result, the income statement and statement of cash flows show the results and cash flows for the final four months of the year. The comparative data for 2011 are taken from the financial statements of Lighthouse Company S.A..

Booking the Merger as a reverse acquisition pursuant to IFRS 3 also involved identifying the purchase price, with reference to the fair value of SEAT on the date of its acquisition, measured using the stock market capitalization on the merger date, and allocating it to the assets and liabilities of the entity deemed to be acquired (i.e. the SEAT Group). There were therefore material changes to the capital structure, including in particular the recognition of around € 800 million of intangible assets with a finite useful life (*customer* relationship assets, databases, trademarks) and around € 1,400 million of goodwill, meaning the total value of intangible assets was similar to the figure of approximately € 2,000 million recorded on December 31, 2011. More details on these accounting issues can be found in the "IFRS 3 - Business Combinations" section on page 46 of this report.

The table below shows the main effects on the statement of financial position:

(euro/thousand)	LIGHTHOUSE S.A. as at 08.31.2012	Figures as at 08.31.2012 post acquisition Seat Group	Figures as at 12.31.2012
Non-current assets			
Intangible assets with indefinite useful life	-	1,418,693	91,068
Intangible assets with finite useful life	-	872,829	325,707
Property, plant and equipment	-	27,754	29,641
Leased assets	-	39,334	38,124
Investments in associates and joint ventures	-	312	-
Other non-current financial assets	-	2,265	2,037
Deferred tax assets, net	-	16,679	16,503
Other non-current assets	-	1,213	5,530
Total non-current assets	-	2,379,079	508,610
Current assets			
Inventories		9,833	9,862
Trade receivables	131	404,861	360,528
Current tax assets	-	29,585	23,758
Other current assets	150	60,004	57,104
Current financial assets	702,000	2,950	2,387
Cash and cash equivalents	166	366,441	199,659
Total current assets	702,447	873,674	653,298
Non-current assets held for sale and discontinued operations	-	-	-
Total assets	702,447	3,252,753	1,161,908

(euro/thousand)	LIGHTHOUSE S.A. as at 08.31.2012	Figures as at 08.31.2012 post acquisition Seat Group	Figures as at 12.31.2012
Equity of the Group			
Share capital	31	450,266	450,266
Additional paid-in capital	-	466,847	466,847
Reserve for foreign exchange adjustments	-	(39,781)	43
Reserve for "cash flow hedge" instruments	-	-	-
Reserve for actuarial gains (losses)	-	(25,027)	(1,096)
Other reserves	(29,906)	(789,348)	(869,799)
Profit (loss) for the year	669,627	643,563	(1,042,721)
Total equity of the Group	639,752	706,520	(996,460)
Non-controlling interests			
Share capital and reserves	-	19,524	25,532
Profit (loss) for the year	-	6,211	2,777
Total non-controlling interests	-	25,735	28,309
Total equity	639,752	732,255	(968,151)
Non-current liabilities			
Non-current financial debts	62,646	827,514	1,328,338
Non-current reserves to employees	-	29,468	32,511
Deferred tax liabilities, net	-	250,828	60,598
Other non-current liabilities	-	26,847	32,405
Total non-current liabilities	62,646	1,134,657	1,453,852
Current liabilities			
Current financial debts	-	852,994	201,653
Trade payables	-	146,413	177,938
Payables for services to be rendered and other current liabilities	49	266,297	212,304
Current tax payables	-	76,437	55,392
Reserve for current risks and charges	-	43,450	28,670
Total current liabilities	49	1,385,591	675,957
Liabilities directly associated with non-current assets held for sale and discontinued operations	-	250	250
Total liabilities	62,695	2,520,498	2,130,059
Total liabilities and equity	702,447	3,252,753	1,161,908

For the purposes of preparing these financial statements, as mentioned above, the Company conducted impairment tests on its intangible assets. The tests revealed a need to perform large write-downs on these assets in light of the values attributable to said assets under the business plan drawn up by the current Board and used as the basis for the Proposal being considerably lower than those recorded at the time of the Merger and those listed in the Consolidated Financial Statements of the pre-merger Company. As a result of the write-downs, which totaled € 1,849,990 thousand (€ 1,691,980 thousand net of deferred taxes) at Group level, including those made in the Half-Year Report at June 30, 2012, and € 691,888 thousand at Parent Company level, consolidated equity at December 31, 2012 was -€ 996,460 thousand, while Parent Company equity fell to € 18,586 thousand. As a result of these losses, the share capital fell below one third of its previous level, thereby triggering the situation pursuant to article 2446 of the Italian Civil Code.

In addition, the impairment tests had a significant impact on the financial statements of subsidiary SEAT Pagine Gialle Italia S.p.A., where write-downs brought about negative equity of € 1,045,935 thousand and thus triggered the situation pursuant to article 2447 of the Italian Civil Code.

Pursuant to article 182-sexies of Italy's Bankruptcy Act, articles 2446 and 2447 of the Italian Civil Code do not apply from the date when the petition is filed for a composition with creditors' procedure (in this case, February 6, 2013 for both companies) until such a request is authorized, meaning that the decision-making obligations of the Shareholders' Meeting are suspended for that period.

Consolidated statement of financial position as at December 31, 2012

Assets

(euro/thousand)		As at 12.31.2012	As at 12.31.2011	Note
Non-current assets				
Intangible assets with indefinite useful life		91,068	–	(5;6)
Intangible assets with finite useful life		325,707	–	(7)
Property, plant and equipment		29,641	–	(8)
Leased assets		38,124	–	(9)
Investments in associates and joint ventures		–	–	
Other non-current financial assets		2,037	–	(10)
Deferred tax assets, net		16,503	–	(28)
Other non-current assets		5,530	–	(13)
Total non-current assets	(A)	508,610	–	
Current assets				
Inventories		9,862	–	(11)
Trade receivables		360,528	131	(12)
Current tax assets		23,758	65	(28)
Other current assets		57,104	497	(13)
Current financial assets		2,387	702,000	(17)
Cash and cash equivalents		199,659	359	(17)
Total current assets	(B)	653,298	703,052	
Non-current assets held for sale and discontinued operations	(C)	–	–	(29)
Total assets	(A+B+C)	1,161,908	703,052	

Liabilities

(euro/thousand)		As at 12.31.2012	As at 12.31.2011	Note
Equity of the Group				
Share capital		450,266	31	(14)
Additional paid-in capital		466,847	-	(14)
Reserve for foreign exchange adjustments		43	-	(14)
Reserve for "cash flow hedge" instruments		-	-	(14)
Reserve for actuarial gains (losses)		(1,096)	-	(14)
Other reserves		(869,799)	660	(14)
Profit (loss) for the year		(1,042,721)	(667,564)	
Total equity of the Group	(A)	(996,460)	(666,873)	(14)
Non-controlling interests				
Share capital and reserves		25,532	-	
Profit (loss) for the year		2,777	-	
Total non-controlling interests	(B)	28,309	-	(14)
Total equity	(A+B)	(968,151)	(666,873)	
Non-current liabilities				
Non-current financial debts		1,328,338	-	(17)
Non-current reserves to employees		32,511	-	(20)
Deferred tax liabilities, net		60,598	-	(28)
Other non-current liabilities		32,405	-	(22)
Total non-current liabilities	(C)	1,453,852	-	
Current liabilities				
Current financial debts		201,653	1,369,333	(17)
Trade payables		177,938	131	(24)
Payables for services to be rendered and other current liabilities		212,304	457	(24)
Reserve for current risks and charges		55,392	-	(23)
Current tax payables		28,670	4	(28)
Total current liabilities	(D)	675,957	1,369,925	
Liabilities directly associated with non-current assets held for sale and discontinued operations	(E)	250	1,369,925	(29)
Total liabilities	(C+D+E)	2,130,059	-	
Total liabilities and equity	(A+B+C+D+E)	1,161,908	703,052	

Consolidated income statement for 2012

(euro/thousand)	Year 2012	Year 2011	Note
Sales of goods	7,989	-	(25)
Rendering of services	237,795	-	(25)
Revenues from sales and services	245,784	-	(25)
Other income	35,421	-	(26)
Total revenues	281,205	-	
Costs of materials	(9,357)	-	(26)
Costs of external services	(108,077)	(292)	(26)
Salaries, wages and employee benefits	(56,649)	(15)	(26)
Valuation adjustments	(28,997)	-	(12)
Provisions to reserves for risks and charges, net	(4,225)	-	(22;23)
Other operating expenses	(9,451)	-	
Operating income before amortisation, depreciation, non-recurring and restructuring costs, net	64,449	(307)	
Amortization, depreciation and write-down	(1,894,226)	-	(5-9)
Non-recurring costs, net	(18,627)	-	(26)
Restructuring costs, net	(23,224)	-	(26)
Operating result	(1,871,628)	(307)	
Interest expense	(46,043)	(771,500)	(27)
Interest income	685,608	104,257	(27)
Gain (loss) on investments accounted for at equity	-	-	
Profit (loss) before income taxes	(1,232,063)	(667,550)	
Income taxes for the period	192,119	(14)	(28)
Profit (loss) on continuing operations	(1,039,944)	(667,564)	
Profit (loss) from non-current assets held for sale and discontinued operations	-	-	(29)
Profit (loss) for the period	(1,039,944)	(667,564)	
- of which pertaining to the Group	(1,042,721)	(667,564)	
- of which non-controlling interests	2,777	-	

		At 12.31.2012 (*)	At 12.31.2011
Number of SEAT Pagine Gialle S.p.A. shares		16,066,893,331	15,500
- ordinary shares	*n.*	*16,066,212,958*	*15,500*
- savings shares	*n.*	*680,373*	
weighted average shares outstanding		*5,627,475,803* (**)	*2,247,500* (***)
Profit (loss) for the year	€/thousand	(1,042,721)	(667,564)
Profit (loss) par share	€	(0,185)	(297,025)

(*) New composition of share capital (wholly subscribed) following the merger by incorporation of Lighthouse International Company S.A. into Seat Pagine Gialle S.p.A., that became effective on August 31, 2012.

(**) The figure has been calculated as the average of shares outstanding, as detailed below: a) the number of ordinary shares outstanding of Lighthouse from January, 1 2012 to the date of the merger multiplied by the exchange ratio, b) the number of ordinary shares and savings outstanding from the acquisition date to December 31, 2012.

(***) The weighted average number of shares outstanding as at December 31, 2011 was calculated by multiplying the number of outstanding ordinary shares of Lighthouse SA for the exchange ratio established in the prospectus relating to the merger.

Consolidated statement of comprehensive income for 2012

(euro/thousand)		Year 2012	Year 2011	Note
Profit (loss) for the period	(A)	(1,039,944)	(667,564)	
Profit (loss) for "cash flow hedge" instruments		-	-	(14)
Profit (loss) for foreign exchange adjustments		43	-	(14)
Actuarial gain (loss) recognised to equity		(876)	-	(14)
Total other comprehensive profit (loss) for the year, net of tax effect	(B)	(833)	-	(14)
Total comprehensive profit (loss) for the period	(A+B)	(1,040,777)	(667,564)	
- of which pertaining to the Group		(1,043,554)	(667,564)	
- of which non-controlling interests		2,777	-	

Consolidated statement of cash flow for 2012

(euro/thousand)		Year 2012	Year 2011	Note
Cash inflow (outflow) from operating activities				
Operating result		(1,871,628)	(307)	
Amortization, depreciation and write-down		1,894,226	-	(5)-(7)-(8)
(Gain) loss on disposal of non-current assets		6	-	
Change in working capital		7,429	62	
Income taxes paid		(13,772)	(36)	
Change in non-curret liabilities		6,002	-	
Foreign exchange adjustiments and other movements		11,000	-	
Cash inflow (outflow) from operating activities	(A)	33,263	(281)	
Cash inflow (outflow) for investments				
Purchase of intangible assets with finite useful life		(16,113)	-	(7)-(8)
Purchase of property, plant and equipment		(4,959)	-	(7)-(8)
Other investments		33	-	
Proceeds from disposal of non-current assets		46	-	
Cash inflow (outflow) for investments	(B)	(20,993)	-	
Cash inflow (outflow) for financing				
Repayment of non-current loans		(26,775)	-	
Paid interest expense, net		(3,049)	132	
Change in financial asset and liabilities		(149,587)	-	
Cash of the Group as at August 31, 2012		366,441		
Cash inflow (outflow) for financing	(C)	187,030	132	
Cash inflow (outflow) from non-current assets held for sale and discontinued operations	(D)	-	-	
Increase (decrease) in cash and cash equivalents in the period	(A+B+C+D)	199,300	(149)	
Cash and cash equivalents at beginning of the period		359	508	(17)
Cash and cash equivalents at end of the period		199,659	359	(17)

Consolidated statement of changes in equity for 2012

(euro/thousand)	Share capital	Additional paid-in capital	Reserve for foreign exchange adjstments	Reserve for "cash flow hedge" instru-ments	Reserve for actua-rial gains and (losses)	Purchase Price Allocation Reserve	Other capital reser-ves	Other reserves	Profit (loss) for the period	Total	Non-controlling interests	Total
At 12.31.2011	31	-	-	-	-		3	657	(667.564)	(666.873)	-	(666.873)
Allocation of previous year profit (loss)	-	-	-	-	-		-	(667,564)	667,564	-	-	-
Total other comprehensive profit (loss) for the period	-	-	43		(874)	-	-	-	(1,042,721)	(1,043,552)	2,777	(1,040,775)
Change in consolidation area and other movements	450,235	466,847	-	-	(222)	669,572	20,193	(892,660)	-	713,965	25,532	739,497
At 12.31.2012	450,266	466,847	43	-	(1,096)	669,572	20,196	(1,559,567)	(1,042,721)	(996,460)	28,309	(968,151)

Consolidated statement of changes in equity for 2011

(euro/thousand)	Share capital	Additional paid-in capital	Reserve for foreign exchange adjstments	Reserve for "cash flow hedge" instru-ments	Reserve for actua-rial gains and (losses)	Purchase Price Allocation Reserve	Other capital reser-ves	Other reserves	Profit (loss) for the period	Totale	Non-controlling interests	Totale
At 12.31.2010	31	-	-	-	-	-	3	657		691	-	691
Total other comprehensive profit (loss) for the period	-	-	-	-	-	-	-	-	(667,564)	(667,564)	-	(667,564)
At 12.31.2011	31	-	-	-	-	-	3	657	(667,564)	(667,873)	-	(666,873)

Accounting principles and explanatory notes

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, with its secondary site in Turin at Corso Mortara 22, and has a share capital of € 450,266 thousand.
The Group's main activities are described in the report on operations, under the heading "Financial performance by Business Area".

2. Basis of presentation

The Consolidated Financial Statements have been prepared in accordance with the provisions of Decree-Law 38 of February 28, 2005, applying the international accounting standards (IAS/IFRS) issued by the International Accounting Standards Board and approved by the European Union, including all interpretations of the International Financial Reporting Interpretations Committee (IFRIC), previously known as the Standing Interpretations Committee (SIC), and in compliance with the applicable Consob regulations.
The SEAT Pagine Gialle Group adopted IAS/IFRS in accordance with Regulation (EC) No 1606 entered into force on July 19, 2002.
The Consolidated Financial Statements were drawn up based on the historical cost principle, except for pension fund assets, derivatives and financial assets held for sale, which were recorded at fair value.

The financial statement formats adopted are in line with those provided for by IAS 1. Specifically:
- *the consolidated statement of financial position* was prepared by classifying assets and liabilities as "current/non-current" and showing "Non-current assets/liabilities held for sale and discontinued operations" as two separate items, as required by IFRS 5;
- *the consolidated income statement* was prepared by classifying operating costs by type, as this is considered the best way to present the Group's activities and complies with internal reporting methods. The result from continuing operations is separated from "Net profit/(loss) from non-current assets held for sale and discontinued operations", as required by IFRS 5. In accordance with Consob 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 included cases which, by their nature, do not occur continuously in the normal course of operations, such as:
  - corporate restructuring costs;

  stock option plan costs;
  - extraordinary strategic consultancy (relating mainly to activities carried out to identify and implement financial restructuring options);
  - costs linked to director and department manager severance pay;
- *the consolidated statement of comprehensive income* shows the cost and/or revenue items not yet recognized in the income statement with an impact on Group equity as at the reporting date;
- *the consolidated statement of cash flows* was prepared by recording cash flows from operating activities according to the "indirect method," as allowed by IAS 7, showing cash flows from operating, investment and financial activities separately from those from non-current assets held for sale and discontinued operations. The cash and cash equivalents recorded in the financial statements include cash, checks, bank overdrafts and short-term securities that are readily convertible into cash. Cash flows from operating activities were recorded by adjusting the operating result for the year to take into account the effects of non-monetary transactions, any deferment or setting aside of previous or future operating receipts or payments, and revenue or cost items connected with cash flows from investment, financial activities or relating to non-current assets held for sale and discontinued operations;
- *the statement of changes in equity* shows the changes that took place in equity items in relation to:
  - the allocation of the profit for the year of the Parent Company and the subsidiaries to minority interests;
  - the breakdown of the total profit (loss);
  - the effect of any errors or changes in accounting standards.

The data are presented in euros and all figures have been rounded off to the nearest thousand, unless otherwise indicated.
On June 27, 2013, the Board of Directors authorized publication of the SEAT Pagine Gialle Group's Consolidated Financial Statements at December 31, 2012.

2.1 Lighthouse Company S.A.'s transition to IFRS

Lighthouse International Company S.A. was a company registered under Luxembourg law that ceased to exist on August 31, 2012 following its Merger by incorporation into SEAT Pagine Gialle S.p.A., and prepared its financial statements in accordance with Luxembourg accounting principles. All the details of this operation are described in full in the Introduction to these notes.
In order to prepare the financial statements of SEAT Pagine Gialle S.p.A., Lighthouse International Company S.A. voluntarily drew up half-year financial statements as at June 30, 2012, the first financial statements prepared by the company in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board and adopted by the European Union (the "EU-IFRS").
No reclassifications and/or adjustments applicable to Lighthouse were identified during the transition process, and therefore there was no need to present reconciliation statements for the statement of changes in equity (including the result for the period), the statement of financial position and the statement of comprehensive income, as provided for by IFRS1. More specifically, the application of the EU-IFRS would not have resulted in any reclassifications and/or adjustments to the statements of financial position as at January 1, 2011, June 30, 2011 and December 31, 2011, or to the statements of comprehensive income and the statements of cash flows for the six months to June 30, 2011 and for the year ended December 31, 2011 prepared in accordance with Luxembourg accounting principles.

2.2 Going concern evaluation

In accordance with the provisions of Banca d'Italia - Consob - Isvap joint document no. 2 of February 6, 2009, when it approved the financial statements, the Board of Directors had to perform the necessary checks on the Company's ability to continue as a going concern, taking into account all available information on the foreseeable future, i.e. at least the 12 months following the reporting date (although it is preferable to consider a period of 18 months, i.e. up to June 30, 2014).

The acknowledgement of the situation and of the critical outlook that led to the Board's decision to file for a composition with creditors' procedure meant immediately that the going-concern principle could not be applied for the purposes of preparing the financial statements, in the absence of specific actions to overcome the crisis afflicting the Company.
Despite the prompt reaction of the Board, which took the above steps without delay, on the same day that they approved these financial statements, the directors, when assessing the Company's ability to continue as a going concern, uncovered certain factors that contribute considerably to the permanence of significant uncertainties over the Company's ability to continue to operate in the foreseeable future. Notwithstanding the difficulties arising from a persistently very tough economic climate, these factors relate specifically to the following key stages of the Procedure:

- **the Court of Turin admitting the Company to the composition with creditors' procedure as a going concern:** on the basis of the elements contained in the filing, the Court must first assess whether the legal and factual conditions are in place to admit the Company to composition a procedure. If these conditions are not in place, the Court may declare the filing to be inadmissible, thereby ensuring an insolvency status;
- **the Shareholders' Meeting taking the necessary decisions to execute the proposed composition with creditors:** as described earlier, the Proposal provides for some of the Company's debts to be converted into equity by way of a reserved capital increase that will dilute the stakes of existing shareholders. At present, as there is no nucleus of major shareholders with a sufficient stake to ensure the quorums required to hold meetings and take decisions, it is impossible to predict the outcome of the meeting called to take the decisions in question;
- **the positive outcome of the creditors' meeting:** it is uncertain whether the creditors will vote in a sufficient majority to approve the proposal so it can be authorized by the Court;
- **the Court authorizing the composition with creditors:** when investigating the matter, the Court must take into account and assess all available information, particularly the report of the commissioner appointed when the Company is admitted to the composition with creditors' procedure;
- **the Proposal re-establishing positive equity** hat is sufficient to bring the Company and its main operating subsidiary out of the situations pursuant to articles 2446 and 2447 of the Italian Civil Code, respectively, and to sustain business for the period covered by the plan drawn up during the Procedure;

- **uncertainties surrounding the estimates and forecasts made by the Company in relation to the composition with creditors' procedure and the viability of the Plan underlying the Proposal.** The actions provided for by the new strategic guidelines are subject to the completion of certain operations, including some of an extraordinary nature, for the purposes of which the Procedure must evolve favorably and result in the authorization of the composition with creditors.

In light of the above, the Board believes that for the Company to continue to operate in the foreseeable future the Procedure must be successful and the composition with creditors must be executed. Specifically, the proposed debt restructuring is essential to make the Company's debt levels compatible with its ability to generate cash and sustain its business.

Having considered the steps taken, the Board of Directors has reached the final conclusion that the reasonable assumption that the Procedure will be successful (which entails, among other things, the non-implementation of articles 2446 and 2447 of the Italian Civil Code pursuant to article 182-sexies of the Bankruptcy Act) restores the positive assessment of business continuity, thereby enabling approval, as things stand, of the 2012 financial statements on the assumption of the Company's ability to continue as a going concern.

2.3 Consolidation principles

The Consolidated Financial Statements include the Separate Financial Statements of SEAT Pagine Gialle S.p.A. and its subsidiaries. Where necessary, these financial statements have been amended to make them consistent with the assessment criteria adopted by the Parent Company.
The subsidiaries are consolidated fully as of the date of acquisition, or the date on which the Group acquires control, and cease to be consolidated on the date on which control is transferred outside of the Group. Furthermore, special-purpose entities (SPEs) are fully consolidated if the Group holds most of the risks and rewards of ownership, regardless of the share of equity held.
The following principles of consolidation were 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 year pertaining 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.
Associates and joint ventures are consolidated at equity.
Non-controlling interests represent the portion of the economic result and equity of the subsidiaries not held by the Group. These are presented separately from the portions pertaining to the Group in the consolidated income statement and equity.

2.4 Accounting estimates and assumptions

Pursuant to IAS/IFRS, when preparing Consolidated Financial Statements and corresponding explanatory notes, the management must make estimates and assumptions that affect the figures for revenue, costs, and assets and liabilities in the financial statements, as well as the information on contingent assets and liabilities as at the closing date. The results produced may differ from these estimates.
The estimates are used to measure provisions for risks on receivables and error practices, 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.
These judgments and estimates must be connected with the evaluation criteria described in more detail in Section 4 of this Note.

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

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

On October 7, 2010, the IASB published several amendments to "IFRS 7 - Financial Instruments: Disclosures", to be applied from January 1, 2012 onwards. The amendments were issued with a view to improving understanding of the derecognition of financial assets, including the possible effects of any risk that may remain for the Company that transferred the assets in question. The adoption of these amendments did not have a significant impact on the SEAT Group.

On December 20, 2010, the IASB issued a minor amendment to "IAS 12 - Income Taxes" in relation to the determination of deferred taxes on real-estate investments measured at fair value based on "IAS 40 - Investment Property". The amendment introduced the presumption that deferred taxes on real-estate investments should be calculated taking into account the book value that will be recovered through the sale. The amendment, applicable retroactively from January 1, 2012, did not have any impact on the SEAT Group.

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

On May 12, 2011 the IASB issued "IFRS 10 - Consolidated Financial Statements", which will replace "SIC 12 - Consolidation - Special Purpose Entities" and parts of "IAS 27 - Consolidated and Separate Financial Statements". The latter will be renamed "Separate Financial Statements" and will govern only the accounting methods applicable to equity investments in Separate Financial Statements. In addition to redefining the concept of control, the new principle provides a guide for determining the existence of control where it is difficult to ascertain. The principle is applicable retroactively for financial years beginning on or after January 1, 2014 at the latest. Assessments of the potential impacts of its application are under way.

On May 12, 2011, the IASB issued "IFRS 11 - Joint Arrangements", which will replace "IAS 31 - Interests in Joint Ventures" and "SIC 13 - Jointly Controlled Entities - Non-Monetary Contributions by Venturers". The new principle provides the criteria for identifying the essence of the participation agreement with regard to the underlying rights and obligations, rather than the legal form, and stipulates that the equity method is the only accounting method that may be used for investments in jointly controlled companies in the Consolidated Financial Statements. The principle is applicable retroactively for financial years beginning on or after January 1, 2014 at the latest. Although its adoption will mean that the Company will no longer be able to consolidate joint ventures proportionally, their value as a proportion of the Consolidated Financial Statements is not significant.

On May 12, 2011 the IASB issued "IFRS 12 - Disclosure of Interests in Other Entities", a new and supplementary principle on the additional information to be supplied on each type of investment, including those in subsidiaries, joint arrangements, associates, special-purpose entities and other non-consolidated special-purpose vehicles. The principle is applicable retroactively for financial years beginning on or after January 1, 2014 at the latest.

On May 12, 2011 the IASB issued "IFRS 13 - Measurement of Fair Value", which clarifies how fair value should be determined for the purposes of the financial statements and which is applicable to all IFRS which require or permit the measurement of fair value or the presentation of information based on fair value. The principle is applicable retroactively for financial years beginning on or after January 1, 2013 at the latest. The SEAT Group has not identified any significant impacts resulting from the application of said principle.

On June 16, 2011 the IASB issued an amendment to "IAS 1 - Presentation of Financial Statements", requiring companies to group together all the components presented under "Other comprehensive income (expense)" depending on whether or not they can be reclassified later on in the income statement. The amendment is applicable for financial years beginning on or after July 1, 2012.

On June 16, 2011, the IASB issued an amendment to "IAS 19 - Employee Benefits", to be applied retroactively for financial years beginning on or after January 1, 2013. The most significant amendment introduced by the principle is the abolition of the optional "corridor" method, under which companies could defer the recognition in their financial statements of actuarial gains and losses. The Group did not use this method.

On December 16, 2011, the IASB issued a number of amendments to "IAS 32 - Financial Instruments: Presentation" in order to clarify the application of some of its criteria concerning the offsetting of financial assets and liabilities. The amendments are applicable retroactively for financial years beginning on or after January 1, 2014. The SEAT Group has not identified any significant impacts resulting from the application of said amendments.

On December 16, 2011, the IASB issued a number of amendments to "IFRS 7 - Financial Instruments: Disclosures", requiring companies to include in their financial statements information on the impacts or potential impacts resulting from the right to offset financial assets and liabilities on the statement of financial position. The amendments are applicable for financial years beginning on or after January 1, 2013 and interim periods after that date. Information must be provided retroactively. The SEAT Group has not identified any significant impacts resulting from the application of said amendments.

3.3 A ccounting principles applied to the Merger between SEAT and Lighthouse - "IFRS 3 - Business Combinations"

As stated previously, on August 31, 2012, the Merger by incorporation of Lighthouse into SEAT became effective and the financial restructuring process was completed.
Pursuant to "IFRS 3 - Business Combinations", the Merger was structured as a reverse acquisition whereby Lighthouse was the acquirer and SEAT was the acquiree. Although SEAT was the incorporating company from a legal perspective, in accordance with IFRS 3, from an accounting standpoint, Lighthouse was the acquirer because the control of SEAT was acquired by Lighthouse shareholders upon completion of the Merger. In light of this, the SEAT Group's Consolidated Financial Statements were prepared from the perspective of Lighthouse, the acquirer, and reflect the acquisition of the SEAT Group as of the acquisition date of August 31, 2012. In this regard, it should be stressed that before the financial restructuring, the assets and liabilities of Lighthouse consisted solely of a bond listed on the Luxembourg Stock Exchange and an outstanding loan disbursed to the SEAT Group in an amount equal to said bond, while the amounts on the income statement consisted essentially of cash flows related to interest income and expense accrued on these financial receivables and payables. As a result, the data for 2011, referring to a special purpose vehicle cannot be compared with those for 2012, which, as indicated, include the SEAT Group from August 31, 2012 with its operations.

The accounting treatment of the acquisition

The acquisition of SEAT was booked in accordance with IFRS 3. The Lighthouse shareholders acquired 88% of SEAT, whose existing shareholders retained a stake of 12%. The purchase cost was determined by considering the number of equity securities that Lighthouse would have had to issue to provide SEAT shareholders with a stake equal to the one they would hold upon completion of the Merger. The fair value of this quantity of equity securities was used as the purchase cost. In light of this and of the terms of execution of the Merger, and given the fact that SEAT shares are listed on the Mercato Telematico Azionario (the screen-based segment of the Milan stock exchange), the price was determined on the basis of the SEAT share prices on the acquisition date (the final SEAT share price prior to the transaction, i.e. the closing price on August 30, 2012, was used). The purchase cost was therefore € 76,903 thousand (€ 0.03959 x 1,927,027,333 existing ordinary shares = € 76,291 thousand, plus € 0.9 x 680,373 savings shares = € 612 thousand).

Goodwill calculation

For the purposes of booking the acquisition, the following were calculated: the fair value of the assets acquired and the liabilities assumed, and the relative goodwill, i.e. the difference between the purchase cost and the net value of said assets and liabilities.

	euro thousand
Purchase cost	76,903
Net Fair Value of activities and liablities at the Acquisition date	(1,341,790)
Goodwill	1,418,693

The Merger qualifies as a reverse acquisition since the company being incorporated from a legal perspective (Lighthouse) is the de facto acquirer. The SEAT Group's assets and liabilities were therefore measured at fair value, resulting in the following effects on the financial statements:

- identification and measurement of certain intangible assets (€ 603 million of customer relationship and database assets; € 198 million of patents, concessions, trademarks and licenses) totaling € 801 million;
- fair value of financial liabilities with writing off (recorded as a reduction of debt) the residual value of issuing costs for senior secured bonds (€ 16.0 million) and adjusting the book value of the leasing debt to its fair value (€ 5 million);
- determining the tax effects on the aforementioned adjustments, where applicable;
- recording residual goodwill of approximately € 1,419 million;
- allocating the appropriate share of these adjustments to equity pertaining to minority interests.

The table below shows a breakdown of the fair value of the assets acquired and liabilities assumed, as at the acquisition date:

(Euro Thousand)	Book value	Fair value (*)	Purchase Price Allocation
Fair Value of activities at the Acquisition date			
- Other non current asstes	163,048	797,338	960,386
- *of which Database*	10,006	258,700	268,706
- *of which Customer Relationship*	-	344,379	344,379
- *of which patents, concessions, brands and licences*	2,218	197,911	200,129
- *of which other intangible assets*	59,615	-	59,615
- *of which tangible assets*	27,547	207	27,754
- *of which leased assets*	50,400	(11,066)	39,334
- *of which deferred tax assets*	9,472	7,207	16,679
- Current assets	885,891	(12,400)	873,491
- Non curren liabilities	(804,141)	(267,870)	(1,072,011)
- *of which non current financial liabilities*	(753,846)	(11,022)	(764,868)
- *of which other non current liabilities*	(20,827)	(6,020)	(26,847)
- *of which deferred tax liabilities*	-	(250,828)	(250,828)
- Current liabilities	(2,728,227)	640,171	(2,088,056)
- *of which current financial liabilities*	(2,222,573)	667,579	(1,554,994)
- *of which paybales for services to be rendered and othe current liabilities*	(236,388)	(29,993)	(266,381)
- *of which trade payables*	(149,129)	2,585	(146,544)
- Non-controlling interests	(25,735)	-	(25,735)
Costs related to the acquisition	10,135		10,135
Net Fair Value of activities and liablities at the Acquisition date	(2,499,029)	1,157,239	(1,341,790)
Purchase cost			76,903
Goodwill			1,418,693

(*) It includes the adjustment of Lighthouse current liabilities the corresponding carrying amount in current elision of the latter for the purpose of the merger.

4. Measurement criteria

Business combination

Under IFRS 3 (Business Combinations), the goodwill is recognized in the consolidated financial statements at acquisition of control of a business and is determined as the excess of (a) over (b), in following manner:

a) the sum of:
   - the consideration (measured according to the IFRS 3, which is generally determined on the basis of fair value at the acquisition date);
   - the amount of any minority interest in the acquired assessed in proportion to thethe share of the acquiree's identifiable net assets of the acquired expressed at their fair value;
   - in the case of a business combination achieved in stages, the fair value at the acquisition date control previously held equity in the acquired company;

b) the fair value of the identifiable assets acquired less liabilities assumed, measured at the date of acquisition of control.

The IFRS 3 requires, among other:
- the recognition in the separate consolidated income statement of costs associated to operation business combination;
- in the case of a business combination achieved in stages, the acquirer shall remeasure its previously held equity interest in the acquiree at fair value at the acquisition datecontrol by sensing the difference in the separate consolidated income statement.

The goodwill is classified as an intangible asset with an indefinite life.
The goodwill initially recognized is subsequently reduced only for impairment losses (for more details see below the section Impairment of intangible assets and material - Goodwill).
In case of transfer of control of an enterprise previously acquired, in determining the gain or loss on disposal is taken into account corresponding of goodwill.

Intangible assets

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

Intangible assets with a finite useful life are amortized over their useful life and are subject to impairment tests whenever events or changes in circumstances indicate that impairment losses may be incurred. The amortization period and method applied are reviewed at the end of each financial year, or as often as necessary.
The amortization methods applied are as follows:
- *marketing-related intangible assets:* customer relationship assets and databases, which are recorded following the partial allocation of merger deficits or the difference between the price paid and the share of equity acquired, are amortized on a straight-line basis over a period of four to ten years, taking into account their useful life;
- *industrial patents and intellectual property rights:* amortized in relation to their expected useful life;
- *concessions, licenses, trademarks and similar rights:* amortized in relation to their expected useful life;
- *acquisition costs of software applications:* amortized over a three-year period;
- *other capitalized costs:* amortized over a period of three to five years.

Gains or losses on the disposal of an intangible asset are calculated as the difference between the divestment value and the book value of the asset and are recorded in the income statement at the time of disposal.
Research costs are allocated to the income statement at the time they are incurred.
Development costs incurred in relation to a specific project are capitalized only when the Company can demonstrate its ability and intention to complete the intangible asset to make it available for use or sale. The Company must also be able to demonstrate how the asset will generate probable future economic benefits, the availability of technical, financial or other resources to complete its development, and its ability to reliably assess the cost attributable to the asset during its development. After their initial recognition, development costs are valued at cost, net of any amortization or accumulated impairment losses. Any development costs capitalized are amortized in relation to the period in which the relevant project is expected to generate revenues.
The carrying value of development costs is reviewed annually for the purposes of recording any impairment losses when the asset is not yet in use, or more frequently whenever events or changes in circumstance indicate that impairment losses may be incurred in the financial year.

Intangible assets with an indefinite useful life refer to goodwill. Goodwill arising from an acquisition or merger is initially valued as defined in the section Business Combination. After its initial recognition, goodwill is valued at cost, net of any accumulated impairment losses. Pursuant to the provisions of "IAS 36 - Impairment of Assets", goodwill is subject to impairment tests annually, or more frequently if specific events or changes in circumstance indicate that impairment losses may have been incurred.
On the date of its initial recognition, goodwill is allocated to each of the cash-generating units expected to benefit from the synergies of the acquisition. Any impairment losses are identified through assessments based on the ability of each unit to generate sufficient cash to recover the portion of goodwill allocated to it.
If the value recoverable by the cash-generating unit is lower than the book value attributed to the relevant portion of goodwill, an impairment loss is recorded. If the goodwill is attributed to a cash-generating unit whose assets are partially disposed of, the goodwill associated with the assets sold is taken into consideration for the purposes of calculating any capital gains (losses) on the transaction. In such circumstances, the goodwill sold is measured in relation to the assets disposed of by the cash-generating unit as a proportion of the assets it still owns.

Property, plant and equipment

Property, plant and equipment are recorded at acquisition cost, including directly attributable additional costs, and are displayed net of depreciation and accumulated impairment losses.
Costs incurred after the acquisition are capitalized only if they increase the future economic benefits of the asset to which they are related. All other costs are recognized in the income statement at the time they are incurred.
Costs incurred to maintain the efficiency of an asset are recorded in the financial year they are incurred.
Land, including that pertaining to company buildings, is not depreciated.
Depreciation is calculated systematically based on rates considered to represent an appropriate distribution of the book value of the tangible fixed assets, according to their residual useful life.
With regard to assets disposed of during the financial year, depreciation is calculated for the portion relating to the period of availability of the assets in question, except for assets acquired during the financial year.

Leased assets

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

Asset impairment

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

Equity investments

The equity investments of the SEAT Pagine Gialle Group in associates and joint ventures are measured at equity. An associate is a company over which the Group exerts considerable influence and which cannot be classified as a subsidiary.

Under the equity method, the equity investment is recorded in the statement of financial position at cost, plus any changes (subsequent to the acquisition) in the share of the net assets of the associate or joint venture pertaining to the Group. The goodwill relating to the associate or joint venture is included in the carrying value of the equity investment and is not subject to amortization. After the initial recognition of an equity investment, the Group determines whether it is necessary to record any impairment losses. The income statement reflects the share of the associate or joint venture's profit for the financial year pertaining to the Group. If an associate or joint venture records adjustments directly attributable to equity, the Group records the share of the adjustments that pertains to it and, where applicable, recognizes this in the statement of changes in equity.

The closing date of the financial year for associates and joint ventures is the same as that of the SEAT Pagine Gialle Group. The accounting standards used are those used by the Group for transactions and events of the same nature and in similar circumstances.

Effects of changes in exchange rates

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

The consolidated statement of cash flows applies year-average exchange rates to the conversion of the cash flows of foreign subsidiaries.

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

The exchange rates used are as follows:

Currency/euro	Average exchange rate for the year 2012	Exchange reate at December 31, 2012	Average exchange rate for the year 2011	Exchange reate at December 31, 2011
Pounding sterling	1,2332	1,2253	1,1522	1,1972

Financial assets

IAS 39 provides for the following types of financial instruments: financial assets at fair value through profit or loss, loans and receivables, investments held to maturity and assets available for sale. Initially all financial assets are recorded at fair value, plus any additional costs.

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

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

Financial assets include:

- under *financial assets at fair value through profit or loss*, the category of *financial assets held for trading*, comprising financial assets acquired in order to be sold in the short term. These assets are measured at fair value. Gains or losses on assets held for trading are recognized in the income statement;
- *investments held to maturity:* non-derivative financial assets with fixed or determinable payments and a fixed maturity where an entity intends and is able to hold to maturity. They are recorded at fair value and subsequently measured at amortized cost, using the effective interest rate method. Gains and losses are recognized in the income statement when the investment is eliminated or impaired, and through the amortization process;
- *loans and receivables:* non-derivative financial assets with fixed or determinable payments that are not quoted in an

active market. These assets are recorded at amortized cost, using the effective interest rate method. Gains and losses are recognized in the income statement when the loans and receivables are eliminated or impaired, and through the amortization process;
- *financial assets available for sale:* non-derivative financial assets designated as such or not classified in any of the previous categories. This category includes equity investments in companies other than subsidiaries, associates and joint ventures. They are measured at fair value based on internal estimates, and the corresponding gains and losses are recorded in a separate item under equity until such activities are eliminated or impaired. In either of these cases, the gains or losses accumulated up to that time in equity are allocated to the income statement.

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

Cash and cash equivalents

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

Financial debts

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

Derivatives

The SEAT Pagine Gialle Group uses derivatives exclusively to hedge interest- and exchange-rate risk.
In accordance with the provisions of IAS 39, derivatives are accounted for using hedge accounting only if, at the inception of the hedge, the derivative is formally designated as such, and the hedge is highly effective and this effectiveness can be reliably measured. All derivatives are measured at market value.
When derivatives meet the necessary criteria for hedge accounting, the following accounting treatment is applied:
- *fair value hedge:* if the derivative is designated as a hedge against exposure to changes in the current value of an asset or liability attributable to a particular risk that may have an effect on the income statement, the gain or loss arising from subsequent measurements of the current value of the derivative are recorded in the income statement. Gains or losses on the hedged item that are attributable to the hedged risk change the book value of this item and are recorded in the income statement;
- *cash flow hedge:* if a financial instrument is designated as a hedge against exposure to changes in the cash flows of an asset or liability or of a highly probable transaction that may have an impact on the income statement, the effective portion of the gains or losses on the financial instrument is recorded in the other comprehensive income. The accumulated gains or losses are recognized in the income statement in the period in which the hedged transaction is recorded. The gains or losses associated with a hedge or the ineffective portion of the hedge are immediately recorded in the income statement.

Inventories

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

Trade and other receivables

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

Reserves for risks and charges

These reserves are recorded when, pursuant to a legal or constructive obligation to a third party, it is likely that the Company will have to use financial resources to fulfill its obligation, and when the value of the obligation can be reliably estimated.

Changes in the estimate are reflected in the income statement in the financial year they take place.
In the case of reserves for future risks (beyond 12 months), the liability, if significant, is discounted at a pre-tax discount rate that reflects the current market valuation of the time cost of money. The increase in the reserves due to the passage of time is recognized as financial expense.
They can be broken down into:
- *reserve for taxes:* this includes a provision that corresponds to the assessment of fiscal risks;
- *reserve for sale agents' termination indemnities:* this represents the debt due at the end of the financial year to active sales agents for the indemnities owed to them in the event of termination of the agency contract, based on the Collective Economic Agreement;
- *reserve for commercial and contractual risks and other charges:* this is designed to cover risks associated with the execution of contractual commitments and legal disputes in progress, as well as any other liabilities;
- *reserve for risks and charges related to equity investments:* this is designed to cover balance sheet deficits incurred by subsidiaries, associates and joint ventures in excess of the direct write-down recorded in relation to these companies; the reserve also covers the risks and liabilities arising from the restructuring of equity investments held for sale or liquidation;
- *reserve for restructuring:* this is designed to cover risks associated with a program planned and controlled by management to significantly change the scope of an activity undertaken by a company or the way in which the company is run.

Employee benefits

Pension plans

The SEAT Pagine Gialle Group operates various types of defined-benefit and defined-contribution pension plans, in accordance with the conditions and local practices of the countries in which it operates. Defined-benefit pension plans are based on the expected remaining average working life of the employees paying into the plans and the remuneration they receive throughout a predetermined period of service.
Assets intended to fund the reserves for defined-benefit pension plans and the related annual cost recorded in the income statement are valued by independent actuaries using the projected unit credit method.
Actuarial gains and losses are immediately recognized in the year they occur, in the other comprehensive income and accumulated in the "Reserves for actuarial gains (losses)" under equity.
Accrued liabilities are recorded net of assets intended to fund their future extinction.
Defined-contribution pension plan payments are recorded in the income statement as a cost, where applicable.

Severance indemnities

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

Share-based payment

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

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

Non-current assets held for sale and discontinued operations - disposal groups refer to assets (or groups of assets) sold or being disposed of whose carrying value has been or will be recovered mainly through the sale thereof, rather than through continued use. Non-current assets held for sale and discontinued operations are valued at the lesser of net carrying value or fair value, less costs to sell. In accordance with IFRS, the data are presented as follows:
- in two specific statement of financial position items: "Non-current assets held for sale and discontinued

operations"/"Liabilities directly related to non-current assets held for sale and discontinued operations";
- in a specific income statement item: "Net gain (loss) on non-current assets held for sale and discontinued operations".

Recognition of revenues

Revenues are recorded to the extent that the corresponding economic benefits are likely to be achieved by the Group and the related amount may be reliably calculated. The following criteria must be met when allocating revenues to the income statement:
- *sale of assets:* the revenue is recognized when the Company has transferred all significant risks and benefits associated with ownership of the asset to the acquirer;
- *provision of services:* print revenues, which relate to the publication of paper directories, are recorded in full at the time of publication, whereas online and voice revenues are recorded on a straight-line basis throughout the duration of the contract. Consequently, the amount relating to advertising services already invoiced that will be executed after the closing date of the financial year is recorded under liabilities in the statement of financial position, under the item "Payables for services to be rendered".
  Starting in 2012, the renewal of contracts ahead of their expiry was accelerated compared with previous levels, which did not have a significant impact on revenues. This involves prematurely terminating one-year contracts or bringing forward the annual renewal date of multi-year contracts concerning online and voice services whilst simultaneously activating a new annual contract or additional years on multi-year contracts concerning similar services, with a duration equal to the residual duration of the terminated or renewed contract plus the duration of the new contract or extension period.
  In 2011, the Company adopted an accounting criterion linked to the length of the contract, although in the case of early contract renewal, the algorithm underlying the apportionment of revenues provided for a one-off recognition upon the start of the new contract of revenues yet to be recorded under the original contract. In the case of early renewal, this simplification brought about a misalignment between the overall revenue recognition period and the provision of the service contractually agreed with the customer and consistently tracked on the computer systems. This solution was deemed acceptable at the time because of the limited impact of renewing contracts early and because of the prevalence of standard annual contracts over multi-year (two-year) contracts. In the final months of 2011, and particularly up to the third quarter of 2012, when the practice was abandoned, early contract renewal played an increasingly significant role, meaning that the Company, while working to the same accounting standards, had to adopt an algorithm that would realign the revenue recognition period with the length of provision of the service contractually agreed with the customer.
  This new algorithm is applied by the new reporting entity resulting from the Merger, starting on September 1, 2012.
- *interest:* this is recorded as financial income following an assessment of relevant interest income using the effective interest rate method;
- *dividends:* these are recorded when the shareholders are entitled to receive the payment.

Government grants

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

Income taxes

Current taxes

Current income taxes, which are recorded in the income statement are accounted for based on the rates in force on the reporting date in the various countries in which the SEAT Pagine Gialle Group operates.
Income taxes relating to items recorded directly in equity are allocated directly to equity and are accounted for using the tax rates in force.
Taxes not relating to income, such as real estate and capital taxes, are included in other operating expenses.

Deferred taxes

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

carried forward to the extent that they are likely to be able to be recovered against future taxable income. An exception is made for the following:

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

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

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

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

Value-added tax

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

- is not deductible, in which case it is recorded as part of the acquisition cost of the intangible asset or property, plant and equipment or part of the cost item recognized in the income statement;
- relates to receivables and/or payables recorded gross of the amount of the tax.

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

Profit/(loss) per share

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

5. Intangible assets with an indefinite useful life

Intangible assets with an indefinite useful life totaled net of write-down € 91,068 thousand as at December 31, 2012.

(euro thousand)	Year 2012	Year 2011
Balance at beginning of the year	-	-
Change in consolidation scope (*)	1,418,693	-
Impairment write-down	(1,327,625)	-
Balance at end of the year	91,068	-

(*) It includes the effect of the acquisition of the Seat Group, including the fair value evaluation (in accordance with the provisions of IFRS 3).

Specifically:

- € 88,947 thousand related to the goodwill arising from the incorporation of Lighthouse International Company S.A. into SEAT Pagine Gialle S.p.A. (€ 1,417,995), which was recorded following the allocation of the purchase cost to assets and liabilities and subsequently written down by € 1,327,625 thousand following an impairment test;
- € 2,121 thousand 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.

For more details, please refer to note 6.

6. Impairment tests

6.1 Impairment tests on goodwill

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

(euro thousand)	As at 12.31.2012	As at 12.31.2011
SEAT Pagine Gialle Italia S.p.A.	88,947	-
Telegate Group	2,121	-
Total	91,068	-

The objective of the impairment test was to ascertain the recoverability of the *goodwill* and the consolidation differences allocated to the SEAT Pagine Gialle Italia and Telegate group CGUs.
With regard to SEAT Pagine Gialle Italia, since goodwill cannot be separated from the rest of the business, the impairment *test* on goodwill compared the value of the operating assets (the enterprise value) with the operating net invested capital, net of write-downs of marketing-related intangible assets. With regard to the Telegate group CGU, since the company to which the consolidation difference was allocated is a holding company whose only function is to manage the equity investment in listed company Telegate AG, for the purposes of the impairment test, the value of the operating net assets of Telegate AG was compared with its operating net invested capital, net of write-downs of intangible assets, plus the consolidation differences allocated to it.
The Company made use of expert consultancy services in order to perform the impairment test.

Description of the impairment tests and the results obtained
The impairment tests were carried out by comparing the carrying amount of each CGU with the respective *recoverable value*, which is equal to its *value in use* (actual value of expected future cash flows which it is presumed will be derived from the permanent use and from the divestment of an asset at the end of its useful life) determined from an *unlevered* or *asset side* perspective, i.e. regardless of the financial structure of the CGU.
The value in use of each CGU has been estimated using the 'unlevered financial' criterion. This criterion is based on the discounting of the annual available cash flows for each CGU (free cash flow) at a rate that is representative of the weighted average cost of capital (WACC), based on the existing information at the reference date of the estimate.
In particular, the available flows are estimated by adjusting the operating result (EBITDA) expected from each CGU in the forecast periods on account of *(i)* estimated investments/divestments for the period, both in fixed working capital (capex) and in net working capital relating to each CGU, and *(ii)* pertinent tax effects (quantified by taking into account the deductibility of depreciation and amortization in the period).
The main elements needed to estimate the flows for each CGU (EBITDA, capex, investments/divestments in net working capital and "operating" taxes) have been obtained from the New Strategic Guidelines prepared for the purposes of formulating the proposal for the composition with creditors approved by the Board of Directors at the same time as these financial statements; these prospective figures are consistent with the provisions of IAS 36 insofar as they express an average representative scenario, limiting the observation period to five years for these purposes and excluding:
- the effects of future restructuring, improvements or optimization of the Group;
- the effects of the possible acceptance of the proposed composition with creditors on working capital.

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 (g) of -2.11% inferred from the analysis of long-term correlation between the revenues of the SEAT Pagine Gialle Italia CGU and GDP.

For the purposes of impairment tests, it was not possible to estimate the fair value, insofar as the enterprise value of comparable companies cannot be adequately estimated due to a lack of market inputs that can be used to estimate the fair value of debt, and there are insufficient transactions concerning comparable companies. It was possible to ascertain the reasonableness of the estimated value in use, however, by extracting the implied multiples that can be used to value SEAT from a recent transaction in the directories sector.
The discount rate (WACC) is calculated assuming an average representative industry debt-to-equity ratio; comparable listed companies all have a distressed financial structure characterized by a sub-investment-grade rating. As provided for by IAS 36, the WACC obtained reflects the risk factors for which the flows are not adjusted; it is a rate net of tax (in line with flows that are subject to discounting), is calculated in the same currency in which the discounted flows are expressed, and is a nominal rate, in line with flows in the plan which include the effect of inflation. Specifically, given that the Company is expected to maintain a high level of debt in line with the industry average, even after the waiver of outstanding debts following the composition with creditors, the calculation used to estimate the WACC took into account only partially the tax benefits related to the tax deductibility of financial expense relating to residual risks pertaining to the situation of financial stress.
The cost of share capital was estimated based on an equity risk premium of 5% and the one-year average of the 10-year government bonds of each country of reference for the CGUs/legal entities. For the Telegate group, the discount rate assumed (WACC-g) guarantees that the estimated value in use is in line with the Company's market capitalization as at the end of December 2012.
The discount rates and terminal value growth rates (g) used for each CGU are as follows:

	Discount rate	Growth rate
SEAT Pagine Gialle Italia S.p.A.	9.74%	-2.11%
TDL Infomedia Ltd. (*)	7.19%	-2.11%
Gruppo Telegate	6.60%	2.00%
Europages (*)	7.29%	-2.11%

(*) For TDL Infomedia and Europages the discount rate has been estimated for the purpose of impairment testing of intangible assets.

With regard to the SEAT Pagine Gialle Italia CGU, the pre-tax WACC corresponding to the 9.74% post-tax WACC used to discount the flows was equal to 15.42%, and the free cash flow expected in the financial year following the last year of the plan (the terminal value) was assumed to be equal to that of the last year of the explicit projection period (2017), capitalized at the g rate. The write-downs performed following the impairment tests on the CGUs in question resulted in the recognition of an expense in the income statement for SEAT Pagine Gialle Italia, as shown in the table below:

(euro thousand)	Year 2012	Year 2011
SEAT Pagine Gialle Italia S.p.A.	1,327,625	-
Total	1,327,625	-

The causes of impairment loss are mainly attributable to the forecast cash flows, which are considerably lower than those used in relation to the purchase price allocation for the recognition under assets of the intangible assets, including goodwill, that were subject to impairment tests. For more information on the causes behind said forecasts, please refer to the analysis in the Introduction of this Annual Report.

The main variables affecting impairment test results are as follows:
- in terms of flows, all the main components of unlevered cash flow (EBITDA, capital expenditure, changes in working capital);
- in terms of rates, the cost of capital and the value growth rate.

With regard to Telegate, the impairment test showed a value in use in line with the market capitalization as at

December 31, 2012. This value is higher than the carrying amount, and therefore it was not necessary to perform any write-downs for this CGU.

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 Telegate group CGU to changes, over reasonable intervals, in the major valuation inputs. As a result, the impairment test did not show any need to perform a write-down.

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

- with regard to the discount rate (WACC), the analysis focused on the range 6.10%-7.10%;
- with regard to the growth rate 'g', a maximum variation of +/- 50 basis points was assumed;
- with regard to the flows, 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 lead to value-in-use figures for the CGU close to its book value.

6.2 Impairment test on other intangible assets

The intangible assets subjected to impairment tests were recorded upon the purchase price allocation of August 2012. Specifically:

- for SEAT Pagine Gialle Italia they refer to trademarks, databases and customer relationship assets;
- for TDL Infomedia Ltd. they refer to trademarks and databases;
- for the Telegate group they refer to trademarks and customer relationship assets;
- for Europages they refer to trademarks;
- for Consodata they refer to customer relationship assets.

	Value recorded in the PPA process			
(euro thousand)	Customer Relationship	Database	Brands	Total
SEAT Pagine Gialle Italia S.p.A.	322,000	241,000	160,000	723,000
TDL Infomedia Ltd. (*)	-	17,.359	5,786	23,145
Gruppo Telegate	20,079	-	30,919	50,998
Consodata	2,300	-	-	2,300
Europages	-	-	1,092	1,092
Total	344,379	258,359	197,797	800,535

(*) The data value to the exchange in August (the date on which the acquisition took place) amounted to € 17,700 thousand for the Database and € 5,900 for Brands

The intangible assets of SEAT Pagine Gialle Italia were estimated using the following criteria:

a) the royalty relief method was used to value the Pagine Bianche and Pagine Gialle trademarks, with reduced royalty rates in line with those used in relation to the purchase price allocation;

b) the profit split method was used to value customer relationship assets. Under this method, the value of the asset was inferred based on the income attributable to it, which can be obtained by taking a share of the gross residual profit generated by SEAT Pagine Gialle Italia S.p.A. equal to one third. The share of residual profit is in line with that attributed to this category of intangible asset by comparable listed companies;

c) for the purposes of customer database value estimates, since this asset category guarantees the Company a saving on new-customer acquisition (which would otherwise involve higher costs due to seeking, contacting and acquiring new customers), the current value of the saving that the Company makes when acquiring new customers thanks to the database (the "with" scenario) was estimated and compared with the costs that would be incurred in the absence of the database (the "without" scenario), throughout the residual life of the database (estimated at four years).

The following methods were used for other intangible assets pertaining to SEAT Pagine Gialle Italia associates and subsidiaries:

a) the royalty relief method was used to value the Europages trademark; the royalty rate used was 0.50%, lower than that used in relation to the purchase price allocation, due to the lower EBITA margin forecast in the business plan; the 0.50% rate is in line with the minimum royalty rate used by comparable companies for the purposes of financial statements;
b) the intangible assets of TDL Infomedia Ltd. were written down in full; management expects to either shut down the company or sell it at no cost and to assume a liability in relation to its pension fund; a no-cost sale when the company has cash (€ 5.8 million as at December 31, 2012) would give it a negative enterprise value; the assumption of a zero value is corroborated by the fact that the company currently has negative operating revenues (EBITDA for 2012 was equal to € 0.6 million, while amortization and depreciation amounted to € 3.1 million) and is expected to generate a gross operating loss in the first half of 2013;
c) with regard to Telegate, the customer relationship software comprising business customers and consumers purchasing a number of services with a range of technological support was impaired, as were the 11881 customer relationship assets resulting from the contract signed with O2 and the 11880 trademark used by Telegate to provide its directory assistance services to end users. The value of these intangible assets was estimated using the multi-period excess earnings method by applying an excess earnings discount rate equal to the WACC of Telegate, corresponding to the useful life of the asset plus a spread of 100 bps for the customer relationship software and 50 bps for the 11881 customer relationship assets and the 11880 trademark;
d) the test was not performed for Consodata, since *(i)* the difference between budget revenues and actual revenues was lower than the customer relationship asset amortization rate estimated in relation to the purchase price allocation (25%) (1 / residual useful life = 1 / 4 years); and *(ii)* there are no impairment indicators.

The write-downs performed as a result of impairment tests on the intangible assets of the various CGUs are listed in the table below:

	Year 2012			
(euro thousand)	Customer Relationship	Database	Brands	Total
SEAT Pagine Gialle Italia S.p.A.	223,675	177,438	75,973	477,086
TDL Infomedia Ltd.	-	15,234	5,658	20,892
Gruppo Telegate	440	-	9,154	9,594
Europages	-	-	1,020	1,020
Total	224,115	192,672	91,805	508,592

Write-downs net of deferred taxes pertaining specifically to the written-down portion of the aforementioned intangible assets total € 350,582 thousand.

7. Intangible assets with a finite useful life

Intangible assets with a finite useful life totaled € 325,707 thousand as at December 31, 2012 and can be broken down as follows:

	Year 2012					Year 2011
(euro thousand)	Marketing related intangibles assets	Software	Patents, concessions, brands and licences	Other intangible assets	Total	Total
Cost	-	-	-	-	-	-
Accrued amortization	-	-	-	-	-	-
Balance at beginning of the year	-	-	-	-	-	-
Change in consolidation scope (*)	612,744	48,493	200,015	11,059	872,311	-
- Investments	-	11,367	202	4,544	16,113	-
▪ *Purchases*	-	*8,492*	*202*	*3,623*	*12,317*	-
▪ *Capitalized costs*	-	*2,875*	-	*921*	*3,796*	-
- Amortization	(34,821)	(11,543)	(5,453)	(512)	(52,329)	-
- Write-downs	(416,787)	(1,511)	(91,805)	-	(510,103)	-
- Exchange adjustments and other movements	1	5,488	17	(5,791)	(285)	-
Cost	215,385	299,595	144,544	28,193	687,717	-
Accrued amortization	(54,248)	(247,301)	(41,568)	(18,893)	(362,010)	-
Balance at end of the year	161,137	52,294	102,976	9,300	325,707	-

(*)It includes the effect of the acquisition of the Seat Group, including the fair value evaluation (in accordance with the provisions of IFRS 3).

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

- *marketing-related intangible assets* totaled € 161,137 thousand as at December 31, 2012, of which € 117,658 thousand related to customer relationship assets and € 43,479 thousand to databases. Pursuant to "IFRS 3 - Business Combinations" (as part of the Merger by incorporation of Lighthouse International Company S.A. into SEAT Pagine Gialle S.p.A.), the fair values of intangible assets (€ 602,738 thousand) pertaining to SEAT Pagine Gialle S.p.A. (€ 563,000 thousand), to German subsidiary Telegate (€ 20,079 thousand), to UK subsidiary TDL (€ 17,359 thousand) and to Italian subsidiary Consodata (€ 2,300 thousand) were allocated to customer relationship and database intangible assets.
  Between August 31 and December 31, 2012, these assets were amortized in the amount of € 34,821 thousand.
  Following impairment tests (as described in more detail in section 6.2 of these notes), marketing-related assets were written down in the amount of € 416,787 thousand (of which € 401,113 thousand related to SEAT Pagine Gialle Italia S.p.A., € 15,234 thousand to the TDL group and € 440 thousand to the Telegate group);
- *software* totaled € 52,294 thousand as at December 31, 2012, 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. As at August 31, 2012, the net value of the SEAT Group's software was € 48,493 thousand, and investments worth € 11,367 thousand were made between August 31 and December 31, 2012 to support the new online&mobile product range and to improve SEAT Pagine Gialle Italia S.p.A.'s SAP/SFE CRM platforms;
- *patents, concessions, trademarks and licenses* totaled € 102,976 thousand as at December 31, 2012, referring mainly to Telegate group licenses relating to voice portals and PAGINEGIALLE.it® video rights held by SEAT Pagine Gialle Italia S.p.A.. As part of the Merger, € 197,797 thousand was allocated based on the measurement of the assets at

fair value, relating to SEAT Pagine Gialle S.p.A. (€ 160,000 thousand), to German subsidiary Telegate (€ 30,919 thousand), to UK subsidiary TDL (€ 5,786 thousand) and to French subsidiary Europages (€ 1,092 thousand). Between August 31 and December 31, 2012, these assets were amortized in the amount of € 5,453 thousand. Following impairment tests (as described in more detail in section 6.2 of these notes), trademarks were written down in the amount of € 91,805 thousand (of which € 75,973 thousand related to SEAT Pagine Gialle Italia S.p.A., € 5,658 thousand to the TDL group, € 9,154 thousand to the Telegate group and € 1,020 thousand to Europages);
- *other intangible assets* totaled € 9,300 thousand as at December 31, 2012, referring mainly to software designs in progress.

Investments in the 2012 financial year (referring to the period between August 31 and December 31, 2012) totaled € 16,113 thousand. To be specific, investments were made in the following business areas:
- SEAT Pagine Gialle Italia S.p.A. (€ 11,459 thousand):
  - 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, Mobile Commerce and Lamiaimpresaonline products to provide SMEs with a more complete specialist e-commerce service that can effectively handle the computerization of purchases;
  - commercial and publishing improvements to upgrade the systems and adapt them to new product ranges, and administrative improvements by way of the new managerial reporting system;
  - the acquisition of infrastructure for the disaster recovery program;
- Consodata S.p.A. (€ 901 thousand):
  - the development of software platforms and the purchase of databases;
  - the expansion of databases (including geo-referenced databases);
  - overhaul of the enterprise resource planning (ERP) and accounting system;
- the Telegate group (€ 2,508 thousand):
  - the replacement and updating of the technological equipment in the call centers, the development of the CRM system and the upgrading of computer stations and infrastructure in the administration department.

The following table gives an overview of the amortization rates used:

	Year 2012	Year 2011
Marketing related intangible assets	7-10%	7-10%
Software	7-50%	7-50%
Other intangible assets	20%	20%

8. Property, plant and equipment

Property, plant and equipment totaled € 29,641 thousand as at December 31, 2012. This item was recorded net of reserves for depreciation totaling € 109,940 thousand as at the end of the year, which as a proportion of the gross value was 78.76%.
It can be analyzed as follows:

	Year 2012				Year 2011
(euro thousand)	Property	Plant and equipment	Other fixed assets	Total	Total
Cost	-	-	3	3	-
Depreciation	-	-	(3)	(3)	-
Balance at beginning of the year	-	-	-	-	-
- Change in consolidation scope (*)	8,255	5,145	14,281	27,681	-
- Investments	179	2,651	2,129	4,959	-
- Depreciation and write-downs	(255)	(738)	(1,966)	(2,959)	-
- Disposal and other movements	(11)	-	(29)	(40)	-
Cost	19,101	45,837	74,643	139,581	3
Depreciation	(10,933)	(38,779)	(60,228)	(109,940)	(3)
Balance at end of the year	8,168	7,058	14,415	29,641	

(*) It includes the effect of the acquisition of the Seat Group, including the fair value evaluation (in accordance with the provisions of IFRS 3).

This item includes:
- *property* worth € 8,168 thousand as at December 31, 2012, referring mainly to the Milan and Catania sites, where subsidiary Cipi S.p.A. carries out its operations, and to the Farnborough site of UK subsidiary TDL. As part of the Merger, based on the measurement of the assets at fair value, the value of the Cipi property was adjusted in the amount of € 4,204 thousand, while the TDL site was written down in the amount of € 3,918 thousand;
- *plant and equipment* worth € 7,058 thousand as at December 31, 2012. Investments in the 2012 financial year (referring to the period between August 31 and December 31, 2012) totaled € 2,651 thousand, of which € 2,307 thousand related to technological infrastructure at the Telegate group's call centers;
- *other fixed assets* worth € 14,415 thousand as at December 31, 2012, of which € 9,748 thousand related to computer systems and equipment. Investments in the financial year (referring to the period between August 31 and December 31, 2012) amounted to € 2,129 thousand, of which € 2,020 thousand related to the purchase of centralized hardware for the data center, pertaining mainly to SEAT Pagine Gialle Italia S.p.A., in order to replace outdated equipment with new network apparatus and machines capable of better performance and lower energy consumption, and to continue our efforts to "virtualize" centralized hardware and streamline storage.

The current reserves for depreciation (€ 109,940 thousand) are considered to be adequate, for each fixed-asset class, to cover the depreciation of the assets in relation to their estimated residual useful life.

The following table gives an overview of the depreciation rates used:

	Year 2012	Year 2011
Property	3%	3%
Plant and equipment	10-25%	10-25%
Other fixed assets	10-40%	10-40%

9. Leased assets

Assets held under a finance lease amounted to € 38,124 thousand as at December 31, 2012, relating to the real-estate complex where the Parent Company has its offices in Turin.

The assets that make up the real-estate complex can be broken down as follows:

	Year 2012					Year 2011
(euro thousand)	Leased land	Leased property	Leased plant	Other leased assets	Total	Total
Cost	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-
Balance at beginning of the year	-	-	-	-	-	-
- Change in consolidation scope (*)	5,900	22,986	8,445	2,006	39,337	-
- Depreciation and write-downs	-	(331)	(736)	(146)	(1,213)	-
Cost	5,900	33,076	16,524	3,739	59,239	-
Depreciation	-	(10,421)	(8,815)	(1,879)	(21,115)	-
Balance at end of the year	5,900	22,655	7,709	1,860	38,124	-

(*)It includes the effect of the acquisition of the Seat Group, including the fair value evaluation (in accordance with the provisions of IFRS 3).

Based on the measurement of the leased assets at fair value (in accordance with "IFRS 3 - Business Combinations"), SEAT Pagine Gialle Italia's leased property was written down in the amount of € 11,006 thousand.

Between August 31 and December 31, 2012, these assets were amortized in the amount of € 1,210 thousand.

10. Other non-current financial assets

Other non-current financial assets, which were acquired entirely as a result of the Merger, totaled € 2,037 thousand as at December 31, 2012, and refer mainly to:

- loans to employees worth € 1,677 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

The value of inventories can be broken down as follows:

(euro thousand)	Year 2012 Raw material, suppliers and consumables	Merchan-dising products	Work in progress and semi-finished goods	Finished goods	Total	Year 2011 Total
Balance at beginning of the year	-	-	-	-	-	-
Change in consolidation scope (*)	5,432	2,546	1,696	149	9,823	-
Increase (Decrease)	270	(531)	307	(9)	37	-
Foreign exchange adjustments and other movements	2	-	-	-	2	-
Balance at end of the year	11,136	4,561	3,699	289	9,862	-

(*) It includes the effect of the acquisition of the Seat Group.

The item refers mainly to inventories relating to SEAT Pagine Gialle Italia S.p.A.'s print products.

12. Trade receivables

The value of trade receivables can be broken down as follows:

(euro thousand)	Year 2012 Trade receivables	Allowance for doubtful trade receivables	Trade receivables form SPG's associates<12	Net value	Year 2011 Net value
Balance at beginning of the year	-	-	131	131	-
Change in consolidation scope (*)	494,683	(90,177)	(131)	404,375	-
Provision in the statement of operations	-	(28,623)		(28,623)	-
Utilization	-	30,102		30,102	-
Foreign exchange adjustments and other movements	(44,794)	(663)		(45,457)	131
Balance at end of the year	449,889	(89,361)	-	360,528	131

(*) It includes the effect of the acquisition of the Seat Group, including the fair value evaluation equal to € thousand 404,730 (in accordance with the provisions of IFRS 3).

Trade receivables totaled € 360,528 thousand as at December 31, 2012 (net of the allowance for doubtful receivables totaling € 89,361 thousand).
The *allowance for doubtful* trade receivables totaled € 89,361 thousand as at December 31, 2012, including € 81,860 thousand relating to SEAT Pagine Gialle Italia, and is considered to be adequate to cover expected losses.

Between August 31 and December 31, 2012, € 30,102 thousand was drawn down from the allowance (of which € 29,761 thousand related to SEAT Pagine Gialle Italia S.p.A.), and a provision of € 28,623 thousand was added to it, meaning that the coverage of overdue receivables remained adequate.
For a more detailed analysis of the Group's credit risk, see note 19.

13. Other assets (current and non-current)

Other assets (current and non-current) amounted to € 62,634 thousand as at December 31, 2012 and can be broken down as follows:

(euro thousand)	As at 12.31.2012	As at 12.31.2011	Change
Advances on sales commissions and other recivables from agents	24,140	-	24,140
Prepaid expenses	14,805	-	14,805
Advances to suppliers	7,786	-	7,786
Other receivables	10,373	497	9,876
Total other current assets	57,104	497	56,607
Other non-current assets	5,530	-	5,530
Total other current assets and non-current assets	62,634	497	62,137

Specifically:

- *advances on sales commission and other receivables* from agents totaled € 24,140 thousand as at December 31, 2012 and were recorded net of the allowance for doubtful receivables totaling € 2,033 thousand as at December 31, 2012. The item includes € 41 thousand of receivables with a maturity of over 12 months, which are classified under "Other current assets", since they fall within the normal company operating cycle. These receivables were discounted using an average market rate for receivables with the same maturity;
- *prepaid expenses* totaled € 14,805 thousand as at December 31, 2012; this item includes the deferment of direct production costs with the same frequency with which the corresponding revenues are recorded in the income statement;
- *advances to suppliers* totaled € 7,786 thousand as at December 31, 2012 and includes € 5,536 thousand of advances paid to printing company Rotosud S.p.A.

14. Equity

Equity can be broken down as follows:

(euro thousand)	As at 12.31.2012	As at 12.31.2011	Change
Share capital	450,266	31	450,235
- ordinary shares	*450,247*	*31*	*450,216*
- savings shares	*19*	*-*	*19*
Additional paid-in capital	466,847	-	466,847
Reserve for foreign exchange adjustments	43	-	43
Reserve for actuarial gains (losses)	(1,096)	-	(1,096)
Other reserves	(869,799)	660	(870,459)
- Reserve for transition to IAS/IFRS	*161,651*	*-*	*161,651*
- Riserve for Purchase Price Allocation	*669,572*	*-*	*669,572*
- Reteined earnings (losses)	*(1,701,022)*	*660*	*(1,701,682)*
Profit (loss) for the period	(1,042,721)	(667,564)	(375,157)
Total equity of the Group	(996,460)	(666,873)	(329,587)
Share capital and reserves	25,532	-	25,532
Profit (loss) for the period	2,777	-	2,777
Total non-controlling interests	28,309	-	28,309
Total equity	(968,151)	(666,873)	(301,278)

Share capital

Share capital stood at € 450,266 thousand as at December 31, 2012.
As at December 31, 2012, the share capital comprised 16,066,212,958 ordinary shares and 680,373 savings shares. None of the shares has a par value.
Of the share capital, € 13,741 thousand was subject to tax on distribution. Deferred tax liabilities were not calculated on this amount, since SEAT Pagine Gialle S.p.A. is not planning to pay it out.

Additional paid-in capital

Additional paid-in capital amounted to € 466,847 thousand as at December 31, 2012, of which € 142,619 thousand was considered to be subject to taxation in case of distribution due to the realignment carried out in 2005 between the book value and the tax value of the customer database, pursuant to Law 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 -€ 43 thousand as at December 31, 2012, and relates to the consolidation as of August 31, 2012 of the TDL Infomedia group, whose financial statements are drawn up in sterling.

Reserve for actuarial gains (losses)

The reserve for actuarial gains (losses) was -€ 1,096 thousand and included the cumulative effect of recording actuarial gains (losses) on defined-benefit pension plans (the TDL Infomedia group pension fund and, for Italian companies, the reserve for severance indemnities) following their recognition in the financial statements pursuant to IAS 19, paragraph 93A.
For more details on how these amounts were determined, see note 21.

Other reserves

Other reserves totaled -€ 869,799 thousand as at December 31, 2012 and refer to:
- *the reserve for adoption of IAS/IFRS*, which totaled € 161,651 thousand as at December 31, 2012;
- *the purchase price allocation reserve*, which totaled € 669,572 thousand as at December 31, 2012 and was recorded following the allocation to assets and liabilities of the fair value (purchase cost), net of tax effect;
- *other reserves and retained earnings (losses)*, which were -€ 1,701,022 thousand as at December 31, 2012 and included the SEAT Pagine Gialle S.p.A. legal reserve (€ 50,070 thousand).

The table below shows the reconciliation between the equity pertaining to the Parent Company and consolidated equity:

	Group				Minorities			Total
(euro thousand)	Share capital	Reserves	Profit (loss) for the year	Total	Share capital and reserves	Profit (loss) for the year	Total	Total
SEAT Pagine Gialle S.p.A. at December 31, 2012	450,266	(403,062)	(28,618)	18,586				18,586
Profit (loss) for the year, share capital and reserves of consolidated companies	-	734,014	(1,747,544)	(1,013,530)	10	2,778	2,788	(1,010,742)
Share capital and reserves of consolidated companies at the acquisition date	-	144,375	-	144,375	25,397	-	25,397	169,772
Book value of consolidated companies	-	(881,652)	706,247	(175,405)	-	-	-	(175,405)
Consolidation adjusments:								
Goodwill arising from the acquisition	-	2,121	-	2,121	-	-	-	2,121
Exchange differences	-	37	-	37	-	-	-	37
Other movements and change in consolidation scope	-	162	27,194	27,356	125	(1)	124	27,480
Share capital, reserves and consolidated results at December 31, 2012	450,266	(404,005)	(1,042,721)	(996,460)	25,532	2,777	28,309	(968,151)

15. Other comprehensive income/(expense)

(euro thousand)	Year 2012	Year 2011
Profit (loss) for "cash flow hedge" instruments for the period	-	-
Loss (profit) for "cash flow hedge" instruments reclassified to statement of operations	-	-
Profit (loss) for "cash flow hedge" instruments	-	-
Profit (loss) for foreign exchange adjustments	43	-
Loss (profit) for foreign exchange adjustments reclassified to statement of operations	-	-
Profit (loss) for foreign exchange adjustments	43	-
Actuarial gain (loss) recognised to equity	(1,303)	-
Tax effect of actuarial gain (loss) recognised to equity	427	-
Actuarial gain (loss) recognised to equity, net of tax effect	(876)	-
Total other comprehensive profit (loss), net of tax effect	(833)	-

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.

		At 12.31.2012 (*)	At 12.31.2011
Number of SEAT Pagine Gialle S.p.A. shares		16,066,893,331	15,500
- ordinary shares	*n.*	*16,066,212,958*	*15,500*
- savings shares	*n.*	*680,373*	-
weighted average shares outstanding		*5,627,475,803 (**)*	*2,247,500 (***)*
Profit (loss) for the year	€/thousand	(1,042,721)	(667,564)
Profit (loss) for the year	€	(0.185)	(297.025)

(*) New composition of share capital (wholly subscribed) following the merger by incorporation of Lighthouse International Company S.A. into Seat Pagine Gialle S.p.A., that became effective on August 31, 2012.

(**) The figure has been calculated as the average of shares outstanding, as detailed below: a) the number of ordinary shares outstanding of Lighthouse from January, 1 2012 to the date of the merger multiplied by the exchange ratio, b) the number of ordinary shares and savings outstanding from the acquisition date to December 31, 2012.

(***) The weighted average number of shares outstanding as at December 31, 2011 was calculated by multiplying the number of outstanding ordinary shares of Lighthouse SA for the exchange ratio established in the prospectus relating to the merger.

17. Net financial indebtedness

Net financial debt totaled € 1,327,945 thousand as at December 31, 2012, and can be broken down as follows:

(euro thousand)		As at. 12.31.2012	As at 12.31.2011	Change
A	Cash	199,659	359	199,300
B	Cash equivalent	-	-	-
C	Trading securities	-	-	-
D=(A+B+C)	Liquidity	199,659	359	199,300
E.1	Current Financial Receivable to third parties	2,387	-	2,387
E.2	Current Financial Receivable to related parties	-	702,000	(702,000)
F	Current financial debt to bank	92,757	-	92,757
G	Current portion of non-current debt	73,685	1,369,333	(1,295,648)
H.1	Other current financial debt to third parties	35,211	-	35,211
H.2	Other current financial debt to related parties	-	-	-
I=(F+G+H)	Current Financial Debt	201,653	1,369,333	(1,167,680)
J=(I-E-D)	Net Current Financial Indebtedness	(393)	666,974	(667,367)
K	Non current Bank loans	501,116	-	501,116
L	Bonds Issued	789,405	-	789,405
M.1	Other non current loans to third parties	37,817	-	37,817
M.2	Other non current loans to related parties	-	-	-
N=(K+L+M)	Non Current Financial Debt	1,328,338	-	1,328,338
O=(J+N)	**Net Financial Indebtedness (ESMA)**	**1,327,945**	**666,974**	**660,971**

A description of the items that make up net financial debt is provided below:

Non-current financial debts

This totaled € 1,328,338 thousand at December 31, 2012 and comprised the following:

(euro thousand)	As at 12.31.2012	As at 12.31.2011	Change
Non current Bank loans	501,116	-	501,116
Bonds Issued	789,405	-	789,405
Other non current loans to third parties	37,817	-	37,817
Non current Financial Debt	1,328,338	-	1,328,338

- *Bond Issued amounted* to € 789,405 thousand, corresponding to the net issue value (€ 779,445 thousand) plus the total issue discount accrued as at December 31, 2012 (€ 9,960 thousand). On August 31, 2012, new senior secured bonds were issued, with a nominal value of € 65,000 thousand, as described in the section on the main accounting effects resulting from the restructuring on the Report on Operations; these bonds were admitted to trading on the Luxembourg Stock Exchange's MTF market on November 8, 2012.
  The three issues (two in 2010 and the one in August 2012), with a combined nominal value of € 815,000 thousand, mature on January 31, 2017, with a nominal yield of 10.5% to be paid half-yearly at the end of January and the end of July.
- *Non current Bank loans* amounted to € 501,116 thousand as at December 31, 2012. They related to the senior loan with The Royal Bank of Scotland, and specifically to the term facility, which bears a variable interest rate of Euribor plus a spread of 5.4% p.a. The terms of the above-mentioned bank loan are different to those of the previous loan in terms of the repayment schedule (extended to June 2016), the spread (increased to 540 basis points p.a.) and certain other clauses.
- *Other non current loans to third parties* totaled € 37,817 thousand as at December 31, 2012, relating to the seven finance leases (six with effect from December 2008 and one with effect from the end of October 2009) raised for the purchase of the Turin real-estate complex of SEAT Pagine Gialle Italia S.p.A.. These contracts will be repaid through the payment of 44 remaining installments on the contracts with effect from December 2008 and 48 remaining installments on the contract with effect from October 2009. All installments are quarterly deferred installments subject to a floating interest rate equal to the three-month Euribor plus a spread of around 65 basis points p.a.. The residual value is fixed at around 1% of the value of the real-estate complex.

Current financial debt

This totaled € 201,653 thousand at December 31, 2012 and comprised the following:

(euro thousand)	As at 31.12.2012	As at 31.12.2011	Change
Current financial debt to bank	92,757	-	92,757
Current portion of non-current debt	73,685	1,369,333	(1,295,648)
Other current financial debt to third parties	35,211	-	35,211
Current Financial Debt	201,653	1,369,333	(1,167,680)

It includes mainly:
- *Current financial debt to banks*: these totaled € 92,757 thousand at December 31, 2012 and related mainly to the senior debt with The Royal Bank of Scotland, as described below:
  a) € 90,000 thousand relating to the revolving line of credit aimed at covering the working capital requirements of SEAT Pagine Gialle S.p.A. or its subsidiaries, which provides for a variable interest rate equal to Euribor plus the same spread used for the term facility. This credit line was drawn down in full as of April 21, 2011 to meet the Company's working capital requirements following the closure of the revolving trade receivables securitization program, which was completed on June 15, 2011;
  b) € 2,701 thousand relating to accrued and unpaid interest expense on the term facility and the revolving facility with The Royal Bank of Scotland.

  In 2012, the Company repaid a total of € 60,196 thousand to The Royal Bank of Scotland, of which € 35,196 thousand was repaid following the completion of the financial restructuring in relation to the principal of tranche A of the senior loan, and € 25,000 was repaid in relation to the new repayment schedule.
- *Current portion of non-current debt*: this totaled € 73,685 thousand as at December 31, 2012 and referred mainly to:
  · € 3,685 thousand for the current portion of the non-current debt to Leasint for the seven finance leases relating to the purchase of SEAT's Turin real-estate complex;

· € 70,000 thousand for the current portion of the non-current financial debt to The Royal Bank of Scotland.
- *Other current financial debts to third parties*: these totaled € 35,211 thousand as at December 31, 2012 and referred mainly to interest accrued and not yet paid to senior secured bondholders.
  On December 31, 2011, the Company reclassified to "Current financial debt" the Lighthouse bonds listed on the Luxembourg Stock Exchange with a maturity of April 30, 2014 (equitized pursuant to the financial restructuring program), in the principal amount of € 1,300,000 thousand and including interest accrued equal to € 69,333 thousand.

In accordance with the terms of the facilities agreement with The Royal Bank of Scotland and of the senior secured bonds, SEAT Pagine Gialle Italia S.p.A. has issued the following principal guarantees, which are standard for transactions of this kind:
- pledge of the Company's main trademarks;
- pledge of the shares of its main subsidiaries (TDL Infomedia Ltd. and Telegate AG, held directly and indirectly);
- guarantee concerning all the TDL group's assets;
- pledge of the Company's main bank and postal current accounts.

Finally, SEAT Pagine Gialle S.p.A. has pledged the entire share capital of SEAT Pagine Gialle Italia S.p.A. as a guarantee against the aforementioned loans.

SEAT Pagine Gialle Italia S.p.A. also created a special lien in favor of The Royal Bank of Scotland, in connection with the senior loan agreement, on its fixed assets with a net book value greater than or equal to € 25,000.
Please refer to note 18 for the book value of the guarantees, details of which are given for the purposes of the Separate Financial Statements of SEAT Pagine Gialle S.p.A..

Current financial assets

Current financial assets totaled € 2,387 thousand as at December 31, 2012 and refer mainly to financial receivables (€ 1,981 thousand) and loans to employees (€ 406 thousand). In 2011, this item included the financial receivable due to Lighthouse International Company S.A. from SEAT Pagine Gialle S.p.A., amounting to € 702,000 thousand net of the write-down recorded in the last financial year in the amount of € 667,500 thousand.

Cash and cash equivalents

Cash and cash equivalents totaled € 199,659 thousand as at December 31, 2012 and can be broken down as follows:

(euro thousand)	As at 31.12.2012	As at 31.12.2011	Change
Bank deposits	196,873	359	196,514
Postal deposits	2,686	-	2,686
Cash	100	-	100
Total cash and cash equivalents	199,659	359	199,300

Of this amount, € 100,069 thousand relates to SEAT Pagine Gialle Italia S.p.A. and € 93,250 thousand to the Telegate group.

18. Guarantees provided, main commitments and contractual rights

As part of the financial restructuring of the SEAT Pagine Gialle Group implemented in 2012 (for more details, please refer to the Introduction to these notes), on August 31, 2012, pursuant to a deed drawn up by Filippo Zabban, Notary of Milan (ref. no. 63.797/10.484), the Company transferred to its wholly owned subsidiary SEAT Pagine Gialle Italia S.p.A., with effect from September 1, 2012, the *– business unit whose activities involve providing customers with advertising and search tools, via the "print", "voice" and "online" channels, as well as web marketing services, relating mainly to online visibility/advertising –* .

Pursuant to article 2560 of the Italian Civil Code, *(i)* SEAT Pagine Gialle Italia S.p.A. is liable for the Company's debts relating to the aforementioned business unit, as detailed in the accounting records prior to the transfer, but *(ii)* the Company was not released from said debts by its creditors, and therefore continues to be jointly and severally liable to them with SEAT Pagine Gialle Italia S.p.A..

With regard to the liabilities included in the aforementioned business unit, the transfer involved the assumption by SEAT Pagine Gialle Italia S.p.A. of the obligations arising from the senior secured bonds issued by the Company in 2010 and 2012, without the Company being released from said debt, as stated above.

As part of the aforementioned restructuring, the wholly owned subsidiary SEAT Pagine Gialle Italia S.p.A. is also party (as a borrower) to a facilities agreement with the Milan branch of The Royal Bank of Scotland plc for a total of € 686,115,979.95, signed on August 31, 2012 and governed by UK law.

In relation to this facilities agreement with The Royal Bank of Scotland plc, the Company and some of its subsidiaries each issued a personal guarantee concerning the fulfillment by SEAT Pagine Gialle Italia S.p.A. of all obligations (for principal, interest and additional costs) arising from the facilities agreement and from the related financial documentation. The guarantee issued by the Company is limited to a maximum of € 1,029,173,970.

The obligations arising from the facilities agreement with The Royal Bank of Scotland plc are also secured, among other things, by pledges over shares in SEAT Pagine Gialle Italia S.p.A. granted by the Company and pledges over shares in other SEAT Pagine Gialle Group companies, a pledge over the main proprietary trademarks of SEAT Pagine Gialle Italia S.p.A., a special lien on certain capital goods of SEAT Pagine Gialle Italia S.p.A., and a pledge over positive current account balances of SEAT Pagine Gialle Italia S.p.A., as well as a fixed and floating charge under UK law on assets of TDL Infomedia and Thomson. The same guarantees, with the exception of the special lien on capital goods of SEAT Pagine Gialle Italia S.p.A., are given equally against the obligations arising from the senior secured bonds.

The lease agreements originally taken out by the Company with Leasint S.p.A., and the obligations arising therefrom, were transferred to SEAT Pagine Gialle Italia S.p.A. as part of the transfer of the business unit. There is no specific guarantee against these obligations, although the leased properties are owned by Leasint S.p.A., which can therefore generate revenue from their sale should SEAT Pagine Gialle Italia S.p.A. fail to fulfill said obligations.

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

As is customary for transactions of this kind, by establishing operating conditions and limits, the aforementioned facilities agreement also governs other aspects, such as the disposal of assets and/or equity investments, and the possibility of recourse to additional debt, of making acquisitions or investments, of paying dividends, and of carrying out capital transactions, this being in relation to the borrower, SEAT Pagine Gialle Italia S.p.A., but also to a large extent to the guarantors (including the Company) and to the other Group companies. The US-law indentures that govern the senior secured bonds contain similar provisions.

In light of the events that took place during late January and early February 2013, culminating in the Company and SEAT Pagine Gialle Italia S.p.A. making 'blank filings' for a composition with creditors' procedure pursuant to article 161, paragraph 6 of the Bankruptcy Act, in accordance with the principle of equal treatment of creditors, no information has been provided to The Royal Bank of Scotland concerning compliance with the aforementioned financial covenants.

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 with the debt due 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, where necessary, 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 had been definitively settled as at the completion of the debt restructuring on September 6, 2012. Due to the high proportion of debt represented by fixed-rate loans, it was not considered necessary to take out any new hedging instruments.
At December 31, 2012 there were no financial assets and liabilities measured at fair value.

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 derivatives in place matured on December 28, 2011, and on September 6, 2012 the differences were settled in favor of the counterparty banks, as part of the process of determining several financial items in the context of the financial restructuring that was completed on that date. Due to the high proportion of debt represented by fixed-rate loans, it was not considered necessary to take out any new hedging instruments.
Some 60% of the total debt for the 2012-2014 period, as it results from the financial restructuring, is at a fixed rate, with this percentage climbing to 80% for the 2015-2016 period.

Risk from high levels of financial debt

At December 31, 2012, despite benefiting from the significant equitization transaction described, the SEAT Pagine Gialle Group still had a high level of debt characterized by leverage of around 5.5 times EBITDA of 2012 (net contribution from non-recurring cost adjustments of € 55.7 million at Telegate AG following the successful outcome of the claims against Deutsche Telekom), and around 13 times the expected EBITDA for 2013 on the basis of New Strategic Guidelines an overall average life of debt outstanding at December 31, 2012 of four years.

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

	Due date - by						
(euro thousand)	12.31.2013	12.31.2014	12.31.2015	12.31.2016	12.31.2017	Beyond five years	Total
Senior Secured Bond (*)	-	-	-	-	815,000	-	815,000
The Royal Bank of Scotland	70,000	80,000	185,000	326,116	-	-	661,116
Leasint S.p.A. (**)	3,685	3,821	3,965	4,115	4,269	29,922	49,777
Total non current financial debt (gross value)	73,685	83,821	188,965	330,231	819,269	29,922	1,525,893

(*) In the consolidation financial statement the item was shown net of the issue discount and amounted to € 789,405 thousand.
(**) In the consolidation financial statement the item amounted to € 41,502 thousand for the adjustment of the book value to fair value.

Following the debt restructuring, agencies Standard & Poor's and Moody's assigned respective ratings to SEAT Pagine Gialle S.p.A. of B- with a negative outlook and Caa1 with a stable outlook. As at the approval date of this report, the ratings assigned to SEAT Pagine Gialle S.p.A. by Standard & Poor's and Moody's were D and Ca respectively.

Liquidity risk - obtaining of financial resources

The evident impossibility of obtaining alternative sources of finance owing to the shortfall predicted at the end of the year resulted in the "blank filing" for a composition with creditors' procedure, as stated in the Subsequent events section.

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 at December 31, 2012 are summarized below.

1. Indentures relating to the bonds issued by SEAT and entitled "€ 550,000,000 10% Senior Secured Notes Due 2017", "€ 200,000,000 10.5% Senior Secured Notes Due 2017" and "€ 65,000,000 10% Senior Secured Notes Due 2017" (the latter were issued as additional notes to the € 550,000,000 issue)

   According to the indentures (which are documents subject to US law) governing the above-mentioned issued notes (bonds), originally issued by SEAT for a total of € 815,000,000, if *(i)* as a result of a Merger of SEAT with or into another entity ("Person"), a party directly or indirectly becomes a holder ("Beneficial owner") of more than 30% of SEAT's voting capital; or *(ii)* all or substantially all of SEAT's or SEAT Pagine Gialle Italia S.p.A.'s assets, as calculated on a consolidated basis, are transferred (unless the transfer results in the transferee becoming an obligor in relation to the notes issued by SEAT a nd a subsidiary of the transferor), a change of control is deemed to have taken place, as a result of which, pursuant to the contractual terms and conditions of the notes, the holders of said notes can request that they are bought back at 101% of their nominal value, plus interest.

2. Term and Revolving Facilities Agreement

   Pursuant to paragraph 7.9 of the Term and Revolving Facilities Agreement signed by, inter alia, SEAT, as Guarantor, SEAT Pagine Gialle Italia S.p.A., as Borrower, and The Royal Bank of Scotland plc (RBS), as Lender, on August 31, 2012, in the event of a change of control, the Lender's commitment to disburse new sums pursuant to the aforementioned facilities agreement shall immediately be considered null and void, and the Borrower must immediately and prematurely repay all sums disbursed to it pursuant to said agreement. Under the terms of this agreement, a change of control is deemed to have occurred if one person or several persons acting in concert directly or indirectly acquire control of SEAT or SEAT Pagine Gialle Italia S.p.A.; for this purpose, control is taken to mean the power to exercise (directly or indirectly pursuant to agreements) more than 30% of the voting rights at SEAT or SEAT Pagine Gialle Italia S.p.A. shareholders' meetings or the direct or indirect ownership of more than 30% of the share capital of SEAT or SEAT Pagine Gialle Italia S.p.A. (shares which entitle their holders to a share of profits or dividends up to a certain amount are excluded from this calculation).

Credit risk

The SEAT Pagine Gialle Group operates in the multimedia directional advertising market, where there is a large number of clients. As at December 31, 2012, 85% of the Group's trade receivables (88% a year earlier) related to SEAT Pagine Gialle Italia S.p.A., which has around 379,000 customers throughout Italy, consisting mainly of small and medium-sized businesses. Each year, SEAT alone issues some 532,000 invoices, each providing on average for payment in 2.5 installments of around € 550 each, meaning more than € 1.3 million of receipts.
There is, therefore, no concentration of credit risk.
The large volume of transactions generates a high number of payments in arrears, hence the need for an effective credit management system. Over time, the Italian subsidiary has introduced a widespread and continually strengthened team that is able to efficiently manage all phases of the payment request process. The in-house team, call centers, collection agencies and legal experts constitute a total of around 800 people.
Credit risk exposure - represented by the allowance for doubtful receivables on the financial statements - is measured using a statistical model that breaks down the client base by location and seniority, which reflects the historical experience of SEAT in debt collection and projects it into future estimates.
At Group level, the allowance for doubtful trade receivables stood at € 89,361 thousand at December 31, 2012, an increase on December 31, 2011 (€ 76,164 thousand) in order to ensure sufficient coverage of overdue receivables.

20. Non-current reserves for employees

SEAT Pagine Gialle Group companies provide benefits to current and former employees, both directly and through contributions to external funds. The terms under which these benefits are provided vary depending on the legislative, fiscal and economic conditions in each country in which the Group operates. Employee benefits are usually based on remuneration and length of service.

Group companies provide post-employment benefits through defined-contribution and/or defined-benefit plans.

Under defined-contribution plans, the Group pays contributions to public or private insurers pursuant to a statutory or contractual obligation, or on a voluntary basis. The Group fulfills all its obligations by paying these contributions. The cost for the year is accrued based on the employee's service and is recorded in the income statement (€ 1,032 thousand between August 31 and December 31, 2012).

Defined-benefit plans are either unfunded, as in the case of the reserve for severance indemnities, or fully funded by the contributions paid by the Company and its employees to a legally separate entity or fund that provides employee benefits, as in the case of the TDL Infomedia group pension fund.

The table below shows the changes in the various types of plans in place during 2012:

	Year 2012					Year 2011
(euro thousand)	Net liabilities for defined benefit pension plans	Reserve for severance indemnities	Reserve for defined contribution pension plans	Net liabilities for termination indemnities	Total	Total
Balance at beginning of the period						
Change in consolidation scope (*)	14,488	14,540	160	-	29,188	-
Provisions	12	73	1,032		1,530	
Contributions	3	-	767	-	770	-
Benefits paid/received	-	(211)	(1,392)	-	(1,603)	-
Discounting losses	855	208	-	-	1,063	-
Expected return on plan assets	(636)	-	-	-	(636)	-
Actuarial losses (gains) recognised to equity	1,093	713	-	-	1,806	-
Foreign exchange adjustments and other movements	(50)	30	413	-	393	-
Balance at end of the period	15,765	15,353	980	-	32,511	-

(*) It includes the effect of the acquisition of the Seat Group.

Net liabilities for defined-benefit pension plans

Net liabilities for defined-benefit pension plans totaled € 15,765 thousand as at December 31, 2012. They are recorded net of assets (€ 50,428 thousand) earmarked to service these pension plans (€ 66,193 thousand). Almost all this amount refers to the TDL Infomedia group pension plan. The figures for pension plans, payables to employees and related costs in the income statement were determined based on valuations carried out by an independent expert using the projected unit credit method, in accordance with the provisions of IAS 19.

Actuarial losses in the 2012 financial year (the period between August 31 and December 31, 2012) amounted to € 1,093 thousand. Pursuant to IAS 19, paragraph 93A, the losses were recognized directly to equity, net of tax effect.

(euro thousand)		As at 12.31.2012	As at 12.31.2011
A. Change in benefit obligation			
1. Benefit obligation at the beginning of the year			
2. Current service cost		12	–
3. Interest expense		855	–
4. Plan particpants' contributions		–	–
5. Actuarial (gains) losses recognised to equity		694	–
6. Benefits paid from plan/company		(2,339)	–
7. Curtailment		–	–
8. Settlement		–	–
9. Exchange rate adjustments and change in consolidation scope		66,971	–
Benefit obligation at the end of the year	(A)	66,193	–
B. Change in plan assets			
1. Fair value of plan assets at the beginning of the year			
2. Expected return on plan assets		(636)	–
3. Actuarial (gains) losses recognised to equity		399	–
4. Employer contributions		–	–
5. Member contributions		–	–
6. Benefits paid from plan/company		2,339	–
7. Exchange rate adjustments and change in consolidation scope		(52,530)	–
Fair value on plan assets at the end of the year	(B)	(50,428)	–
C. Account recognised in the statement of financial position			
1. Present value of defined-benefit obligations at the end of the year		66,193	–
2. Fair value on plan assets		(50,428)	–
Net liability (asset) recognised in the statemetn of financial position	(A+B)	15,765	–
D. Component of pension cost			
Amount recognised in the statemetn of operations			
1. Current service cost		12	–
2.a Interest expense		*855*	–
2.b Expected return on plan assets		*(636)*	–
2. Interest expense (income)		219	–
Actual return on plan assets			
Actual return on plan assets		(237)	–
E. Principal actuarial assumptions			
Weighted-average assumptions to determine benefit obligation			
1. Discount rate		4.30%	–
2. Rate of compensation increase		–	–
3. Rate of price inflation		2.15%	–
4. Rate of pension increase		2.90%	–
Weighted-average assumptions to determine net pension cost			
1. Discount rate		4.70%	–
2. Expected rate of return on plan assets		4.47%	–
3. Expected rate of compensation increase		–	–
4. Rate of price inflation		2.30%	–
5. Rate of pension increase		2.90%	–
F. Plan assets			
Asset categories (*)		% of plan asset categories	Expected rate of return on plan assets
1. Shares		40.0%	6.6%
2. Government securities		35.0%	2.7%
3. Bonds		20.0%	4.1%
4. Other		5.0%	0.5%
Total		100.0%	4.4%

Reserve for severance indemnities

The *reserve for severance indemnities*, which totaled € 15,353 thousand as at December 31, 2012, 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.
The following table shows the key figures relating to the reserve for severance indemnities:

(euro thousand)	As at 12.31.2012	As at 12.31.2011
A. Change in benefit obligation		
1. Current service cost		
2. Interest expense	73	-
3. Interest expense	208	-
4. Actuarial (gains) losses recognised to equity	713	-
5. Benefits paid from plan/company	(211)	-
6. Curtailment		-
7. Other movements and change in consolidation scope	14,570	-
Benefit obligation at the end of the year	15,353	
B. Plants that are wholly unfunded and plants that are wholly or partly funded		
Piani interamente non finanziati / Piani parzialmente o totalmente finanziati		
1. Present value of defined-benefit unfunded obligations at the end of the year	15,353	-
Net liability recognised in the statemetn of financial position	15,353	
Amounts in the statement of financial position		
1. Liabilities	15,353	-
2. Assets		-
C. Components of pension costs		
Amounts recognised in the statemetn of operations:		
1. Current service costs	73	-
2. Interest expense	208	-
Total pension cost recognised in the statement of operations		
D. Principal acturial assumptions		
Weighted-average assumptions to determine benefit obligation		
1. Discount rate	3.20%	-
2. Salary increase	n.a.	-
3. Rate of price inflation	2.00%	-
Weighted-average assumptions to determine net pension cost		
1. Discount rate	4.60%	-
2. Expected rate of salary increase	n.a.	-
3. Rate of price inflation	2.00%	-

21. Share-based payment

The stock option plans in place as at December 31, 2012, which are described in the report on operations, under the heading "Human resources", are recorded in the financial statements in accordance with the provisions of IFRS 2.
The plans are for specific categories of employees 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 2012.

	Grant date	Number of granted options	Number of expired options	Vesting date	Strike price (euro)	Number of exercised options	Number of outstanding options at December 31, 2012	Fair value on the plan	of which accrued in 2012 P&L
Beneficiaries							(*)	*(euro thousand)*	
2005 Telegate's stock option plans									
Directors and employees	05.12.2005	293,000	(43,500)	05.12.2007	14.28	(240,500)		467	-
Directors and employees	06.01.2006	400,000	(278,485)	06.01.2008	16.09			277	-
Directors and employees	06.01.2008	319,000	(180,000)	06.01.2010	11.01			206	-
Total		1,012,000	(501,985)			(240,500)		950	-
Total Group SEAT Pagine Gialle		1,012,000	(501,985)			(240,500)		950	-

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

22. Other non-current liabilities

Other non-current liabilities amounted to € 32,405 thousand as at December 31, 2012 and can be broken down as follows:

	Year 2012						Year 2011
(euro thousand)	Reserve for sale agents' termination indemnities	Reserve for operating risks and charges	Other non-current operating liabilities	Reserve for restructuring expenses	Other non-operating liabilities	Total	Total
Balance at beginning of the year	–	–	–	–	–	–	–
Change in consolidation scope (*)	25,550	259	591	–	447	26,847	–
Provisions	245	6	–	6,185	–	6,436	–
Utilization/repayment	(1,279)	–	–	–	–	(1,279)	–
Discount losses (gains)	250	1	–	–	8	257	–
Other movements	(195)	(4)	418	–	(75)	144	–
Balance at end of the year	24,571	262	1,009	6,185	378	32,405	–

(*) It includes the effect of the acquisition of the Seat Group, including the fair value evaluation (in accordance with the provisions of IFRS 3).

As at December 31, 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 financial expense (€ 257 thousand).

The *reserve for sale agents' termination indemnities*, which totaled € 24,571 thousand as at December 31, 2012, represents the debt due at the end of the year to active sales agents for the indemnities owed to them in the event of termination of the agency contract, as provided for by current legislation. A total of € 6,020 thousand was added to the reserve in relation to PPA, corresponding to the contingent liability for the renewal (ongoing for a number of years) of the collective economic agreement for industry agents, estimated on the basis of the drafts and assumptions available with reference to changes in the rules on calculating the indemnity.

The *restructuring reserve (non-current portion)*, which totaled € 6,185 thousand as at December 31, 2012, includes a provision resulting from the new SEAT Pagine Gialle Italia S.p.A. employee reorganization plan for the period between February 1, 2013 and January 31, 2015. This plan, which was previously agreed at labor union level, was formalized on December 21, 2012 by the signing of a labor union agreement at the Italian Ministry of Employment and Social Policies. Ratified by the Company's Board of Directors, the plan paved the way for reorganization by way of managing redundancies through the compulsory wage guarantee fund and early retirement. This reserve should be considered in conjunction with the current portion of the restructuring reserve.

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

This can be broken down as follows:

	Year 2012				Year 2011
(euro thousand)	Reserve for commercial risks	Reserves for contractual and other operating risks	Non-operating reserves	Total	Total
Balance at beginning of the year	-	-	-	-	-
Change in consolidation scope (*)	-	12,237	54,154	66,391	-
Provisions	1,824	2,625	17,568	22,017	-
Utilizations	(2,900)	(371)	(34,317)	(37,588)	-
Reversal to the statement of operations	-	(230)	(1,317)	(1,547)	-
Other movements	10,046	(18)	(3,909)	6,119	-
Balance at end of the year	8,970	14,243	32,179	55,392	-

(*)It includes the effect of the acquisition of the Seat Group.

Reserves for current risks and charges totaled € 55,392 thousand as at December 31, 2012, and can be broken down as follows:

- *the reserve for commercial risks*, which totaled € 8,970 thousand as at December 31, 2012, covers any costs incurred due to failure to properly perform contractual services;
- *reserves for contractual and other operating risks*, which totaled € 14,243 thousand as at December 31, 2012, include € 8,473 thousand relating to legal disputes and € 3,723 thousand relating to pending litigation with agents and employees;
- *non-operating reserves (current portion)* totaled € 32,179 thousand as at December 31, 2012. This item includes *(i)* € 17,065 thousand relating to the *restructuring reserves (current portion)*, pertaining mainly to SEAT Pagine Gialle Italia S.p.A. (€ 15,981 thousand), with € 8,200 thousand having been set aside to cover the aforementioned restructuring plan at the end of 2012; *(ii)* € 9,372 thousand relating to the sales network restructuring reserve, to which € 7,400 thousand was added at the end of 2012. This reserve should be considered in conjunction with the non-current portion of the reserve for restructuring expenses.

24. Trade payables and other current liabilities

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

(euro thousand)	As at 12.31.2012	As at 12.31.2011	Change
Payables to suppliers	135,363	78	135,285
Payables due to sales agents	15,673	-	15,673
Payables due to employees	18,406	-	18,406
Payables due to social security institutions	7,844	1	7,843
Payables due to other	652	52	600
Total trade payables	177,938	131	177,807
Payables for services to be rendered	187,472	-	187,472
Advances from customers	2,979	-	2,979
Deferred income and other current liabilities	21,853	457	21,396
Total payables for services to be rendered and other current liabilities	212,304	457	211,847

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

- *payables to suppliers* totaled € 135,363 thousand as at December 31, 2012, of which € 106,786 related to SEAT Pagine Gialle Italia S.p.A.;
- *payables to sales agents*, which totaled € 15,673 thousand as at December 31, 2012, should be considered in conjunction with the item "Advances on sales commission", recorded under "Other current assets", which amounted to € 24,140 thousand as at December 31, 2012;
- *payables for services to be rendered* totaled € 187,472 thousand at December 31, 2012; this item includes advanced billing for print directory advertising services and the deferral of revenues from the provision of online and voice services on a straight-line basis throughout the respective contractual periods.

25. Revenues from sales and services

Revenues from sales and services for the 2012 financial year (referring to the period between August 31 and December 31, 2012) totaled € 245,784 thousand, of which € 179,447 thousand related to SEAT Pagine Gialle Italia, € 23,692 thousand to UK subsidiary Thomson and € 28,800 thousand to the Telegate group. Online revenues accounted for 61.5% of the total revenues for SEAT Pagine Gialle Italia S.p.A..

For an in-depth analysis of the Group's operating performance, please refer to the "Performance by Business Area" section of the report on operations; although the aforementioned revenues are broken down by Business Area, they refer only to the period between August 31 and December 31, 2012, and therefore do not provide complete information on the Group's performance for the year for comparative purposes.

26. Other operating costs and revenues

26.1 Other revenues and income

Other revenues and income totaled € 35,421 thousand in the 2012 financial year (referring to the period between August 31 and December 31). This item refers mainly to the reimbursement by Deutsche Telekom AG in the amount of € 50 million, of excess sums paid by the Telegate group for the provision of telephone subscriber data for the 1997-2000 period net of indirect taxes and interest recorded under financial income.

26.2 Materials

Materials cost a total of € 9,357 thousand in the 2012 financial year (referring to the period between August 31 and December 31). Of this amount, € 7,857 thousand referred to paper consumption, while the rest related to the consumption of products for resale, which concerned the acquisition of customized promotional items.

26.3 External services

External services cost a total of € 108,077 thousand in the 2012 financial year (referring to the period between August 31 and December 31).
This item includes:

- *manufacturing costs*, totaling € 40,680 thousand in 2012, of which *(i)* € 12,122 thousand related to production costs, *(ii)* € 7,672 thousand related to distribution and storage costs, *(iii)* € 5,378 thousand related to costs for digital services relating to the creation of online products, and *(iv)* € 4,753 thousand related to inbound call center costs;
- *commission and other agent costs*, which totaled € 24,740 thousand in 2012, in direct relation to revenue figures;
- *consultancy and professional service costs*, which totaled € 8,186 thousand in 2012;
- *outbound call center service costs*, which totaled € 2,979 thousand in 2012.

26.4 Salaries, wages and employee benefits

Salaries, wages and employee benefits amounted to € 56,649 thousand in the 2012 financial year (referring to the period between August 31 and December 31).
The Group's workforce, including directors, project workers and trainees, consisted of 3,997 employees as at December 31, 2012.

26.5 Other operating expenses

Other operating expenses amounted to € 9,451 thousand in the 2012 financial year (referring to the period between August 31 and December 31), including € 8,189 thousand pertaining to Telegate AG, related mainly to the indirect taxes recorded in connection with the payment made by Deutsche Telekom AG, as described above.

26.6 Non-recurring costs, net

Net non-recurring costs totaled € 18,627 thousand in 2012, and can be broken down as follows:

(euro thousand)	Year 2012	Year 2011	Change Absolute	%
Other non-recurring costs	18,627	497	18,130	n.s.
Non-recurring income	-	(497)	497	100.0
Total non-recurring costs, net	18,627		18,627	n.s.

Non-recurring costs include:
- € 10,135 thousand of acquisition costs related to the merger;
- € 4,562 thousand relating to corporate reorganization;
- € 2,544 thousand relating to the Telegate group, attributable partly to the closure of call centers in Germany and Spain.

26.7 Restructuring costs, net

Net restructuring costs totaled € 23,224 thousand in 2012, and can be broken down as follows:

(euro thousand)	Year 2012	Year 2011	Change Absolute	%
Provisions to reserves for restructuring expenses	21,701	-	21,701	n.s.
Restructuring costs	1,536	-	1,536	n.s.
Reversal to the statement of operations	(13)	-	(13)	n.s.
Total restructuring costs, net	23,224	-	23,224	n.s.

Of the total net restructuring costs, € 21,785 thousand related to SEAT Pagine Gialle Italia S.p.A., including € 7,400 thousand pertaining to the reorganization of its sales force and € 14,385 thousand relating to the employee restructuring plan for the period between February 1, 2013 and January 31, 2015.

27. Interest income and expense

27.1 Interest expenses

Interest expenses, which totaled € 46,043 thousand (€ 771,500 thousand in 2011), can be broken down as follows:

(euro thousand)	Year 2012	Year 2011	Change Absolute	%
Interest expense on the loan with The Royal Bank of Scotland Plc.	13,521	-	13,521	n.s.
Interest expense on Bonds	30,334	104,000	(73,666)	(70.8)
Interest expense on leasing debt	504	-	504	n.s.
Foreign exchange losses	117	-	117	n.s.
Other financial expenses	1,567	667,500	(665,933)	(99.8)
Total interest expense	46,043	771,500	(725,457)	(94.0)

Financial expense includes:

- € 13,521 thousand of interest expense on the Senior Credit Agreement between SEAT Pagine Gialle Italia S.p.A. and The Royal Bank of Scotland;
- € 30,334 thousand of interest expense on the senior secured bonds. This amount includes € 1,809 thousand pertaining to the share of the issue discount. In 2011, this item included interest accrued on the Lighthouse bonds;
- € 504 thousand of interest expense on debts due to Leasint S.p.A. in relation to the finance leases raised for the purchase of the Turin real-estate complex;
- € 1,567 thousand of interest expense and other financial expense, including € 1,516 thousand relating to the discounting of non-current assets and liabilities. In 2011, this item included the write-down of current financial receivables to Seat Pagine Gialle S.p.A. in the amount of € 667,500 thousand, which was recorded following the measurement of all assets and liabilities at their estimated realizable value;
- € 117 thousand of foreign-exchange losses, more or less in line with the € 40 thousand of foreign-exchange gains recorded under financial income.

27.2 Interest income

Interest income totaled € 685,608 thousand (€ 104,257 thousand in 2011) and includes:

- € 669,690 thousand relating to the fair-value measurement by Lighthouse of the equitized portion of Lighthouse International Company S.A. bonds and of the exchangeable portion, recorded in the accounts pursuant to IFRIC 19;
- € 14,965 thousand of financial income on current assets, attributable essentially to interest accrued by the Telegate group in relation to its dispute with Deutsche Telekom AG, which has now been resolved;
- € 174 thousand of interest income from the investment of short-term liquidity in the banking system at market rates well above Euribor.

In 2011, financial income included Lighthouse International Company S.A. interest income arising from the proceeds loan to SEAT Pagine Gialle S.p.A. in the amount of € 104,250 thousand.

28. Income taxes for the year

Income taxes for the year were positive for € 192,119 thousand (€ 14 thousand in 2011) and break down as follows:

(euro thousand)	Year 2012	Year 2011	Change Absolute	%
Current income taxes	2,579	14	2,565	n.s.
Reversal (provision) of deferred tax assets	(3,672)	-	(3,672)	n.s.
Provision (reversal) of deferred tax liabilities	(185,829)	-	(185,829)	n.s.
Income taxes referred to previous years	(5,197)	-	(5,197)	n.s.
Total income taxes for the year	(192,119)	14	(192,133)	n.s.

Current income taxes totaled € 2,579 thousand in 2012.
The reversal of *deferred tax liabilities* amounted to € 185,829 thousand and referred mainly to the reduction in the difference between carrying amounts and amounts recorded for tax purposes concerning goodwill and other intangible assets as a result of the write-downs recorded following impairment tests.
Income taxes for previous years, which showed a credit of € 5,197 thousand, related mainly to a request to refund excess personal income tax (IRPEF) and corporation tax (IRES) paid for tax years prior to 2012 as a result of the failure to deduct regional production tax (IRAP) relating to staff and similar expenses (pursuant to Decree-Law 201/2011) and were recognized during the year in accordance with the relevant official provisions and interpretations.

The **reconciliation** of the income taxes reported in the financial statements and the theoretical income taxes resulting from the application of the tax rates in force in Italy to pre-tax income for the financial years ended December 31, 2012 and December 31, 2011 respectively is as follows:

(euro thousand)	As at 12.31.2012	As at 12.31.2011
Profit (loss) before income taxes	(1,232,063)	(667,550)
Current income taxes calculated with the theorical tax rate (31.40%)	386,868	209,611
Fiscal effect on non-deductible expenses for IRAP purposes (personnel expenses, interest income and expenses, etc.)	(75,085)	-
Effects of different tax rated in foreign countries	(1,081)	-
Income taxes referred to previous years	5,197	-
Permanent differences and other movements	(123,779)	(209,625)
Total income taxes for the year	192,119	(14)

Permanent differences (-€ 123,779 thousand in 2012) referred mainly to:
- the non-deductibility of components related to goodwill impairment losses (-€ 345,210 thousand);
- the tax exemption of the economic effects of the debt equitization performed in August 2012 in relation to Lighthouse, as recorded pursuant to IFRIC 19 (€ 207,094 thousand);
- non-deductible interest expense pursuant to article 96 of the Consolidated Income Tax Law, insofar as it is not likely that, within the timeframe foreseeable at present, the Group will generate gross operating revenues pursuant to article 96 of the aforementioned law to a sufficient extent to deduct for tax purposes interest expense not deducted in the current financial year in the future. As a result, deferred tax assets totaling € 7,990 thousand were not recorded.

Net deferred tax assets and liabilities

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

(euro thousand)	As at 12.31.2011	Changes during the year: Income taxes accounted for the statement of operations	Income taxes accounted for the equity	Purchase Price Allocation	Foreign exchange adjustments and other movements	As at 12.31.2012
Deferred tax assets						
Tax losses		8,533	–	–	2,257	10,790
Allowance for doubtful		(1,011)	–	3,410	19,945	22,344
Reserves for contractual risks		(3,896)	–	1,890	27,054	25,048
Reserves to employees		(351)	374	–	2,239	2,262
Goodwill		–	–	237	–	237
Other		397	–	2,030	(45,531)	(43,104)
Total deferred tax assets	–	3,672	374	7,567	5,9 62	17,575
Deferred tax liablities						
Data Base		66,697	–	(79,840)	–	(13,143)
Customer Relationship		73,719		(107,793)	(3,133)	(37,207)
Brands		24,972		(61,278)	–	(36,306)
Goodwill amortization		16,807	–	–	(38,761)	(21,954)
Property		–	–	(1,317)	–	(1,317)
Reserves to employees		234	53	–	(1,040)	(753)
Goodwill		–		1,103	(1,080)	23
Other		3,400	–	(1,581)	47,168	48,987
Total deferred tax liablities	–	185,829	53	(250,706)	3,154	(61,670)
Total	–	189,501	427	(243,139)	9,116	(44,095)
Shown in the statement of financial position						
Deferred tax assets	–					16,503
Deferred tax liablities	–					(60,598)

In the purchase price allocation, liabilities were recorded for net deferred taxes in relation to the differences between the amounts recorded for tax purposes and the carrying amounts of the assets and liabilities acquired. The changes during the year essentially reflect the reductions in the carrying amounts of said assets resulting from the write-downs recorded following impairment tests and amortization.

The main changes in net deferred tax liabilities resulted from changes to taxable provisions for write-downs, risks and charges, and to tax loss carryforwards.

Current tax assets

Current tax assets totaled € 23,758 thousand as at December 31, 2012 (€ 65 thousand as at December 31, 2011) and an be broken down as follows:

(euro thousand)	As at 12.31.2012	As at 12.31.2011	Change
Income tax receivables	22,691	57	22,634
Other tax receivables	1,067	8	1,059
Total current tax assets	23,758	65	23,693

The amount of € 22,691 thousand as at December 31, 2012 referred mainly to the corporation tax (IRES) credit resulting from the SEAT Group's participation in the domestic tax consolidation system, which was carried forward from previous tax periods.

Current tax payables

Current tax payables totaled € 28,670 thousand as at December 31, 2012 (€ 4 thousand as at December 31, 2011) and can be broken down as follows:

(euro thousand)	As at 12.31.2012	As at 12.31.2011	Change
Income tax payables	15,145	-	15,145
Other tax payables	13,525	4	13,521
Total current tax payables	28,670	4	28,666

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

Statement of financial position

The statement of financial position items "Non-current assets held for sale and discontinued operations" and "Liabilities directly associated with non-current assets held for sale and discontinued operations" as at December 31, 2012 included figures relating to the Group's interest in the Turkish joint venture Katalog Yayin ve Tanitim Hizmetleri A.S..

(euro thousand)	As at 12.31.2012	As at 12.31.2011
Non-current assets held for sale and discontinued operations	-	-
Liability directly associated with non-current assets held for sale and discontinued operations	250	-

30. Related-party transactions

With reference to the provisions of IAS 24 and pursuant to Consob Issuers' Regulation 17221 of March 12, 2010, the economic and financial effects of transactions with related parties on the Consolidated Financial Statements of the SEAT Pagine Gialle Group for 2012 are listed below.
In the year 2012 at which the Company and the Group have been handled by the current Board no atypical or unusual transactions with a related party or transactions giving rise to a potential conflict of interest have been carried out.
Pursuant to art. 5, paragraphs 8 and 9 of the aforementioned Regulation is noted as the most significant transactions have taken place as part of the restructuring process, namely *(i)* the merger by incorporation of Lighthouse International Company S.A. into SEAT Pagine Gialle S.p.A, *(ii)* the hive-down of almost the entire business conducted by the Company to wholly owned subsidiary SEAT Pagine Gialle Italia S.p.A., mentioned and described in this report (for further details please refer to the prospectus drawn up pursuant to article 70, paragraph 6 and article 57, paragraph 1, letter d) and paragraph 3 of the Regulation adopted by Consob through Resolution 11971 of May 14, 1999, as subsequently amended, which was published on August 24, 2012).
Based on the documentation prepared by former directors appears that other transactions with related parties carried out by Group companies in 2012, including intra-group transactions would not have a significant impact on the companies' statements of financial position or results, would be reclassified under ordinary operating activities and should be subject to market conditions or specific legislative provisions.
Figures reported in this section refer to atypical and / or unusual transactions or potential conflicts of interest thus reflect the feedback of the board previously in charge, with particular reference to the practice adopted on the legal status of a relationship.
The economic and financial effects of intra-group transactions between consolidated companies have been eliminated in the consolidated data.

Income statement

(euro thousand)	Year 2012	Associates	Companies with significant influence	Other related parties (*)	Total related parties year 2012
Cost of material and external services	(117,434)	-	-	(1,429)	(1,429)
Salaries, wages and employee benefits	(56,649)	-	-	(776)	(776)
Non-recurring costs	(18,627)	-	-	(3,897)	(3,897)

(*) Directors, statutory auditors, executives with strategic responsability and related companies though directors, statutory auditors, executives with strategic responsability

(euro thousand)	Year 2011	Associates	Companies with significant influence	Other related parties (*)	Total related parties year 2012
Interest income	104,257	104,250	-	-	104,250

(*) Directors, statutory auditors, executives with strategic responsability and related companies though directors, statutory auditors, executives with strategic responsability

Statement of financial position

(euro thousand)	As at December 31, 2012	Associates	Companies with significant influence	Other related parties (*)	Total related parties as at December 31, 2012
Current operating liabilities	(417,975)	-	-	(426)	(426)
Current non-operating liabilities	(56,329)	-	-	(1,370)	(1,370)

(*) Directors, statutory auditors, executives with strategic responsability and related companies though directors, statutory auditors, executives with strategic responsability

(euro thousand)	As at December 31, 2012	Associates	Companies with significant influence	Other related parties (*)	Total related parties as at December 31, 2011
Current financial receivables	702,000	702,000	-	-	702,000
Current operating receivables	139	131	-	-	131

(*) Directors, statutory auditors, executives with strategic responsability and related companies though directors, statutory auditors, executives with strategic responsability

Statement of cash flows

(euro thousand)	Year 2012	Associates	Companies with significant influence	Other related parties (*)	Total related parties year 2012
Cash inflow (outflow) from operating activities	33,263	131	-	(4,306)	(4,175)
Cash inflow (outflow) for investments	(20,993)	-	-	-	-
Cash inflow (outflow) for financing	187,030	702,000	-	-	702,000
Cash flow for the year	199,300	702,131	-	(4,306)	697,825

(*) Amministratori, Sindaci, Dirigenti con responsabilità strategiche e società correlate per il tramite di Amministratori, Sindaci e Dirigenti con responsabilità strategiche.

(euro thousand)	Year 2011	Associates	Companies with significant influence	Other related parties (*)	Total related parties year 2011
Cash inflow (outflow) from operating activities	(281)	(160)	-	-	(160)
Cash inflow (outflow) for investments	-	-	-	-	-
Cash inflow (outflow) for financing	132	121,625	-	-	121,625
Cash flow for the year	(149)	121,465	-	-	121,465

(*) Directors, statutory auditors, executives with strategic responsability and related companies though directors, statutory auditors, executives with strategic responsability

Remuneration to executive with strategic responsibility and remuneration paid to directors and statutory auditors.

For more details, please refer to paragraph 30 of the Financial Statements of SEAT Pagine Gialle S.p.A..

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

Income statement

(euro thousand)	Year 2012	Year 2011	Type of transaction
NON RECURRING COSTS, NET			
of which:	-	(243)	
Lighthouse International Company S.A.	-	(243)	costs related to Funding Request agreeemnt
INTEREST EXPENSE			
of which:	-	(104,352)	
Lighthouse International Company S.A.	-	(104,352)	interest expense on long-term subortinated facilities

Statement of financial position

(euro thousand)	As at 31.12.2012	As at 31.12.2011	Type of transaction
CURRENT FINANCIAL DEBTS			
of which:	-	(1,369,500)	
Lighthouse International Company S.A.	-	(1,369,500)	subordinated financing and outstanding interst expense for the period
TRADE PAYABLES			
of which:	-	(131)	
Lighthouse International Company S.A.	-	(131)	consulting costs
PAYABLES FOR SERVICES TO BE RENDERED AND OTHER CURRENT LIABILITIES			
of which:	-	(243)	
Lighthouse International Company S.A.	-	(243)	debts related to Funding Request agreement

31. Other information

Statement of fees paid to the Independent Auditors and related entities

Pursuant to article 149-*duodecies* of Consob Issuers' Regulation 11971/1999 (as subsequently amended), the following table shows the fees for 2012 for auditing and other services carried out for SEAT Pagine Gialle Group companies by PricewaterhouseCoopers S.p.A. and related entities.

(euro thousand)	Year 2012	Year 2011(*)
PricewaterhouseCoopers Group		
SEAT Pagine Gialle S.p.A.		
- Audit	37	17
- Other services and assignments in PricewaterhouseCoopers network		
Total	37	17
Subsidiaries		
- Audit	463	
- Other services and assignments in PricewaterhouseCoopers network	415	
Total	878	

* 2011 data refer to KPMG.

Equity investments included in the Consolidated Financial Statements using the full consolidation method (Consob Communication DEM/6064293 of July 28, 2006)

Table 1

Company (business)	Registered office	Share capital		Ordinary shares held %	by	% held by SEAT Pagine Gialle S.p.A.
PARENT COMPANY						
SEAT PAGINE GIALLE S.p.A.	Milano (Italia)	Euro	450,266,000			
SUBSIDIARIES						
SEAT PAGINE GIALLE ITALIA S.p.A. (Local Internet Company)	Torino (Italia)	Euro	200,000,000	100.00	SEAT Pagine Gialle S.p.A.	100.00
CIPI S.p.A. (merchanding of promotional objects)	Milano (Italia)	Euro	1,200,000	100.00	SEAT Pagine Gialle Italia S.p.A.	100.00
CONSODATA S.p.A. (direct marketing services, database creatin, management and distribution)	Roma (Italia)	Euro	2,446,330	100.00	SEAT Pagine Gialle Italia S.p.A.	100.00
EUROPAGES S.A. (production, promotion and marketing of the "Europages" directory)	Parigi (Francia)	Euro	1,000,000	98.37	SEAT Pagine Gialle Italia S.p.A.	98.37
EUROPAGES Benelux SPRL (production, promotion and marketing of the "Europages" directory)	Bruxelles (Belgio)	Euro	20,000	99.00	Europages S.A.	97.39
PRONTOSEAT S.r.l. (call center services)	Torino (Italia)	Euro	10,500	100.00	SEAT Pagine Gialle Italia S.p.A.	100.00
TDL INFOMEDIA Ltd. (holding)	Hampshire (Gran Bretagna)	Sterline	139,525	100.00	SEAT Pagine Gialle Italia S.p.A.	100.00
THOMSON DIRECTORIES Ltd. (publishing and distribution of directories)	Hampshire (Gran Bretagna)	Sterline	1,340,000	100.00	TDL Infomedia Ltd.	100.00
THOMSON DIRECTORIES PENSION COMPANY Ltd. (administration of Thomson Directories Pension Fund)	Hampshire (Gran Bretagna)	Sterline	2	100.00	Thomson Directories Ltd.	100.00
MOBILE COMMERCE Ltd. (call center services)	Cirencester (Gran Bretagna)	Sterline	497	10.00	TDL Infomedia Ltd.	10.00
TELEGATE HOLDING GmbH (holding)	Monaco (Germania)	Euro	26,100	100.00	SEAT Pagine Gialle Italia S.p.A.	100.00
TELEGATE AG (call center services)	Monaco (Germania)	Euro	19,111,091	16.24 61.13	SEAT Pagine Gialle Italia S.p.A. Telegate Holding GmbH	77.37
WerWieWas GmbH (call center services)	Monaco (Germania)	Euro	25,000	100.00	Telegate Media AG	77.37
11811 NUEVA INFORMACION TELEFONICA S.A.U. (call center services)	Madrid (Spagna)	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 (Spagna)	Euro	3,100	100.00	Telegate AG	77.37
TELEGATE MEDIA AG (sale of on-line directories)	Essen (Germania)	Euro	4,050,000	100.00	Telegate AG	77.37
TELEGATE LLC (internet services)	Yerevan (Armenia)	Dram	50,000	100.00	Telegate AG	77.37

Equity investments included in the Consolidated Financial Statements using the full consolidation method (Consob Communication DEM/6064293 of July 28, 2006)

Table 1

Company (business)	Registered office	Share capital		Ordinary shares held %	by	% held by SEAT Pagine Gialle S.p.A.
SUBSIDIARIES						
Digital Local Services ROMA1 Srl (commercial consultancy and marketing)	Torino (Italia)	Euro	10,000	100.00	SEAT Pagine Gialle Italia S.p.A.	100.00
Digital Local Services ROMA2 Srl (commercial consultancy and marketing)	Torino (Italia)	Euro	10,000	100.00	SEAT Pagine Gialle Italia S.p.A.	100.00
Digital Local Services ROMA3 Srl (commercial consultancy and marketing)	Torino (Italia)	Euro	10,000	100.00	SEAT Pagine Gialle Italia S.p.A.	100.00
Digital Local Services MILANO 1 Srl (commercial consultancy and marketing)	Torino (Italia)	Euro	10,000	100.00	SEAT Pagine Gialle Italia S.p.A.	100.00
Digital Local Services MILANO 2 Srl (commercial consultancy and marketing)	Torino (Italia)	Euro	10,000	100.00	SEAT Pagine Gialle Italia S.p.A.	100.00
Digital Local Services MILANO 3 Srl (commercial consultancy and marketing)	Torino (Italia)	Euro	10,000	100.00	SEAT Pagine Gialle Italia S.p.A.	100.00
Digital Local Services BERGAMO 1 Srl (commercial consultancy and marketing)	Torino (Italia)	Euro	10,000	100.00	SEAT Pagine Gialle Italia S.p.A.	100.00
Digital Local Services BERGAMO 2 Srl (commercial consultancy and marketing)	Torino (Italia)	Euro	10,000	100.00	SEAT Pagine Gialle Italia S.p.A.	100.00
Digital Local Services BRESCIA 1 Srl (commercial consultancy and marketing)	Torino (Italia)	Euro	10,000	100.00	SEAT Pagine Gialle Italia S.p.A.	100.00
Digital Local Services BRESCIA 2 Srl (commercial consultancy and marketing)	Torino (Italia)	Euro	10,000	100.00	SEAT Pagine Gialle Italia S.p.A.	100.00
Digital Local Services VARESE 1 Srl (commercial consultancy and marketing)	Torino (Italia)	Euro	10,000	100.00	SEAT Pagine Gialle Italia S.p.A.	100.00
Digital Local Services COMO 1 Srl (commercial consultancy and marketing)	Torino (Italia)	Euro	10,000	100.00	SEAT Pagine Gialle Italia S.p.A.	100.00
Digital Local Services BOLZANO 1 Srl (commercial consultancy and marketing)	Torino (Italia)	Euro	10,000	100.00	SEAT Pagine Giallev S.p.A.	100.00
Digital Local Services VENEZIA 1 Srl (commercial consultancy and marketing)	Torino (Italia)	Euro	10,000	100.00	SEAT Pagine Gialle Italia S.p.A.	100.00
Digital Local Services SONDRIO LECCO 1 Srl (commercial consultancy and marketing)	Torino (Italia)	Euro	10,000	100.00	SEAT Pagine Gialle Italia S.p.A.	100.00
Digital Local Services LOMBARDIA 1 Srl (commercial consultancy and marketing)	Torino (Italia)	Euro	10,000	100.00	SEAT Pagine Gialle Italia S.p.A.	100.00
Digital Local Services LOMBARDIA 2 Srl (commercial consultancy and marketing)	Torino (Italia)	Euro	10,000	100.00	SEAT Pagine Gialle Italia S.p.A.	100.00
Digital Local Services LOMBARDIA 3 Srl (commercial consultancy and marketing)	Torino (Italia)	Euro	10,000	100.00	SEAT Pagine Gialle Italia S.p.A.	100.00
Digital Local Services SARDEGNA 1 Srl (commercial consultancy and marketing)	Torino (Italia)	Euro	10,000	100.00	SEAT Pagine Gialle Italia S.p.A.	100.00
Digital Local Services SARDEGNA 2 Srl (commercial consultancy and marketing)	Torino (Italia)	Euro	10,000	100.00	SEAT Pagine Gialle Italia S.p.A.	100.00
Digital Local Services FRIULI 1 Srl (commercial consultancy and marketing)	Torino (Italia)	Euro	10,000	100.00	SEAT Pagine Gialle Italia S.p.A.	100.00
Digital Local Services VENETO 1 Srl (commercial consultancy and marketing)	Torino (Italia)	Euro	10,000	100.00	SEAT Pagine Gialle Italia S.p.A.	100.00
Digital Local Services VENETO 2 Srl (commercial consultancy and marketing)	Torino (Italia)	Euro	10,000	100.00	SEAT Pagine Gialle Italia S.p.A.	100.00
Digital Local Services VENETO 3 Srl (commercial consultancy and marketing)	Torino (Italia)	Euro	10,000	100.00	SEAT Pagine Gialle Italia S.p.A.	100.00
Digital Local Services VENETO 4 Srl (commercial consultancy and marketing)	Torino (Italia)	Euro	10,000	100.00	SEAT Pagine Gialle Italia S.p.A.	100.00

Equity investments included in the Consolidated Financial Statements using the full consolidation method (Consob Communication DEM/6064293 of July 28, 2006)

Table 1

Company (business)	Registered office	Share capital		Ordinary shares held %	by	% held by SEAT Pagine Gialle S.p.A.
SUBSIDIARIES						
Digital Local Services VENETO 5 Srl (commercial consultancy and marketing)	Torino (Italia)	Euro	10,000	100.00	SEAT Pagine Gialle Italia S.p.A.	100.00
Digital Local Services EMILIA 1 Srl (commercial consultancy and marketing)	Torino (Italia)	Euro	10,000	100.00	SEAT Pagine Gialle Italia S.p.A.	100.00
Digital Local Services EMILIA 2 Srl (commercial consultancy and marketing)	Torino (Italia)	Euro	10,000	100.00	SEAT Pagine Gialle Italia S.p.A.	100.00
Digital Local Services EMILIA 3 Srl (commercial consultancy and marketing)	Torino (Italia)	Euro	10,000	100.00	SEAT Pagine Gialle Italia S.p.A.	100.00
Digital Local Services PIEMONTE 1 Srl (commercial consultancy and marketing)	Torino (Italia)	Euro	10,000	100.00	SEAT Pagine Gialle Italia S.p.A.	100.00
Digital Local Services PIEMONTE 2 Srl (commercial consultancy and marketing)	Torino (Italia)	Euro	10,000	100.00	SEAT Pagine Gialle Italia S.p.A.	100.00
Digital Local Services CUNEO 1 Srl (commercial consultancy and marketing)	Torino (Italia)	Euro	10.,000	100.00	SEAT Pagine Gialle Italia S.p.A.	100.00
Digital Local Services LAZIO 1 Srl (commercial consultancy and marketing)	Torino (Italia)	Euro	10,000	100.00	SEAT Pagine Gialle Italia S.p.A.	100.00
Digital Local Services LAZIO 2 Srl (commercial consultancy and marketing)	Torino (Italia)	Euro	10,000	100.00	SEAT Pagine Gialle Italia S.p.A.	100.00
Digital Local Services LAZIO 3 Srl (commercial consultancy and marketing)	Torino (Italia)	Euro	10,000	100.00	SEAT Pagine Gialle Italia S.p.A.	100.00
Digital Local Services SICILIA 1 Srl (commercial consultancy and marketing)	Torino (Italia)	Euro	10,000	100.00	SEAT Pagine Gialle Italia S.p.A.	100.00
Digital Local Services SICILIA 2 Srl (commercial consultancy and marketing)	Torino (Italia)	Euro	10,000	100.00	SEAT Pagine Gialle Italia S.p.A.	100.00
Digital Local Services SICILIA 3 Srl (commercial consultancy and marketing)	Torino (Italia)	Euro	10,000	100.00	SEAT Pagine Gialle Italia S.p.A.	100.00
Digital Local Services SICILIA 4 Srl (commercial consultancy and marketing)	Torino (Italia)	Euro	10,000	100.00	SEAT Pagine Gialle Italia S.p.A.	100.00
Digital Local Services SICILIA 5 Srl (commercial consultancy and marketing)	Torino (Italia)	Euro	10,000	100.00	SEAT Pagine Gialle Italia S.p.A.	100.00
Digital Local Services SICILIA 6 Srl (commercial consultancy and marketing)	Torino (Italia)	Euro	10,000	100.00	SEAT Pagine Gialle Italia S.p.A.	100.00
Digital Local Services TORINO 1 Srl (commercial consultancy and marketing)	Torino (Italia)	Euro	10,000	100.00	SEAT Pagine Gialle Italia S.p.A.	100.00
Digital Local Services TORINO 2 Srl (commercial consultancy and marketing)	Torino (Italia)	Euro	10,000	100.00	SEAT Pagine Gialle Italia S.p.A.	100.00
Digital Local Services TORINO 3 Srl (commercial consultancy and marketing)	Torino (Italia)	Euro	10,000	100.00	SEAT Pagine Gialle Italia S.p.A.	100.00
Digital Local Services TORINO 4 Srl (commercial consultancy and marketing)	Torino (Italia)	Euro	10,000	100.00	SEAT Pagine Gialle Italia S.p.A.	100.00
Digital Local Services PUGLIA 1 Srl (commercial consultancy and marketing)	Torino (Italia)	Euro	10,000	100.00	SEAT Pagine Gialle Italia S.p.A.	100.00
Digital Local Services PUGLIA 2 Srl (commercial consultancy and marketing)	Torino (Italia)	Euro	10,000	100.00	SEAT Pagine Gialle Italia S.p.A.	100.00
Digital Local Services PUGLIA 3 Srl (commercial consultancy and marketing)	Torino (Italia)	Euro	10,000	100.00	SEAT Pagine Gialle Italia S.p.A.	100.00
Digital Local Services CALABRIA 1 Srl (commercial consultancy and marketing)	Torino (Italia)	Euro	10,000	100.00	SEAT Pagine Gialle Italia S.p.A.	100.00
Digital Local Services CALABRIA 2 Srl (commercial consultancy and marketing)	Torino (Italia)	Euro	10,000	100.00	SEAT Pagine Gialle Italia S.p.A.	100.00

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

Table 1

Company (business)	Registered office	Share capital		Ordinary shares held %	by	% held by SEAT Pagine Gialle S.p.A.
SUBSIDIARIES						
TDL BELGIUM S.A. (in liquidation) (publishing and distribution of directories)	Bruxelles (Belgio)	Euro	18,594,176	49.60	TDL Infomedia Ltd.	49.60

Certification of the separate financial statements pursuant to art. 81-ter of Consob Regulation No. 11971 of May 14, 1999 as subsequently amended

1. The undersigned Vincenzo Santelia, acting in his capacity as Chief Executive Officer, and Massimo Cristofori,acting in his capacity as Manager Responsible for the Preparation of the Financial Statements of SEAT Pagine Gialle S.p.A., hereby declare, taking due account of section 154-bis, sub-sections 3 and 4 of Legislative Decree No. 58 of February 24, 1998, that in the preparation of the Financial Statements for the period all administrative and accounting procedures considered appropriate to the nature of the undertaking were applied in 2012.

2. All administrative and accounting procedures relating to the preparation of the Financial Statements as at December 31, 2012 were critically reviewed during the year to ensure their relevance and full application. The review did not reveal any anomalies.

3. We furthermore declare that:

   3.1. the Financial Statements for 2012:

   - have been prepared in accordance with the IAS/IFRS recognised as applicable by the European Community and under section 9 of Legislative Decree 38/2005 and that they offer a true and fair view of the Company's assets and economic and financial position;
   - agree with the books and accounting records;
   - offer a true and fair view of the assets and economic and financial position of the Company;

   3.2. the Report on Operations includes a reliable analysis of operating performance and results, of the position of the Company and a description of the main risks and uncertainties to which it is exposed.

Milan, June 27, 2012

Chief Executive Officer
Vincenzo Santelia

Manager responsible for the preparation of the financial statements

Massimo Cristofori

AUDITORS' REPORT IN ACCORDANCE WITH ARTICLES 14 AND 16 OF LEGISLATIVE DECREE N° 39 OF 27 JANUARY 2010

To the Shareholders of
SEAT Pagine Gialle SpA

1 We have audited the consolidated financial statements of SEAT Pagine Gialle SpA and its subsidiaries ("SEAT Pagine Gialle Group") as of 31 December 2012, which comprise the statement of financial position, the income statement, the statement of comprehensive income, the statement of cash flows, the statement of changes in equity and the related explanatory notes. The directors of SEAT Pagine Gialle SpA are responsible for the preparation of these consolidated financial statements in compliance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree n° 38/2005. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

2 We conducted our audit in accordance with the auditing standards and criteria recommended by Consob, the Italian Commission for listed Companies and the Stock Exchange. Those standards and criteria require that we plan and perform the audit to obtain the necessary assurance about whether the consolidated financial statements are free of material misstatement and, taken as a whole, are presented fairly. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors.

The consolidated financial statements include, for comparative purposes, the previous year financial statements, prepared in accordance with the same accounting standards, of Lighthouse International Company SA, the company registered under Luxembourg law identified as the acquirer in the business combination transaction with SEAT Pagine Gialle SpA occurred on 31 August 2012. The explanatory note "2.1 Lighthouse Company S.A.'s transition to IFRS" describes the effects of the transition to the International Financial Reporting Standards as adopted by the European Union. We have examined the information contained in the above mentioned note in order to express our opinion on the consolidated financial statements of the SEAT Pagine Gialle Group as of 31 December 2012.

PricewaterhouseCoopers SpA

Sede legale e amministrativa: Milano 20149 Via Monte Rosa 91 Tel. 0277851 Fax 027785240 Cap. Soc. Euro 6.812.000,00 i.v., C .F. e P.IVA e Reg. Imp. Milano 12979880155 Iscritta al n° 119644 del Registro dei Revisori Legali - Altri Uffici: **Ancona** 60131 Via Sandro Totti 1 Tel. 0712132311 - **Bari** 70124 Via Don Luigi Guanella 17 Tel. 0805640211 - **Bologna** Zola Predosa 40069 Via Tevere 18 Tel. 0516186211 - **Brescia** 25123 Via Borgo Pietro Wuhrer 23 Tel. 0303697501 - **Catania** 95129 Corso Italia 302 Tel. 0957532311 - **Firenze** 50121 Viale Gramsci 15 Tel. 0552482811 - **Genova** 16121 Piazza Dante 7 Tel. 01029041 - **Napoli** 80121 Piazza dei Martiri 58 Tel. 08136181 - **Padova** 35138 Via Vicenza 4 Tel. 049873481 - **Palermo** 90141 Via Marchese Ugo 60 Tel. 091349737 - **Parma** 43100 Viale Tanara 20/A Tel. 0521275911 - **Roma** 00154 Largo Fochetti 29 Tel. 06570251 - **Torino** 10122 Corso Palestro 10 Tel. 011556771 - **Trento** 38122 Via Grazioli 73 Tel. 0461237004 - **Treviso** 31100 Viale Felissent 90 Tel. 0422696911 - **Trieste** 34125 Via Cesare Battisti 18 Tel. 0403480781 - **Udine** 33100 Via Poscolle 43 Tel. 043225789 - **Verona** 37135 Via Francia 21/C Tel.0458263001

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3 The consolidated financial statements of the SEAT Pagine Gialle Group as of 31 December 2012 report a loss of Euro 1,039.9 million influenced by Euro 1,678.2 million of intangible assets write - down, net of tax, resulting from the impairment test carried out with reference to the business plan prepared by the directors and used as the basis for the composition with creditors' procedure (the "Proposal") and financial income of Euro 669.7 million resulting from the application by Lighthouse International Company SA of *IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments"*. This loss has determined the negative consolidated net equity of Euro 968.2 million as of 31 December 2012.

On 6 February 2013 SEAT Pagine Gialle SpA (the "Company"), together with its subsidiary SEAT Pagine Gialle Italia SpA (the "Subsidiary"), submitted to the Turin Court the application for the composition with creditors' procedure (the "Procedure") in accordance with article 161 of the Bankruptcy Law. In accordance with article 182-sexies of the Bankruptcy Law, such a request suspends the situations pursuant to articles 2446 and 2447 of the Italian Civil Code for the Company and its Subsidiary, respectively, for the period between the application filing date and the approval of the composition with creditors' procedure.

On 28 June 2013 the Company and its Subsidiary filed the composition proposal, the plan and further documentation in accordance with the second and third commas of article 161 of the Bankruptcy Law.

In the "Going concern evaluation" paragraphs of the report on operations and of the explanatory notes to the consolidated financial statements, the directors recognize the existence of certain factors that contribute considerably to the permanence of significant uncertainties over the Company's ability to continue to operate in the foreseeable future. These significant uncertainties, in addition to the difficulties arising from a persistently very tough economic climate, relate to:

- the Court of Turin admitting the Company to the composition with creditors' procedure as a going concern; on the basis of the elements contained in the filing, the Court must first assess whether the legal and factual conditions are in place to admit the Company to a composition procedure. If these conditions are not in place, the Court may declare the filing to be inadmissible, thereby ensuring an insolvency status;

- the Shareholders' Meeting taking the necessary decisions to execute the proposed composition with creditors; this Proposal provides for some of the Company's debts to be converted into equity by way of a reserved capital increase that will dilute the stakes of the existing shareholders. At present, as there is no nucleus of major shareholders with a sufficient stake to ensure the quorums required to hold meetings and take decisions, it is impossible to predict the outcome of the meeting called to take the decisions in question;

- the positive outcome of the creditors' meeting; it is uncertain whether the creditors will vote in a sufficient majority to approve the Proposal so it can be authorized by the Court;

- the Court authorizing the composition with creditors; when investigating the matter, the Court must take into account and assess all available information, particularly the report of the commissioner appointed when the Company is admitted to the composition with creditors' procedure;

- the Proposal re-establishing positive equity that is sufficient to bring the Company and its Subsidiary out of the situations pursuant to articles 2446 and 2447 of the Italian Civil Code, respectively, and to sustain business for the period covered by the plan drawn up during the Procedure;

- the estimates and forecasts made by the Company in relation to the composition with creditors' procedure and the viability of the plan underlying the Proposal. The actions provided for by the new strategic guidelines are subject to the completion of certain operations, including some of an extraordinary nature, for the purposes of which the Procedure must evolve favorably and result in the authorization of the composition with creditors.

The matters outlined above show that the going concern assumption, used by directors to prepare the consolidated financial statements, is subject to multiple material uncertainties that depend on factors that are not under the control of the directors, with possible significant cumulative effects on the consolidated financial statements of the SEAT Pagine Gialle Group as of 31 December 2012.

4 Due to the effects of the uncertainties mentioned in paragraph 3 above, we are not able to express an opinion on the consolidated financial statements of the SEAT Pagine Gialle Group as of 31 December 2012.

5 We bring to your attention that the merger by incorporation of Lighthouse International Company SA into SEAT Pagine Gialle SpA became effective on 31 August 2012. This transaction, in accordance with *IFRS 3 - Business Combinations*, is a reverse acquisition. The Lighthouse International Company SA bondholders became shareholders of the company immediately before the merger, acquiring the majority shareholding in SEAT Pagine Gialle SpA through the share swap following the merger. The effects of this extraordinary transaction, that has had significant consequences in relation to the presentation of the economic and financial figures of the SEAT Pagine Gialle Group for the year 2012, are described in the "Introduction" to the consolidated financial statements as of 31 December 2012.

6 The directors of SEAT Pagine Gialle SpA are responsible for the preparation of the report on operations and of the report on corporate governance and ownership structure published in section "Governance" of the website of SEAT Pagine Gialle SpA, in compliance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the report on operations and of the information referred to in paragraph 1, letters c), d), f), l), m), and paragraph 2, letter b), of article 123-bis of Legislative Decree n° 58/98 presented in the report on corporate governance and ownership structure, with the financial statements, as required by law. Because of the effects related to the multiple significant uncertainties described

in paragraph 3 above, we are not able to express an opinion on the consistency of the report on operations and of the information referred to in paragraph 1, letters c), d), f), l), m), and paragraph 2, letter b), of article 123-bis of Legislative Decree n° 58/98 presented in the report on corporate governance and ownership structure, with the consolidated financial statements of SEAT Pagine Gialle SpA as of 31 December 2012.

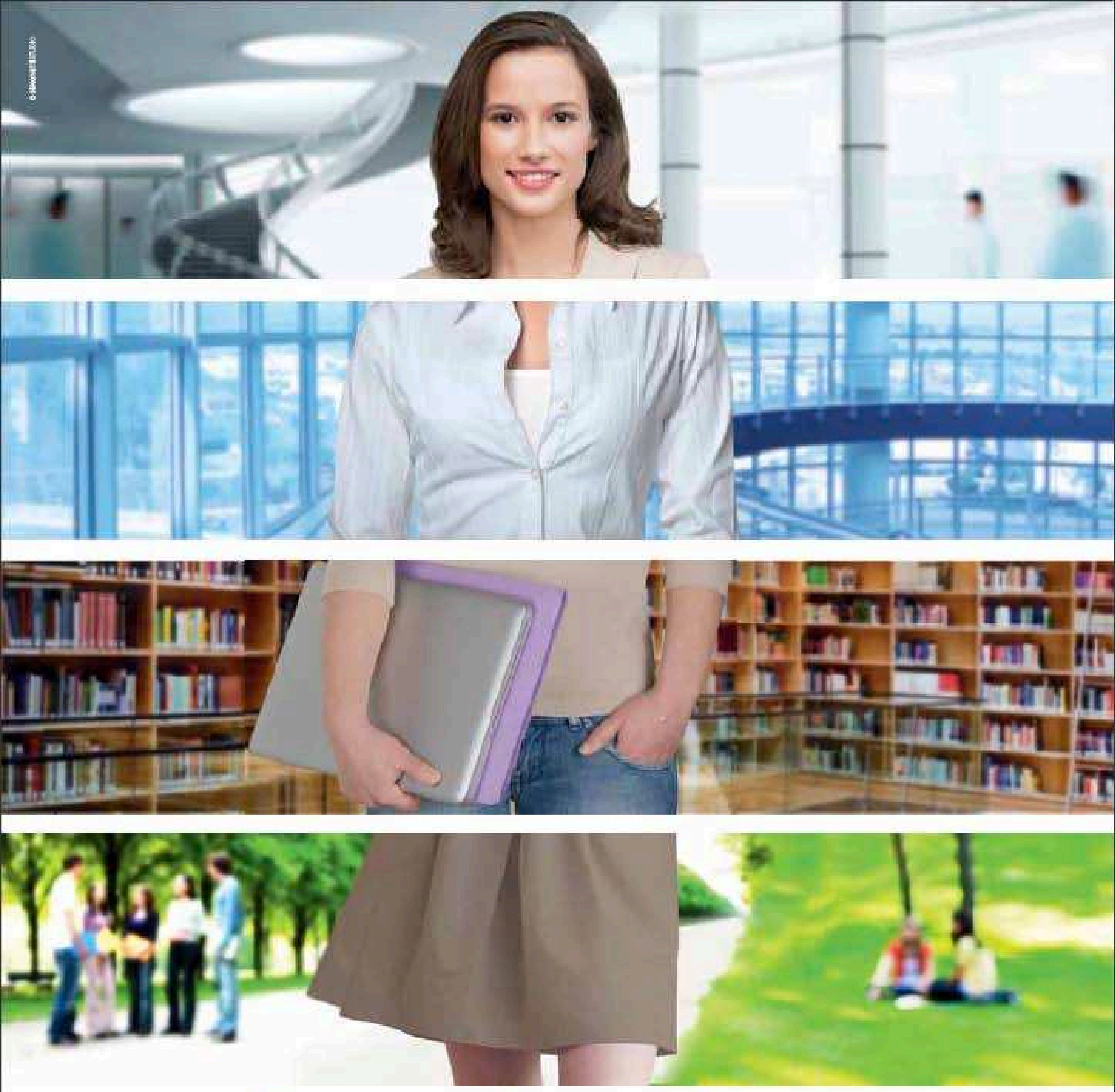
Turin, 3 July 2013

PricewaterhouseCoopers SpA

Signed by

Piero De Lorenzi
(Partner)

This report has been translated from the original which was issued in accordance with Italian legislation. We have not examined the translation of the consolidated financial statements referred to in this report.



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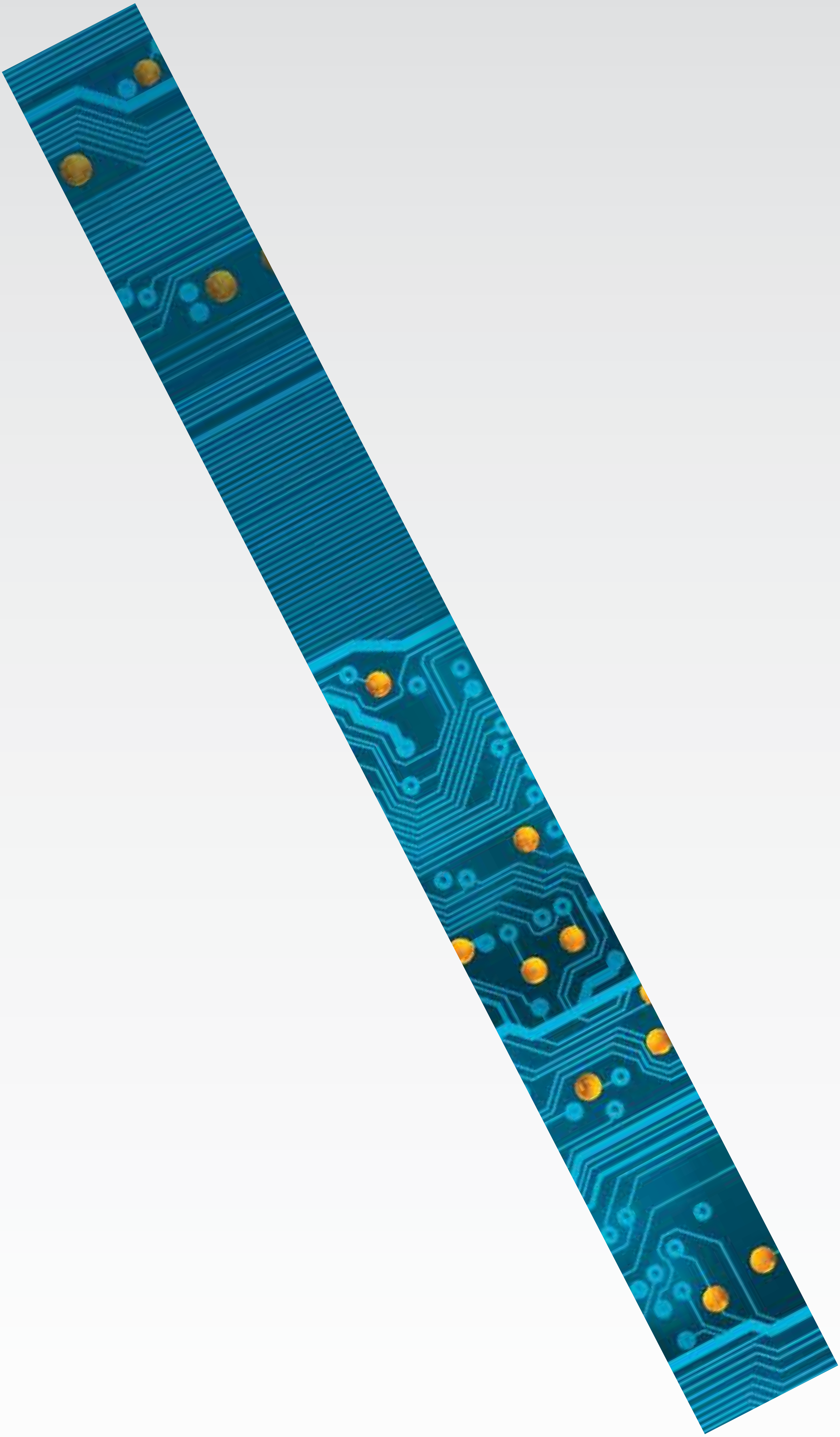
Separate financial statements of SEAT Pagine Gialle S.p.A.



Introduction

During 2012, SEAT Pagine Gialle S.p.A. ("SEAT") was involved in a complex financial restructuring process that began during the first half of 2011 and ended on September 6, 2012. Details on how the process unfolded and a more in-depth look at the different phases and implications of the operations involved can be found in the Introduction of the Notes to the Consolidated Financial Statements at December 31, 2012 and in the financial press releases and reports published during the process.
In light of the Company's unsustainable financial position, thoroughly described in the Introduction of the Report on operations, its Board of Directors and that of SEAT Pagine Gialle Italia S.p.A. decided on February 6, 2013 to file for a composition with creditors' procedure to ensure business continuity pursuant to article 161 of the Bankruptcy Act, making a 'blank filing' pursuant to paragraph 6 of said article.

A persistently bleak economic outlook and revised business forecasts, thoroughly described in the Introduction of the Report on operations, led the Board of Directors of the Company and of SEAT Pagine Gialle Italia S.p.A. to recognize that the economic and financial objectives established in the 2011-2013 strategic guidelines and in the forecasts for 2015, which were drawn up during the aforementioned debt restructuring, were no longer up to date or achievable in light of market forecasts and current performance. As a result, on February 6, 2013, SEAT Pagine Gialle S.p.A. and SEAT Pagine Gialle Italia S.p.A. made a 'blank filing' for a composition with creditors' procedure at the Court of Turin, with a view to identifying a course of action that would enable long-term financial stability and new, achievable business and operating objectives.

The 2012 financial restructuring had significant effects not only on the Company's debt structure, but also on its economic results and its financial position; in particular with reference to the merger by incorporation of Lighthouse into the Company and the transfer to wholly owned subsidiary SEAT Pagine Gialle Italia S.p.A. (formerly Pagine Gialle Phone Service S.r.l.) of almost its entire business (the "Hive-down"). Although SEAT was the incorporating company from a legal perspective, in accordance with IFRS 3, for accounting purposes, Lighthouse was considered the acquirer insofar as the majority of SEAT's share capital was acquired upon completion of the Merger by the former Lighthouse bondholders, who became Lighthouse shareholders. Therefore, booking the Merger also involved identifying the purchase price ("purchase price allocation"), with reference to the fair value of SEAT's assets and liabilities.
There were therefore material changes to the post-merger capital structure, including in particular the recognition of a total of around € 723 million of intangible assets with a finite useful life (customer relationship assets, databases, trademarks) and the calculation of new goodwill.

In addition, the Hive-down saw the Company transfer almost all its assets (including intangible assets) and liabilities (including financial liabilities) to subsidiary SEAT Pagine Gialle Italia S.p.A.

In light of the above, the figures on the statement of financial position, the income statement and the statement of cash flows as at December 31, 2012 are not comparable with those as at December 31, 2011, which included for the whole year the results of the operating assets and liabilities transferred to SEAT Pagine Gialle Italia S.p.A. on September 1, 2012.

Statement of financial position of SEAT Pagine Gialle S.p.A. as at December 31, 2012

Assets

(euro/thousand)		As at 12.31.2012	As at 12.31.2011	Notes
Non-current assets				
Intangible assets with indefinite useful life		-	1,873,919	(7)
Intangible assets with finite useful life		-	51,933	(8)
Property, plant and equipment		-	12,757	(9)
Leased assets		-	52,821	(10)
Investments		-	120,891	(11)
Other non-current financial assets from third parties		638	2,051	(12)
Deferred tax assets, net		14,187	10,517	(28)
Other non-current assets		4,752	176	(15)
Total non-current assets	(A)	19,577	2,125,065	
Current assets				
Inventories		-	7,522	(13)
Trade receivables		91	458,053	(14)
Current tax assets		21,372	23,475	(29)
Other current assets		2,058	59,692	(15)
Current financial assets		2,875	26,938	(18)
Cash and cash equivalents		3	120,601	(18)
Total current assets	(B)	26,399	696,281	
Non-current assets held for sale and discontinued operations	(C)	-	-	(30) 9)
Total assets	(A+B+C)	45,976	2,821,346	

Liabilities

(euro/thousand)		As at 12.31.2012	As at 12.31.2011	Notes
Equity				
Share capital		450,266	450,266	(16)
Additional paid-in capital		466,847	466,847	(16)
Legal reserve		50,071	50,071	
Retained earnings (losses)		(1,685,278)	(867,648)	(16)
Reserve for "cash flow hedge" instruments		-	(1,561)	
Reserve for actuarial gains (losses)		(264)	1,020	(16)
Other reserves		1,471,330	161,750	(16)
Profit (loss) for the year		(734,386)	(817,856)	
Total equity	(A)	18,586	(557,111)	
Non-current liabilities				
Non-current financial debts		-	750,661	(18)
Non-current reserves to employees		139	12,281	(21)
Other non-current liabilities		1,274	23,621	(22)
Total non-current liabilities	(B)	1,413	786,563	
Current liabilities				
Current financial debts		-	2,137,441	(18)
Trade payables		2,367	158,678	(24)
Payables for services to be rendered and other current liabilities		14,778	232,378	(24)
Reserve for current risks and charges		7,564	49,201	(23)
Current tax payables		1,018	13,946	(28)
Total current liabilities	(C)	25,727	2,591,644	
Liabilities directly associated with non-current assets held for sale and discontinued operations	(D)	250	250	(29)
Total liabilities	(B+C+D)	27,390	3,378,457	
Total liabilities and equity	(A+B+C+D)	45,976	2,821,346	

Income statement of SEAT Pagine Gialle S.p.A. for 2012

(euro/thousand)	Year 2012	Year 2011	Notes
Sales of goods	1,794	4,616	(25)
Rendering of services	447,874	743,899	(25)
Revenues from sales and services	449,668	748,515	(25)
Other income	5,328	7,157	(26)
Total revenues	454,996	755,672	
Costs of materials	(12,745)	(23,278)	(26)
Cost of external services	(167,741)	(278,437)	(26)
Salaries, wages and employee benefits	(48,138)	(72,225)	(26)
Other valuation adjustments	(26,517)	(19,338)	(14)
Provisions to reserves for risks and charges, net	(4,710)	(13,671)	(23)
Other operating expenses	(2,460)	(2,858)	(26)
Operating income before amortization, depreciation, non-recurring and restructuring costs, net	192,685	345,865	
Amortization, depreciation and write-downs	(25,840)	(711,230)	(7-10)
Non-recurring costs, net	(75,052)	(27,552)	(26)
Restructuring costs, net	(142)	(9,999)	(26)
Operating result	91,651	(402,916)	
Interest expense	(132,326)	(290,166)	(27)
Interest income	6,642	22,945	(27)
Gains (losses) on disposal of investments	(691.888)	(62,970)	(11)
Profit (loss) before income taxes	(725,921)	(733,107)	
Income taxes for the year	(8,465)	(84,749)	(28)
Profit (loss) on continuing operations	(734,386)	(817,856)	
Profit (loss) from non-current assets held for sale and discontinued operations	-	-	
Profit (loss) for the year	(734,386)	(817,856)	

		As at 12.31.2012	As at 12.31.2011
Number of SEAT Pagine Gialle S.p.A. shares		16,066,893,331	1,927,707,706
- ordinary shares		*16,066,212,958*	*1,927,027,333*
- savings shares		*680,373*	*680,373*
weighted average shares outstanding		6,640,769,581	1,927,707,706
Profit (loss) for the year	€/thousand	(734,386)	(817,857)
Profit (loss) par share	€	(0.111)	(0.424)
Profit (loss) diluted par share		n.a.	n.a.

Statement of comprehensive income of SEAT Pagine Gialle S.p.A. for 2012

(euro/thousand)		Esercizio 2012	Esercizio 2011	Note
Profit (loss) for the period	(A)	(734,386)	(817,856)	
Profit (loss) for "cash flow hedge" instruments		1,561	11,047	(16)
Actuarial gain (loss) recognised to equity		(1,284)	147	(16)
Total other comprehensive profit (loss) for the year, net of tax effect	(B)	277	11,194	
Total comprehensive profit (loss) for the year	(A+B)	(734,109)	(806,662)	

Statement of cash flows of SEAT Pagine Gialle S.p.A. for 2012

(euro/thousand)		Year 2012	Year 2011	Note
Cash inflow (outflow) from operating activities				
Operating result		91,651	(402,916)	
Amortization, depreciation and write-downs		25,840	711,230	
(Gains) losses on disposal of non-current assets		(2)	-	
Change in working capital		51,813	64,525	
Income taxes paid		(7,679)	(90,057)	
Other movements		(2,102)	(1,328)	
Cash inflow (outflow) from operating activities	(A)	159,521	281,454	
Cash inflow (outflow) for investments				
Purchase of intangible assets with finite useful life		(15,251)	(30,186)	(8)
Purchase of property, plant and equipment		(2,269)	(6,766)	(9)
Equity investments and other financial investments		(1,463)	(357)	
Proceeds from disposal of non-current assets		10	32	
Cash inflow (outflow) for investments	(B)	(18,973)	(37,277)	
Cash inflow (outflow) for financing				
Repayment of non-current loans		(1,775)	(38,617)	
Ricorso alla linea di credito revolving verso The Royal Bank of Scotland		-	90,000	
Paid interest expense, net		3,390	(154,730)	
Change in financial assets and liabilities		(664)	(153,927)	
Cash inflow (outflow) for financing	(C)	951	(257,274)	
Cash inflow (outflow) from non-currents assets held for sale and discontinued operations	(D)	-	-	
Increase (decrease) in cash and cash equivalents in the year	(A+B+C+D)	141,499	(13,097)	
Cash and cash equivalents at the beginning of the year		120,601	133,698	(18)
Hive-down of cash and cash equivalents		262,097	-	
Cash and cash equivalents at the end of the year		3	120,601	(18)

Statement of changes in equity of SEAT Pagine Gialle S.p.A. for 2012

(euro/thousand)	Share capital	Additional paid-in capital	Reserve for "cash flow hedge" instruments	Reserve for actuarial gains (losses)	Other reserves	Profit (loss) for the year	Total
As at 12.31.2011	450,266	466,847	(1.561)	1,020	(655,827)	(817,856)	(557,111)
Allocation of previous year profit (loss)	-	-	-	-	(817,856)	817,856	-
Other movements	-	-	-	-	226	-	226
Other comprehensive profit (loss) for the year	-	-	1,561	(1,284)	-	(734,386)	(734,109)
Merger and Purchase Price Allocation	-	-	-	-	1,309,580	-	1,309,580
As at 12.31.2012	450,266	466,847	-	(264)	(163,877)	(734,386)	18,586

Statement of changes in equity of SEAT Pagine Gialle S.p.A. for 2011

(euro/thousand)	Share capital	Additional paid-in capital	Reserve for "cash flow hedge" instruments	Reserve for actuarial gains (losses)	Other reserves	Profit (loss) for the year	Total
As at 12.31.2010	450,266	466,843	(12,608)	873	127,398	(656,756)	376,016
Restatement due to changes in accounting policies	-	-	-	-	(73,861)	(52,613)	(126,474)
As at 12.31.2010 restated	450,266	466,843	(12,608)	873	53,537	(709,369)	249,542
Allocation of previous year profit (loss)	-	-	-	-	(709,369)	709,369	-
Valuationstock options' plan and other movements	-	4	-	-	5	-	9
Other comprehensive profit (loss) for the year	-	-	11,047	147	-	(817,856)	(806,662)
As at 12.31.2011	450,266	466,847	(1,561)	1,020	(655,827)	(817,856)	(557,111)

Explanatory notes

1. Company information

SEAT Pagine Gialle S.p.A. is a joint-stock company listed on the Milan stock exchange.
The Company has its registered office in Milan at Via Grosio 10/4, its secondary site in Turin at Corso Mortara 22, and share capital of € 450,266 thousand (unchanged from December 31, 2011).
The Company's main business is the strategic management and coordination of wholly owned subsidiary SEAT Pagine Gialle Italia S.p.A. and of companies controlled by this subsidiary

2. Basis of presentation

The Separate Financial Statements of SEAT Pagine Gialle S.p.A. have been prepared in accordance with the provisions of Decree-Law 38 of February 28, 2005, applying the international accounting standards (IAS/IFRS) issued by the International Accounting Standards Board and approved by the European Union, including all interpretations of the International Financial Reporting Interpretations Committee (IFRIC), previously known as the Standing Interpretations Committee (SIC), and in compliance with the applicable Consob regulations.
SEAT Pagine Gialle S.p.A. adopted IAS/IFRS on January 1, 2005, after Regulation (EC) No 1606 entered into force on July 19, 2002.
The financial statements were drawn up based on the historical cost principle, except for derivatives and financial assets held for sale, which were recorded at fair value.
The financial statement formats adopted are in line with those provided for by IAS 1. Specifically:

- the *statement of financial* position was prepared by classifying assets and liabilities as "current/non-current" and showing "Non-current assets/liabilities held for sale and discontinued operations" as two separate items, as required by IFRS 5;
- the income statement was prepared by classifying operating costs by type, as this is considered the best way to present SEAT Pagine Gialle S.p.A.'s activities and complies with internal reporting methods. Furthermore, the economic results of continuing operations were recorded separately from "Net profit (loss) from non-current assets held for sale and discontinued operations", as required by IFRS 5. In accordance with Consob Resolution 15519 of July 27, 2006, income and expense from non-recurring transactions were specifically identified in the context of the income statement classified by type, showing their effect on the operating result.
  Non-recurring income and expense included cases which, by their nature, do not occur continuously in the normal course of operations, such as:
  - corporate restructuring costs;
  - extraordinary and highly strategic consultancy (relating mainly to identifying and implementing solutions for the financial restructuring);
  - costs linked to director and department manager severance pay;
- the *statement of comprehensive income* shows the cost and/or revenue items not yet recognized in the income statement with an impact on equity as at the end of the year;
- *the statement of cash flows* was prepared by recording cash flows from operating activities according to the "indirect method", as allowed by IAS 7, showing cash flows from operating, investment and financial activities separately from those from non-current assets held for sale and discontinued operations.
  The cash and cash equivalents recorded in the financial statements include cash, checks, bank overdrafts and short-term securities that are quickly convertible into cash.
  Cash flows on operating activities were recorded by adjusting the operating result for the year to take into account the effects of non-monetary transactions, any deferment or setting aside of previous or future operating collections or payments, and revenue or cost items connected with cash flows on investment or financial activities or relating to non-current assets held for sale and discontinued operations.
- *the statement of changes in equity* shows the changes that took place in equity items in relation to:
  - allocation of the profit of the Parent Company;
  - breakdown of the total profit (loss);
  - effect of any errors or changes in accounting standards.

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

The publication of the Separate Financial Statements of SEAT Pagine Gialle S.p.A. for the year ended December 31, 2012 was authorized by the Board of Directors on June 27, 2013.
The Shareholders' Meeting is responsible for giving the final approval to the Separate Financial Statements of SEAT Pagine Gialle S.p.A.

2.1 Going concern evaluation

In accordance with the provisions of Banca d'Italia - Consob - Isvap joint document no. 2 of February 6, 2009, when it approved the financial statements, the Board of Directors had to perform the necessary checks on the Company's ability to continue as a going concern, taking into account all available information on the foreseeable future, i.e. at least the 12 months following the reporting date (although it is preferable to consider a period of 18 months, i.e. up to June 30, 2014).
The acknowledgement of the situation and of the critical outlook that led to the Board's decision to file for a composition with creditors' procedure meant immediately that the going-concern principle could not be applied for the purposes of preparing the financial statements, in the absence of specific actions to overcome the crisis afflicting the Company.
Despite the prompt reaction of the Board, which took the above steps without delay, on the same day that they approved these financial statements, the directors, when assessing the Company's ability to continue as a going concern, uncovered certain factors that contribute considerably to the permanence of significant uncertainties over the Company's ability to continue to operate in the foreseeable future. Notwithstanding the difficulties arising from a persistently very tough economic climate, these factors relate specifically to the following key stages of the Procedure:

- **the Court of Turin admitting the Company to the composition with creditors' procedure as a going concern:** on the basis of the elements contained in the filing, the Court must first assess whether the legal and factual conditions are in place to admit the Company to a composition procedure. If these conditions are not in place, the Court may declare the filing to be inadmissible, thereby ensuring an insolvency status;
- **the Shareholders' Meeting taking the necessary decisions to execute the proposed composition with creditors:** as described earlier, the Proposal provides for some of the Company's debts to be converted into equity by way of a reserved capital increase that will dilute the stakes of existing shareholders. At present, as there is no nucleus of major shareholders with a sufficient stake to ensure the quorums required to hold meetings and take decisions, it is impossible to predict the outcome of the meeting called to take the decisions in question;
- **the positive outcome of the creditors' meeting:** it is uncertain whether the creditors will vote in a sufficient majority to approve the proposal so it can be authorized by the Court;
- **the Court authorizing the composition with creditors:** when investigating the matter, the Court must take into account and assess all available information, particularly the report of the commissioner appointed when the Company is admitted to the composition with creditors' procedure;
- **the Proposal re-establishing adequate equity** that is sufficient to bring the Company out of the situation pursuant to articles 2446 of the Italian Civil Code, respectively, and to sustain business for the period covered by the plan drawn up during the Procedure;
- **uncertainties surrounding the estimates and forecasts made by the Company in relation to the composition with creditors' procedure and the viability of the Plan underlying the Proposal.** The actions provided for by the new strategic guidelines are subject to the completion of certain operations, including some of an extraordinary nature, for the purposes of which the Procedure must evolve favorably and result in the authorization of the composition with creditors.

In light of the above, the Board believes that for the Company to continue to operate in the foreseeable future the Procedure must be successful and the composition with creditors must be executed. Specifically, the proposed debt restructuring is essential to make the Company's debt levels compatible with its ability to generate cash and sustain its business.
Having considered the steps taken, the Board of Directors has reached the final conclusion that the reasonable assumption that the Procedure will be successful (which entails, among other things, the non-implementation of articles 2446 and 2447 of the Italian Civil Code pursuant to article 182-sexies of the Bankruptcy Act) restores the positive assessment of business continuity, thereby enabling approval, as things stand, of the 2012 financial statements on the assumption of the Company's ability to continue as a going concern.

2.2 Accounting estimates and assumptions

Pursuant to IAS/IFRS, when preparing financial statements and corresponding explanatory notes, management must make estimates and assumptions that affect the figures for revenues, costs, and assets and liabilities recorded in the financial statements, as well as information on contingent assets and liabilities as at the reporting date. The results produced may differ from these estimates.
The estimates are used to measure provisions for risks on receivables and error practices, 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 standards not yet applicable and/or recently approved by the European Commission

See the relevant section of the notes to the Consolidated Financial Statements at December 31, 2012.

4. 3. Measurement criteria

See the relevant section of the notes to the Consolidated Financial Statements at December 31, 2012, apart from for the measurement criteria relating to equity investments, which are described below.

Equity investments

Equity investments in subsidiaries, associates and joint ventures are measured at acquisition cost pursuant to the provisions of IAS 27. Any positive differences arising at the acquisition date between the book value of such equity investments and their corresponding portion of equity at current values is included in the value of the equity investments, which are subjected to an impairment test at least once a year. The resulting impairment losses are recorded in the income statement under the item "Value adjustments to equity investments" when they are identified. If the portion of these impairment losses pertaining to the Company exceeds the book value of the equity investment, the value of the equity investment is reduced to zero and the relevant portion of any further impairment losses is recorded in the reserve for risks and charges related to equity investments, if the Company is obligated to incur such impairment charges.

The cost of equity investments in foreign companies is converted into euros at the exchange rates in force on the acquisition date and the subscription date.

5. Accounting effects of the Merger with Lighthouse International Company S.A., the fair-value measurement of SEAT Pagine Gialle S.p.A.'s assets and liabilities, and the Hive-down

(euro/thousand)	SEAT Pagine Gialle S.p.A. as at 08.31.2012	PPA effects and merger with Lighthouse International Company S.A	SEAT Pagine Gialle S.p.A. as at August 31 post equitization and merger	Hive-down at SEAT Pagine Gialle Italia S.p.A. as at September 30, 2012	SEAT Pagine Gialle S.p.A. as at September 1, 2012
Non-current assets					
Intangible assets with indefinite useful life	1,873,919	(455,924)	1,417,995	(1,417,995)	-
Intangible assets with finite useful life	46,751	723,000	769,751	(769,751)	-
Property, plant and equipment	12,032	-	12,032	(12,032)	-
Leased assets	50,400	(11,066)	39,334	(39,334)	-
Investments	121,773	(3,046)	118,728	573,160	691,888
Other non-current financial assets from third parties	2,001	-	2,001	(1,515)	486
Deferred tax assets	50,440	7,330	57,770	(54,080)	3,690
Other non-current assets	647	-	647	(449)	198
Total non-current assets	2,157,964	260,295	2,418,259	(1,721,997)	696,262
Current assets					
Inventories	6,727	-	6,727	(6,727)	-
Trade receivables	364,039	(12,400)	351,639	(351,639)	-
Current tax assets	25,017	-	25,017	-	25,017
Current financial assets	2,631	-	2,631	(1,979)	652
Other current assets	54,353	16	54,369	(51,220)	3,149
Cash and cash equivalents	284,297	166	284,462	(262,097)	22,365
Total current assets	737,063	(12,219)	724,845	(673,661)	51,183
Non-currents assets held for sale and discontinued operations	-	-	-	-	-
TOTAL ASSETS	2,895,027	248,076	3,143,103	(2,395,658)	747,445

(euro/thousand)	SEAT Pagine Gialle S.p.A. as at 08.31.2012	PPA effects and merger with Lighthouse International Company S.A	SEAT Pagine Gialle S.p.A. as at August 31 post equitization and merger	Hive-down at SEAT Pagine Gialle Italia S.p.A. as at September 30, 2012	SEAT Pagine Gialle S.p.A. as at September 1, 2012
Non-current liabilities					
Non-current reserves to employees	12,550	-	12,550	(12,380)	170
Deffered tax liabilities	39,877	228,603	268,481	(267,874)	607
Non-current financial debts	753,846	73,668	827,514	(827,514)	-
Other non-current liabilities	20,078	6,020	26,098	(26,098)	-
Total non-current liabilities	826,352	308,291	1,134,643	(1,133,867)	777
Current liabilities					
Current financial debts	2,235,144	(1,369,579)	865,565	(865,565)	-
Reserve for current risks and charges	74,184	-	74,184	(66,584)	7,600
Trade payables	119,363	(131)	119,232	(115,395)	3,837
Current tax payables	28,334	-	28,334	(937)	27,397
Payables for services to be rendered and other current liabilities	214,459	(85)	214,374	(213,310)	1,064
Total current liabilities	2,671,485	(1,369,795)	1,301,690	(1,261,791)	39,898
Liabilities directly associated with non-current assets held for sale and discontinued operations	250	-	250	-	250
Equity					
Share capital	450,266	-	450,266	-	450,266
Reserves	(1,007,050)	1,309,580	302,531		302,531
Profit (loss)	(46,276)	-	(46,276)	-	(46,276)
Total equity	(603,060)	1,309,580	706,520	-	706,520
TOTAL LIABILITIES	2,895,027	248,076	3,143,103	(2,395,658)	747,445

The table above shows the changes in assets and liabilities resulting from the Merger with Lighthouse and, separately, from the Hive-down.

Merger with Lighthouse

For accounting purposes, the Merger took effect on August 31, 2012. As a result, the assets and liabilities of the incorporated company Lighthouse at that date were recorded in the Company's statement of financial position, and the payables and receivables that were extinguished by way of the Merger were eliminated; specifically, this involved items pertaining to the subordinated Notes Proceeds Loan originally disbursed by Lighthouse using funds raised by the placement of the *"€ 1,300,000,000 8% Senior Notes due 2014"* subordinated bond.

The Lighthouse assets and liabilities were taken from the statement of financial position prepared using IAS/IFRS, after these standards were adopted from June 30, 2012. Lighthouse had previously used Luxembourg accounting principles for the preparation of its financial statements. The transition did not result in changes to the values of assets and liabilities. A description of the aforementioned transition to IAS/IFRS can be found in note 2.1 to the Consolidated Financial Statements at December 31, 2012. Equity increased by € 629,617 thousand following the recognition of these assets and liabilities.
In addition, as a result of classifying the operation as a reverse acquisition pursuant to IFRS 3, SEAT's assets and liabilities (before recognition of those of Lighthouse) were aligned to their respective estimated fair values at the merger date, and the goodwill was also recognized to the

extent that the net book value of assets and liabilities was aligned to the purchase cost, i.e. the fair value of SEAT's net assets and liabilities as at the date of the operation. This process, described in IFRS 3 as the purchase price allocation (PPA), resulted in a € 679,963 thousand increase in equity.

Hive-down

The Hive-down to the wholly owned subsidiary was carried out at constant carrying amounts, since it was not a business combination pursuant to IFRS 3. As a result, the values of the assets and liabilities transferred as at the date of the operation (September 1, 2012) were eliminated, with a counter-entry increase in the book value of the equity investment in the transferee. Following the operation, the equity investment was valued at € 691,888 thousand.
Neither operation (the Merger with Lighthouse nor the Hive-down) resulted in the emergence of positive or negative income components for tax purposes.
Explanations of the changes in individual items can be found in the relevant notes that follow.

6. Impairment tests

The impairment test on the equity investment in SEAT Pagine Gialle Italia S.p.A. involves comparing the book value of the equity investment with its recoverable value. The recoverable value of the stake in SEAT Pagine Gialle Italia S.p.A. was determined by adding the core enterprise value of SEAT Pagine Gialle Italia S.p.A. to the surplus assets (including the equity investments of SEAT Pagine Gialle Italia S.p.A., which were assigned the values used for impairment tests), and then subtracting financial debt from this aggregate (enterprise value).
More details on the impairment test methods used to measure the goodwill and intangible assets with a finite useful life of Group companies can be found in note 6 to the Consolidated Financial Statements at December 31, 2012. The Company used the services of an expert consultant to conduct the impairment test.
Since the enterprise value was less than the debt, the equity investment (€ 691,888 thousand) had to be written off.

7. Intangible assets with an indefinite useful life

	Year 2012		Year 2011
(euro/thousand)	Goodwill	Total	
Balance at beginning of the year	1,873,919	1,873,919	2,536,714
- Write-downs	-	-	(662,795)
- Purchase Price Allocation	(455,924)	(455,924)	-
- Hive-down	(1,417,995)	(1,417,995)	-
Balance at the end of the year	-	-	1,873,919

Goodwill of € 1,873,919 thousand at December 31, 2011 related to Merger deficits arising from transactions carried out in previous years.
As explained in the Introduction above, the Merger by incorporation of Lighthouse into SEAT Pagine Gialle S.p.A. was completed on August 31, 2012. Pursuant to IFRS, booking the Merger involved identifying the purchase price (purchase price allocation, PPA) in relation to the fair value of the individual assets and liabilities of SEAT and recording a counter-entry in a PPA equity reserve.
The difference of € 1,417,995 thousand between the purchase price ("Cost") and the net value of assets acquired and liabilities assumed was recorded as the new goodwill.
This goodwill was transferred to SEAT Pagine Gialle Italia S.p.A. on September 1, 2012.

8. Attività immateriali con vita utile definita

(euro/thousand)	Year 2012 "Marketing related" intangibles assets	Software	Other intangible assets	Total	Year 2011 Total
Cost	*972,400*	*227,513*	*14,769*	*1,214,682*	*1,241,579*
Accrued amortization	*(972,400)*	*(180,499)*	*(9,850)*	*(1,162,749)*	*(1,179,114)*
Balance at beginning of the year	-	47,014	4,919	51,933	62,465
- Investments	-	10,685	4,566	15,251	30,186
▪ *Purchases*	-	*9,125*	*2,663*	*11,788*	*24,874*
▪ *Capitalized costs*	-	*1,560*	*1,903*	*3,463*	*5,312*
- Amortization and write-downs	-	(19,995)	(438)	(20,433)	(40,718)
- Other movements	-	2,552	(2,552)	-	-
- Purchase Price Allocation	563,000	-	160,000	723,000	-
- Hive-down	(563,000)	(40,256)	(166,495)	(769,751)	-
Cost	-	*461*	-	*461*	*1,214,682*
Accrued amortization	-	*(461)*	-	*(461)*	*(1,162,749)*
Balance at the end of the year	-	-	-	-	51,933

Intangible assets with a finite useful life were transferred to SEAT Pagine Gialle Italia S.p.A. on September 1, 2012, in a total amount of € 769,751 thousand, net of related accrued amortization.

The book values of the hive-down reflected the fair value, determined upon the Merger with Lighthouse International Company S.A., of the intangible assets, in the amount of € 723,000 thousand, with a counter-entry in the PPA reserve. The fair value of the individual intangible assets was identified and measured as follows:

- € 241,000 thousand of databases;
- € 322,000 thousand of customer relationship assets;
- € 160,000 thousand of trademarks, of which € 107,000 thousand related to the Pagine Gialle trademark and € 53,000 thousand to the Pagine Bianche trademark.

Capital expenditure of € 15,251 thousand in 2012 related mainly to: *(i)* improvements to the online and mobile platforms; *(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 SMEs with a more complete specialist e-commerce service that can effectively handle the computerization of purchases; *(iii)* improvements to and purchases for infrastructure systems and commercial and administrative applications as part of the Company's cost-saving initiatives and the implementation of the Web-age program.

The following table gives an overview of the amortization rates used, which were considered to represent an appropriate distribution of the book value of intangible fixed assets, according to their residual useful life.

	Year 2012	Year 2011
"Marketing related" intangibles assets	7-10%	7-10%
Software	7-50%	7-50%
Other intangible assets	20%	20%

9. Property, plant and equipment

All property, plant and equipment was transferred to SEAT Pagine Gialle Italia S.p.A. on September 1, 2012, in the amount of € 12,302 thousand, net of related provisions for depreciation. These break down as follows:

	Year 2012				Year 2011
(euro/thousand)	Property	Plant and equipment	Other fixed assets	Total	Total
Cost	*1,099*	*4,907*	*42,657*	*48,663*	*44,304*
Depreciation	*(526)*	*(2,968)*	*(32,412)*	*(35,906)*	*(34,209)*
Balance at beginning of the year	573	1,939	10,245	12,757	10,095
- Investments	184	241	1,844	2,269	6,766
- Disposals	-	-	(8)	(8)	(17)
- Amortization and write-downs	(166)	(354)	(2,466)	(2,986)	(4,087)
- Hive-down	(591)	(1,826)	(9,615)	(12,032)	-
Cost	-	-	-	-	*48,663*
Depreciation	-	-	-	-	*(35,906)*
Balance at the end of the year	-	-	-	-	12,757

Capital expenditure of € 2,269 thousand in 2012 (€ 6,766 thousand in the previous year) related mainly to the acquisition of centralized hardware for the data center in order to replace outdated machines with new machines capable of better performance and lower energy consumption, and to continue our efforts to 'virtualize' centralized hardware. As in every year, individual IT equipment was purchased in accordance with the plans set out to replace the facilities used by staff and sales agents.

The following table gives an overview of the depreciation rates used, which were considered to represent an appropriate distribution of the book value of tangible fixed assets, according to their residual useful life.

(euro/thousand)	Year 2012	Year 2011
Property	3%	3%
Plant and equipment	10-25%	10-25%
Other fixed assets	10-40%	10-40%

10. Leased assets

All leased assets pertaining to the real-estate complex at Corso Mortara 22 in Turin were transferred to SEAT Pagine Gialle Italia S.p.A. on September 1, 2012, in the amount of € 39,334 thousand.

The book values for the transfer reflected the adjustment to the fair value of the leased assets, in the amount of € 11,066 thousand.

	Year 2012					Year 2011
(euro/thousand)	Leased land	Leased property	Leased plant	Other leased assets	Total	Total
Cost	*10,500*	*33,076*	*16,524*	*3,562*	*63,662*	*63,662*
Depreciation	-	*(2,962)*	*(6,605)*	*(1,274)*	*(10,841)*	*(7,211)*
Balance at beginning of the year	10,500	30,114	9,919	2,288	52,821	56,451
- Amortization and write-downs	-	(662)	(1,473)	(286)	(2,421)	(3,630)
- Purchase Price Allocation	(4,600)	(6,466)	-	-	(11,066)	-
- Hive-down	(5,900)	(22,986)	(8,446)	(2,002)	(39,334)	-
Cost	-	-	-	-	-	*63,662*
Depreciation	-	-	-	-	-	*(10,841)*
Balance at the end of the year	-	-	-	-	-	52,821

11. Equity investments

The equity investments in subsidiaries, associates and joint ventures were eliminated at December 31, 2012 (€ 120,891 thousand at December 31, 2011) and related entirely to wholly owned subsidiary SEAT Pagine Gialle Italia S.p.A.

The following table shows details of the Group's equity investments and the changes that took place during the year:

	As at 12.31.2011							As at 12.31.2012
(euro/thousand)	Total	Purchases	Hive-down	Utilization allowance for trade receivables	Investment write-down	Purchase Price Allo-cation	Total	Total
Subsidiaries	120,891	8,303	573,159	(7,420)	-	(3,045)	570,997	-
CIPI S.p.A.	7,896	-	(5,177)	-	-	(2,719)	(7,896)	-
CONSODATA S.p.A.	12,483	-	(12,483)	-	-	-	(12,483)	-
EUROPAGES S.A.	-	8,303	(5,684)	(7,420)	-	4,801	-	-
SEAT PG ITALIA S.p.A.	245	-	691,643	-	(691,888)	-	(245)	-
PRONTOSEAT S.r.l.	-	-	-	-	-	-	-	-
TDL INFOMEDIA Ltd.	-	-	-	-	-	-	-	-
TELEGATE A.G.	19,407	-	(18,777)	-	-	(630)	(19,407)	-
TELEGATE HOLDING GmbH	80,860	-	(76,363)	-	-	(4,497)	(80,860)	-
Total investments	120,891	8,303	573,159	(7,420)	(691,888)	(3,045)	(120,891)	

The changes during the year related mainly to:

- the conversion to equity of the financial receivable (€ 8,303 thousand) due to SEAT Pagine Gialle S.p.A. from subsidiary Europages S.A. This receivable had previously been written down by € 7,420 thousand. This operation brought the stake in Europages S.A. to 98.37%;
- the fair-value measurement of equity investments, writing them down by a total of € 3,045 thousand, with a counter-entry recorded in the PPA reserve;
- the hive-down of all equity investments to SEAT Pagine Gialle Italia S.p.A. for a total amount of € 118,484 thousand;
- the increase of € 691,643 thousand in the equity investment in SEAT Pagine Gialle Italia S.p.A. following the hive-down by SEAT Pagine Gialle S.p.A. of almost all its assets and liabilities. This equity investment was written off at December 31, 2012 following impairment tests; more details can be found in note 6.

12. Other non-current financial assets due from third parties

Other non-current financial assets due from third parties totaled € 638 thousand as at December 31, 2012 (€ 2,051 thousand at December 31, 2011) and related mainly to:
- receivables and loans granted to employees at market rates for similar transactions (€ 527 thousand);
- assets held for sale, consisting mainly of the 2.2% stake in Emittenti Titoli S.p.A. (€ 111 thousand).

On September 1, 2012, € 1,515 thousand was transferred to SEAT Pagine Italia S.p.A., of which € 1,425 thousand related to loans to employees.

13. Inventories

These can be broken down as follows:

	Year 2012				Year 2011
(euro/thousand)	Raw material, suppliers and consumables	Work in progress and semi-finished goods	Finished goods	Total	Total
Balance at beginning of the year	5,180	2,308	34	7,522	7,603
Increases (Decreases)	(159)	(622)	(14)	(795)	(81)
Hive-down	(5,021)	(1,686)	(20)	(6,727)	-
Balance at the end of the year	-	-	-	-	7,522

The valuation of raw materials in stock at weighted average cost is broadly in line with the measurement at current values.
All inventories were transferred to SEAT Pagine Gialle Italia S.p.A. on September 1, 2012, in the amount of € 6,727 thousand.

14. Trade receivables

These break down as follows:

	Year 2012						Year 2011
(euro/thousand)	Trade receivables	Allowance for doubtful trade receivables	Trade receivables from subsidiaries	Allowance for doubtful trade receivables from subsidiaries	Trade receivables from associates	Net value	Net value
Balance at beginning of the year	511,062	(67,740)	15,996	(1,265)	-	458,053	551,897
Provisions	-	(23,000)	-	(604)	-	(23,604)	(18,884)
Utilizations	-	19,605	-	620	-	20,225	51,941
Reversal to the statement of operations	-	-	-	111	-	111	149
Purchase Price Allocation	-	(12,400)	-	-	-	(12,400)	-
Hive-down	(420,594)	83,535	(15,717)	1,138	-	(351,638)	-
Other movements	(90,377)	-	(279)	-	(131)	(90,656)	(127,050)
Merger	-	-	-	-	131	-	-
Balance at the end of the year	91	-	-	-		91	458.053

Trade receivables from third parties stood at € 91,000 at December 31, 2012.
September 1, 2012 saw the hive-down of € 337,059 thousand of trade receivables from third parties (€ 420,594 thousand net of related provisions for doubtful receivables of € 83,535 thousand) and € 14,579 thousand of trade receivables from subsidiaries (€ 15,717 thousand net of related provisions for doubtful receivables of € 1,138 thousand), composed mainly of € 12,362 thousand of receivables from SEAT Pagine Gialle Italia S.p.A. (formerly Pagine Gialle Phone Service S.r.l.) in relation to SEAT Pagine Gialle S.p.A.'s share of voice traffic generated by the 89.24.24 Pronto PAGINEGIALLE® and 12.40 Pronto PAGINEBIANCHE® services.
The provisions for doubtful receivables are deemed to be sufficient to cover likely losses; drawdowns at September 1, 2012 totaled € 19,605 thousand, while accruals at the same date totaled € 23,000 thousand.

Credit risk is analyzed in more detail in note 19 to the Consolidated Financial Statements at December 31, 2012.

15. Other assets (current and non-current)

These can be broken down as follows:

(euro/thousand)	As at 12.31.2012	As at 12.31.2011	Changes
Other current assets			
Advances on sales commissions and other receivables from sales agents	-	32,396	(32,396)
Prepaid expenses	180	11,861	(11,681)
Advances to suppliers	11	3,844	(3,833)
Other receivables from subsidiaries	191	3,449	(3,258)
Other receivables	1,676	8,142	(6,466)
Total other current assets	2,058	59,692	(55,369)
Other non-current assets			
Cash collateral deposits and securities	202	176	26
Other non-operating receivables	4,550	-	4,550
Total other non-current assets	4,752	176	4,576
Total other current and non-current assets	6,810	59,868	(53,058)

Specifically:

- *advances on sales commissions and other receivables from agents* as at December 31, 2012 were transferred in full to SEAT Pagine Gialle S.p.A. (these stood at € 32,396 thousand at December 31, 2011);
- *other receivables* of € 1,676 thousand related mainly to receivables from the INPS (social security authority) and the INAIL (workers' compensation authority);
- *other receivables from subsidiaries* stood at € 191 thousand at December 31, 2012 (€ 3,449 thousand a year earlier). These include € 2,265 thousand of receivables from SEAT Pagine Gialle Italia S.p.A. that were fully written down following the filing for a composition with creditors' procedure, which will determine whether these receivables are payable only at a later stage;
- the € 4,550 thousand of other non-operating receivables related to tax receivables for excess corporation tax (IRES) paid for fiscal periods prior to 2012 as a result of the failure to deduct regional production tax (IRAP) relating to staff and similar expenses that were recognized during the year in accordance with the available official interpretations.

16. Equity

Equity can be broken down as follows:

(euro/thousand)		As at 12.31.2012		As at 12.31.2011	Variazioni
Share capital		450,266		450,266	-
- ordinary shares		*450,247*		*446,184*	*4,063*
- savings shares		*19*		*4,082*	*(4,063)*
Additional paid-in capital	A,B,C	466,847		466,847	-
Legal reserve	B	50,071		50,071	-
Other reserves	A,B,C	1,309,580		-	1,309,580
Retained earnings (losses)		(1,685,278)		(867,648)	(817,630)
Reserves for transition to IAS/IFRS	A,B,C	161,750		161,750	-
Reserve for "cash flow hedge" instruments		-		(1,561)	1,561
Reserve for actuarial gains (losses)		(264)		1,020	(1,284)
Profit (loss) for the year		(734,386)		(817,856)	(83,470)
Total equity		18,586	(*)	(557,111)	575,697

A: Reserve available for share capital increase.
B: Reserve available for covering losses.
C: Reserve available for distribution to Shareholders; Reserves of profits aren't available for distribution, in according to art. 2433 Civil Code, until the situation of partial loss of share capital continues.
(*) of which around € 11 million subject to tax imposition in case of distribution (see art. 109 del TUIR as modified by Legislative Decree 344/2003).

Share capital

Share capital totaled € 450,266 thousand as at December 31, 2012, consisting of 16,066,212,958 ordinary shares and 680,373 savings shares, all without par value, by resolution of the Extraordinary Shareholders' Meeting of January 26, 2009. Following the Merger with Lighthouse International Company S.A. on August 31, 2012, 14,139,185,625 ordinary shares were issued.
Of the share capital, € 13,741 thousand was subject to taxation in case of distribution. Deferred tax liabilities were not calculated on this amount, since the Company is not planning to pay it out.

Additional paid-in capital

This amounted to € 466,847 thousand at December 31, 2012, of which € 142,619 thousand was considered to be subject to taxation in case of distribution due to the realignment carried out in 2005 between the book value and the tax value of the customer database, pursuant to Law 342/2000. Deferred tax liabilities were not calculated on this amount, since the Company is not planning to pay it out.

Other reserves

These totaled € 1,309,580 thousand as at December 31, 2012 and related to the Lighthouse International Company S.A. reserves acquired at the time of the Merger, including the effects of the purchase price allocation (PPA) recorded on August 31 and determined on the basis of the fair-value measurement of the individual SEAT assets and liabilities.

Reserve for actuarial gains (losses)

The *reserve for actuarial gains (losses)* was negative € 264 thousand at December 31, 2012 (€ 1,020 thousand at December 31, 2011) and included the net cumulative effect of recording actuarial gains (losses) on the reserve for severance indemnities due to their recognition in the financial statements pursuant to IAS 19, paragraph 93A.

Retained earnings/(losses)

Retained earnings/(losses) were negative € 1,685,278 thousand at December 31, 2012 (negative € 867,648 thousand at December 31, 2011) and included *retained losses* of € 1,685,352 thousand (€ 867,648 thousand at December 31,2011), adjusted owing to the allocation of € 817,856 thousand of the loss for 2011 and other positive changes of € 152 thousand for the settlement of excess costs relating to the 2009 capital increase, and *retained earnings*, of € 74 thousand at December 31, 2011, determined mainly by the restoration of reserves by way of unclaimed dividends.

17. Total other comprehensive profit (loss)

(euro/thousand)	Year 2012	Year 2011
Profit (loss) for the year	(734,386)	(817,856)
Profit (loss) for "cash flow hedge" instruments	-	21,852
Profit (loss) for "cash flow hedge" instruments recognised to statement of operations	1,561	(10,805)
Profit (loss) for "cash flow hedge" instruments	1,561	11,047
Actuarial gain (loss) recognised to equity	(1,770)	203
Tax effect of actuarial gain (loss) recognised to equity	486	(56)
Actuarial gain (loss) recognised to equity	(1,284)	147
Total other comprehensive profit (loss), net of tax effect	277	11,194
Total other comprehensive profit (loss) for the year	(734,109)	(806,662)

Comments on individual items can be found in the previous note.

18. Net financial debt

As at December 31, 2012, this was structured as follows:

(euro/thousand)	As at 12.31.2012	As at 12.31.2011	Changes
Cash	3	120,601	(120,598)
Cash equivalent	-	-	-
Trading securities	-	-	-
Liquidity	3	120,601	(120,598)
Current Financial Receivable to third parties	660	2,057	(1,397)
Current Financial Receivable to related parties	2,215	24,881	(22,666)
Current financial debt to bank	-	740,250	(740,250)
Current portion of non-current debt	-	3,014	(3,014)
Other current financial debt to third parties	-	31,374	(31,374)
Other current financial debt to related parties	-	1,376,465	(1,376,465)
Current Financial Debt	-	2,151,103	(2,151,103)
Net Current Financial Indebtedness	(2,878)	2,003,564	(2,006,442)
Non current Bank loans	-	-	-
Bonds Issued	-	722,242	(722,242)
Other non current loans to third parties	-	46,319	(46,319)
Other non current loans to related parties	-	-	-
Non Current Financial Debt	-	768,561	(768,561)
Net Financial Indebtedness (ESMA)	(2,878)	2,772,125	(2,775,003)
Transaction costs on loans and securitization costs not yet amortized and Net market value of "cash flow hedge" instruments	-	(31,562)	31,562
Net Financial Indebtedness - book value (*)	(2,878)	2,740,563	(2,743,441)

(*) Net Financial Indebtedness - book value not includes financial assets available for sale and non-current financial assets include in "other non-current assets".

As at December 31, 2011, net financial debt differed from net financial debt (book value) insofar as it was expressed gross of: *(i)* transaction and refinancing costs relating to the medium- and long-term senior debt with The Royal Bank of Scotland; *(ii)* costs relating to the subordinated loan due to Lighthouse International Company S.A.; *(iii)* costs relating to the issuing of the senior secured bonds; and *(iv)* the net value arising from the measurement at market value of cash flow hedge instruments that were in place at the end of the period or, if closed early, that will become effective in subsequent periods. As a result, net financial debt (book value) totaled € 2,740,563 thousand at December 31, 2011, a difference of € 31,562 thousand compared with net financial debt (€ 2,772,125 thousand); this difference was extinguished owing to the main accounting effects of the financial restructuring.

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

Non-current financial debts

These totaled € 750,661 thousand at December 31, 2011 and were transferred in full to SEAT Pagine Gialle Italia S.p.A. on September 1, 2012.

(euro/thousand)	As at 12.31.2012	As at 12.31.2011	Changes
Bonds Issued	-	722,242	(722,242)
Other non current loans to third parties	-	46,319	(46,319)
Non Current Financial Debt	-	768,561	(768,561)
Transaction costs on loans and securitization costs not yet amortized and Net market value of "cash flow hedge" instruments	-	(17,900)	17,900
Non-current financial liabilities	-	750,661	(750,661)

Current financial debt

These totaled € 2,137,441 thousand at December 31, 2011 and were transferred in full to SEAT Pagine Gialle Italia S.p.A. on September 1, 2012.

(euro/thousand)	As at 12.31.2012	As at 12.31.2011	Changes
Current financial debt to bank	-	740,250	(740,250)
Current portion of non-current debt	-	3,014	(3,014)
Other current financial debt to third parties	-	31,374	(31,374)
Other current financial debt to related parties	-	1,376,465	(1,376,465)
Current Financial Debt	-	2,151,103	(2,151,103)
Transaction costs on loans and securitization costs not yet amortized and Net market value of "cash flow hedge" instruments	-	(13,662)	13,662
Current financial debt	-	2,137,441	(2,137,441)

Current and non-current financial debts were transferred as part of the Hive-down to SEAT Pagine Gialle Italia S.p.A. on September 1, 2012. At the time of the Hive-down, they included the effects of the financial restructuring and of the Merger with Lighthouse, which are summarized below:

- the pre-merger conversion of € 1,235 million of Lighthouse International Company S.A. bonds, equal to 95% of the original € 1,300 million issue, plus € 69.3 million of interest accrued, adding a total of € 1,304.3 million to Lighthouse equity, directly for the amount corresponding to the fair value of shares issued (€ 637.0 million), and indirectly – in the form of income for the period – for the book value of the loan converted into shares in excess of said fair value pursuant to IFRIC 19 (€ 667.3 million); the remaining Lighthouse bonds, i.e. those not converted into equity, have a nominal value of € 65.0 million (fair value of € 62.6 million plus € 2.4 million recorded on the income statement);
- the subsequent Merger by incorporation of Lighthouse into SEAT, which involved extinguishing SEAT's debt to Lighthouse and issuing and exchanging new bonds with a nominal value of € 65.0 million and the same coupon and maturity as the senior secured bonds;
- the purchase price allocation (PPA) to the SEAT Pagine Gialle S.p.A. assets and liabilities and the counter-entry of a PPA reserve in the Company's equity. This involved writing off (recorded as a reduction of debt) the residual value of issuing costs for senior secured bonds (€ 16.0 million) and adjusting the book value of the leasing debt to its fair value (€ 5 million).

As a result, the issued bonds totaling € 722,242 thousand at December 31, 2011 amounted to € 787,596 thousand at the time of the hive-down and included the new senior secured bonds issued on August 31, 2012 with a nominal value of € 65 million. Other financial debt to related parties of € 1,376,465 thousand at December 31, 2011 included € 1,369,500 thousand of debt to Lighthouse International Company S.A., which was extinguished upon the Hive-down as a result of the aforementioned equitization transaction performed by Lighthouse.

In accordance with the terms of the facilities agreement with The Royal Bank of Scotland and of the senior secured bonds, SEAT Pagine Gialle Italia S.p.A. has issued the following principal guarantees, which are standard for transactions of this kind:

- pledge of the Company's main trademarks;
- pledge of the shares of the main investee companies (TDL Infomedia Ltd and Telegate AG, held directly);
- pledge of the Company's main bank and postal current accounts.

Finally, SEAT Pagine Gialle S.p.A. has pledged the entire share capital of SEAT Pagine Gialle Italia S.p.A. as a guarantee against the aforementioned loans.

SEAT Pagine Gialle Italia S.p.A. also created a special lien in favor of The Royal Bank of Scotland, in connection with the senior loan agreement, on its fixed assets with a net book value greater than or equal to € 25,000.
The book value of the guarantees breaks down as follows:

Asset object of pledge/guarantee	As at 12.31.2012	Notes
(euro/million)		
Shares' Telegate AG	18.8	part of 16,24% held directly
Shares' TDL Infomedia Ltd.	0.0	part of 100% held directly
Trademarks	80.5	PagineBianche e PagineGialle
Bank current accounts (*)	0.0	
Assets with unit value > 25k€	5.9	
Total pledges	105.1	

(*) the amount indicated is null because the guarantee works only for certain conditions, not confirmed as at 12.31.2012.

Current financial assets

Current financial assets include:

(euro/thousand)	As at 12.31.2012	As at 12.31.2011	Changes
Current Financial Receivable to third parties	660	2,057	(1,397)
Current Financial Receivable to related parties	2,215	24,881	(22,666)
Current financial assets	2,875	26,938	(24,063)

- *current financial receivables from third parties totaled* € 660 thousand at December 31, 2012 (€ 2,057 thousand at December 31, 2011) and related to € 577 thousand of receivables from SEAT Servizi per le Aziende S.r.l., the company that previously managed the securitization of SEAT Pagine Gialle S.p.A. receivables, and € 83 thousand of loans to employees;
- *current financial receivables from related parties* totaled € 2,215 thousand at December 31, 2012 (€ 24,881 thousand a year earlier). At December 31, 2012, this item referred entirely to the receivable arising from cash accounts with SEAT Pagine Gialle Italia S.p.A., written down by € 4,849 thousand after the subsidiary filed for a composition with creditors' procedure that will determine whether these receivables are payable only at a later stage.

Cash and cash equivalents

These totaled € 120,601 thousand at December 31, 2011 and were transferred in full to SEAT Pagine Gialle Italia S.p.A. on September 1, 2012.

(euro/thousand)	As at 12.31.2012	As at 12.31.2011	Changes
Bank deposits	3	117,511	(117,508)
Postal deposits	-	3,075	(3,075)
Cash	-	15	(15)
Total cash and cash equivalents	3	120,601	(120,598)

This item includes € 22,200 thousand for the Hive-down balance determined on September 1, 2012.

19. Guarantees provided, main commitments and contractual rights

As part of the restructuring of the SEAT Pagine Gialle Group's debt in 2012 (on which more details can be found in the introduction to the notes to the Consolidated Financial Statements at December 31, 2012), by way of a deed drawn up on August 31, 2012 by Milan-based notary Filippo Zabban (file no. 63.797/10.484), the Company transferred to its wholly owned subsidiary SEAT Pagine Gialle Italia S.p.A., with effect from September 1, 2012, the - *business unit set up to offer its customers advertising media and search tools by way of the "print", "voice" and "online" channels, as well as web marketing services, pertaining mainly to online advertising and visibility* -. In this regard, pursuant to article 2560 of the Italian Civil Code, *(i)* SEAT Pagine Gialle Italia S.p.A. is responsible for the Company's debts pertaining to the aforementioned business unit and arising from accounting entries prior to the Hive-down, but *(ii)* the Company remains obligated to the relevant creditors and is therefore jointly and severally liable to them with SEAT Pagine Gialle Italia S.p.A..

With regard to the liabilities included in the aforementioned business unit, the Hive-down also involved SEAT Pagine Gialle Italia S.p.A. assuming the obligations arising from the senior secured bonds issued by the Company in 2010 and 2012, without prejudice to the Company remaining liable for these debts, as specified above.

The wholly owned subsidiary SEAT Pagine Gialle Italia S.p.A. is also party, in a borrowing capacity and as part of the previously described financial restructuring, to a facilities agreement with the Milan branch of The Royal Bank of Scotland plc for a total amount of € 686,115,979.95, taken out on August 31, 2012 and governed by UK law.

The Company and some of its subsidiaries have each given a personal guarantee in relation to this facilities agreement with The Royal Bank of Scotland plc, consisting of the fulfillment of all of SEAT Pagine Gialle Italia S.p.A.'s obligations (capital, interest, accessory commitments and charges) arising from the loan agreement and from the related financial documentation. The guarantee given by the Company is up to a maximum of € 1,029,173,970.

The obligations arising from the facilities agreement with The Royal Bank of Scotland plc are also secured, among other things, by pledges given by the Company on shares in SEAT Pagine Gialle Italia S.p.A. and in other companies of the SEAT Pagine Gialle Group, by a pledge on the main proprietary trademarks of SEAT Pagine Gialle Italia S.p.A., by a special lien on certain capital goods of SEAT Pagine Gialle Italia S.p.A., by a pledge on SEAT Pagine Gialle Italia S.p.A. current account credit balances, and by a fixed and floating charge under UK law on assets of TDL Infomedia and Thomson. These guarantees, with the exception of the special lien on SEAT Pagine Gialle Italia S.p.A. capital goods, are given equally against the obligations arising from the Senior Secured Bonds.

The lease agreements originally taken out by the Company with Leasint S.p.A., and the obligations arising therefrom, were transferred to SEAT Pagine Gialle Italia S.p.A. as part of the hive-down of the business unit. There is no specific guarantee against these obligations, although the leased properties are owned by Leasint S.p.A., which can therefore generate revenue from their sale should SEAT Pagine Gialle Italia S.p.A. fail to fulfill said obligations.

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

As is customary for transactions of this kind, by establishing operating conditions and limits, the aforementioned facilities agreement also governs other aspects, such as the disposal of assets and/or equity investments, and the possibility of recourse to additional debt, of making acquisitions or investments, of paying dividends, and of carrying out capital transactions, this being in relation to the borrower, SEAT Pagine Gialle Italia S.p.A., but also to a large extent to the guarantors (including the Company) and to the other Group companies. The US-law indentures that govern the senior secured bonds contain similar provisions.

In light of the events that took place during late January and early February 2013, culminating in the Company and SEAT Pagine Gialle Italia S.p.A. making 'blank filings' for a composition with creditors' procedure pursuant to article 161, paragraph 6 of the Bankruptcy Act, in accordance with the principle of equal treatment of creditors, no information has been provided to The Royal Bank of Scotland concerning compliance with the aforementioned financial covenants.

20. Information on financial risks

More details can be found in note 21 to the Consolidated Financial Statements.

21. Non-current reserves for employees

This item can be broken down as follows:

(euro/thousand)	Year 2012				Year 2011
	Reserve for severance indemnities	Reserve for defined contribution pension plans	Net liabilities for termination indemnities	Total	Total
Balance at beginning of the year	10,876	1,005	400	12,281	15,089
Provisions	-	2,150	38	2,188	3,776
Contributions	-	871	-	871	787
Benefits paid/received	(971)	(4,087)	(438)	(5,496)	(8,819)
Discounting losses	367	-	-	367	700
Actuarial losses (gains) recognised to equity	1,770	-	-	1,770	(203)
Curtailment	-	-	-	-	-
Other movements	329	209	-	538	951
Hive-down	(12,287)	(93)		(12,380)	-
Balance at the end of the year	84	55	-	139	12,281

The *reserve for severance indemnities*, which totaled € 84 thousand at December 31, 2012 (€ 10,876 thousand at December 31, 2011), was valued by an independent actuary using the projected unit credit method, in accordance with the provisions of IAS 19. The transfer of employment relationships involved the hive-down to SEAT Pagine Gialle Italia S.p.A. of the respective reserve for severance indemnities of € 12,287 thousand.
Following the reform of the supplementary pensions system introduced by Legislative Decree 252 of December 5, 2005, the reserve for severance indemnities continues to constitute an obligation for the Company, since it is considered to be a defined-benefit plan.
The portion of the reserve for severance indemnities accrued and subsequently paid to supplementary pension funds was, as in previous years, considered a defined-contribution plan, since the Company's obligation towards the employee is terminated upon payment of the portions accrued to the pension funds. Payments of portions of the reserve for severance indemnities accrued to the treasury fund managed by the national social security institution (INPS) were also accounted for as payments to a defined-contribution plan, since the Company is not obligated to make any further payments other than those provided for by the Ministerial Decree of January 30, 2007 if the fund does not have sufficient assets to grant the benefit to the employee.

Net liabilities relating to the reserve for end-of-mandate indemnities represented the debt to the previous CEO and were fully disbursed during the year.

(euro/thousand)	As at 12.31.2012	As at 12.31.2011
A. Change in benefit obligation		
1. Benefit obligation at the beginning of the year	10,876	13,502
2. Current service cost	-	-
3. Interest expense	367	700
4. Actuarial (gains) losses recognised to equity	1,770	(203)
5. Benefit s paid from plan/company	(970)	(3,815)
6. Curtailment	-	-
7. Other movements	(11,959)	692
Benefit obligation at the end of the year	84	10,876

B. Account recognised in the statement of financial position		
Plans that are wholly unfunded and plans that are wholly or partly funded		
1. Present value of defined-benefit obligations at the end of the year		
Net liability recognised in the statement of financial position	84	10,876

Amounts in the statement of financial position:		
1. Liabilities	84	10,876
2. Assets	-	-

C. Components of pension costs		
Amounts recognised in the statement of operations		
1. Current service cost	-	-
2. Interest expense	367	700
Total pension cost recognised in the statement of operations	367	700

D. Principal acturial assumptions		
Weight-average assumptions to determine benefit obligation		
1. Discount rate	3.20%	4.60%
2. Rate of price inflation	2.00%	2.00%

Weight-average assumptions to determine net pension cost		
1. Discount rate	4.60%	4.75%
2. Rate of price inflation	2.00%	2.00%

E. Previous experience of actuarial profit (loss)		
a. Amount[1]	n.s.	33
b. % of plan liabilities at balance-sheet date	n.s.	0.0%

[1] Actuarial profit/loss determined by applying to the current population the actuarial assumptions.

22. Other non-current liabilities

Other non-current liabilities totaled € 1,274 thousand as at December 31, 2012 and can be broken down as follows:

	Year 2012						Year 2011
(euro/thousand)	Reserve for sale agents' termination indemnities	Reserve for restructuring expenses	Other non-operating liabilities	Other non-operating liabilities to related parties	Other operating liabilities	Total	Total
Balance at beginning of the year	20,097	2,956	568	-	-	23,621	35,311
Provisions	1,388	-	-	-	-	1,388	2,659
Utilizations	(2,899)	-	-	-	-	(2,899)	(6,649)
Transfer to current trade payable	-	-	(147)	-	-	(147)	-
Discounting losses	1,044	33	26	-	-	1,103	852
Other movements	(591)	(2,989)	-	1,274	591	(1,715)	(8,552)
Purchase Price Allocation	6,020	-	-	-	-	6,020	-
Hive-down	(25,059)	-	(447)	-	(591)	(26,097)	-
Balance at the end of the year	-	-	-	1,274	-	1,274	23,621

The *reserve for sales agents' termination indemnities* of € 25,059 thousand was transferred in full to SEAT Pagine Gialle Italia S.p.A. on September 1, 2012. This reserve represents the accrued debt to active sales agents for the indemnities due to them in the event of termination of the agency contract, as provided for by current regulations.
The balance of the fund was discounted, taking into consideration expected future cash flows, using the pre-tax discount rate that reflects the current market valuation of the cost of money over time. The change due to the passage of time and to changes in the discount rate applied was recorded as financial expense of € 1,044 thousand.
A total of € 6,020 thousand (€ 6,750 thousand less the discounted € 730 thousand) was added to the reserve in relation to PPA, corresponding to the contingent liability for the renewal (ongoing for a number of years) of the collective economic agreement for industry agents, estimated on the basis of the drafts and assumptions available with reference to changes in the rules on calculating the indemnity.
The *non-current portion of the reserve for restructuring expenses* was switched in full to the current portion of the corporate restructuring reserve before being transferred to SEAT Pagine Gialle Italia S.p.A. on September 1, 2012.

Other non-operating liabilities of € 1,274 thousand referred to debt to SEAT Pagine Gialle Italia S.p.A. and its subsidiaries Prontoseat S.r.l., Consodata S.p.A. and Cipi S.p.A., generated as part of the tax consolidation scheme following the request for a refund of the excess corporation tax (IRES) paid for fiscal periods prior to 2012 as a result of the failure to deduct regional production tax (IRAP) relating to staff and similar expenses. These are comparable with the tax receivables mentioned in note 15.

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

This can be broken down as follows:

	Year 2012				Year 2011
(euro/thousand)	Reserve for commercial risks	Reserves for contractual and other operating risks	Non-operating reserves	Total	Total
Balance at beginning of the year	10,831	11,380	26,990	49,201	40,762
Provisions	3,928	1,297	32,569	37,794	23,531
Utilizations	(4,713)	(940)	(9,668)	(15,321)	(24,835)
Reversal to the statement of operations	-	(515)	-	(515)	(2)
Other movements	-	-	2,989	2,989	9,745
Hive-down	(10,046)	(7,772)	(48,766)	(66,584)	-

Specifically:

- *reserve for commercial risks*, totaling € 10,046 thousand, were transferred to SEAT Pagine Gialle Italia S.p.A. on September 1, 2012; the provisions cover any costs incurred due to the failure to properly perform contractual services;
- *reserve for contractual and other operating risks*, totaling € 7,772 thousand, were transferred to SEAT Pagine Gialle Italia S.p.A. on September 1, 2012. The balance of € 3,450 thousand related entirely to the risk of paying the contribution for the 2006-2010 period to the national communications regulatory authority (AGCOM). The hearing on the merits of the appeal took place on May 9, 2012 at the Lazio Regional Administrative Court, which, by an order of May 22, 2012 at the request of SEAT, suspended the proceedings until the resolution of the request for a preliminary ruling referred to the European Court of Justice in the context of the appeal filed by another telecoms operator against the decisions taken by AGCOM on contributions;
- the current portion of non-operating reserves totaled € 4,114 thousand at December 31, 2012 (€ 26,990 thousand a year earlier). On September 1, 2012, a total of € 48,766 thousand was transferred to SEAT Pagine Gialle Italia S.p.A., including: *(i)* provisions for future costs relating to the financial restructuring (€ 32,419 thousand); *(ii)* the current portion of the corporate restructuring reserve (€ 13,210 thousand), to cover the costs that SEAT Pagine Gialle S.p.A. envisaged incurring for the corporate reorganization plan; and *(iii)* the sales network restructuring reserve (€ 3,137 thousand).

24. Trade payables and other current liabilities

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

(euro/thousand)	As at 12.31.2012	As at 12.31.2011	Changes
Payables due to suppliers	669	112,782	(112,113)
Payables due to sales agents	-	23,324	(23,324)
Payables due to other	598	4,717	(4,119)
Payables due to employees	984	12,263	(11,279)
Payables due to social security institution	116	5,592	(5,476)
Trade payables	2,367	158,678	(156,311)
Payables for services to be rendered	-	216,251	(216,251)
Advances from customers	-	2,860	(2,860)
Other current liabilities	14,778	13,267	1,511
Payables for services to be rendered and other current liabilities	14,778	232,378	(217,600)

All *trade payables* have a maturity of less than 12 months.

Payables to suppliers totaled € 669 thousand at December 31, 2012, down by € 112,113 thousand compared with December 31, 2011 (€ 112,782 thousand). This change was due mainly to the hive-down of contractual relations with suppliers, and of the relevant debts, to SEAT Pagine Gialle Italia S.p.A. on September 1, 2012.

Payables to sales agents were transferred to SEAT Pagine Gialle Italia S.p.A. in full following the hive-down of the agency mandates.

Payables for services to be rendered were transferred to SEAT Pagine Gialle Italia S.p.A. in full following the hive-down of the customer sales contracts.

Other current liabilities of € 14,778 thousand included € 13,036 thousand of non-operating payables to SEAT Pagine Gialle Italia S.p.A. (€ 12,155 thousand), to Prontoseat S.r.l. (€ 255 thousand), to Consodata S.p.A. (€ 183 thousand) and to Cipi S.p.A. (€ 443 thousand), calculated as part of the national tax consolidation scheme.

25. Revenues from sales and services

Revenues from sales and services totaled € 449,668 thousand in 2012 (€ 748,515 thousand in the previous year). For the first eight months, these revenues reflect the results relating to the assets and liabilities transferred to SEAT Pagine Gialle Italia S.p.A.; for the subsequent four months, they reflect the results relating to the strategic managerial services performed by the Parent Company for SEAT Pagine Gialle Italia S.p.A.
A more detailed analysis of these revenues can be found in the report on operations, in the "Financial performance by Business Area" section, under the heading "Italian Directories".

26. Other revenues and operating costs

26.1 Other revenues and income

Other revenues and income totaled € 5,328 thousand in 2012 (€ 7,157 thousand in 2011), including € 3,695 thousand of other income, of which € 1,487 thousand related to the recovery of costs incurred by SEAT Pagine Gialle S.p.A. and subsequently recharged to Group companies for the acquisition of goods and services and for seconded personnel.

26.2 Material costs

Costs for materials amounted to € 12,745 thousand in 2012 (€ 23,278 thousand in 2011). More specifically, these refer to:
- *paper consumption* of € 10,780 thousand in 2012;
- *goods and products for resale* in the amount of € 1,083 thousand in 2012 (€ 3,196 thousand in 2011), relating to the acquisition of customized items for merchandising.

26.3 External services costs

Costs for external services amounted to € 167,741 thousand in 2012 (€ 278,437 thousand in the previous year). To be more specific:
- *commissions and other agents' costs* totaled € 51,169 thousand in 2012 (€ 89,213 thousand in 2011);
- *directory printing and distribution costs* totaled € 21,832 thousand in 2012 (€ 37,650 thousand in the previous year) and related mainly to the cost of typesetting, printing and binding PAGINEGIALLE® and PAGINEBIANCHE®;
- *inbound call center service costs* of € 10,017 thousand in 2012 (€ 17,750 thousand in 2011) referred to calls to the 89.24.24 Pronto PAGINEGIALLE® and 12.40 Pronto PAGINEBIANCHE® services;
- *advertising and promotional costs*, which totaled € 6,760 thousand in 2012 (€ 15,211 thousand in 2011), were incurred, in particular, to support couponing and the 89.24.24 Pronto PAGINEGIALLE® and PAGINEGIALLE.it® products.

26.4 Salaries, wages and employee benefits

Salaries, wages and employee benefits totaled € 48,138 thousand in 2012 (€ 72,225 thousand in the previous year). Following the Hive-down, the average salaried workforce was cut from 1,029 in 2011 to 713 in 2012.
The workforce, including directors, project workers and trainees, consisted of 16 employees as at December 31, 2012 (1,254 employees as at December 31, 2011).

26.5 Other operating expenses

Other operating expenses totaled € 2,460 thousand in 2012 (€ 2,858 thousand in 2011). These included € 1,243 thousand of indirect and operating taxes, € 224 thousand of association membership fees and contributions, and € 113 thousand of promotion and entertainment expenses.

26.6 Non-recurring costs, net

Net non-recurring costs totaled € 75,052 thousand in 2012 (€ 27,552 thousand in 2011). They referred mainly to expenses pertaining to the debt restructuring process in the form of consent fees paid to creditors and fees for financial, legal, business and valuation consultancy services provided to the Company and to its creditors. These expenses were reimbursed to creditors as part of the commitments made to facilitate a consensual financial restructuring.

26.7 Restructuring costs, net

Net restructuring costs totaled € 142 thousand in 2012 (€ 9,999 thousand in 2011).

27. Interest income and expense

27.1 Interest expense

Interest expense of € 132,326 thousand in 2012 (€ 290,166 thousand in the previous year) included:

- € 57,105 thousand (€ 84,818 thousand in 2011) of interest expense on Senior Secured Bonds. This amount includes € 1,896 thousand relating to the share of transaction costs for the year and € 2,709 thousand for the share of the issue discount;
- € 34,098 thousand (€ 53,275 thousand in 2011) of interest expense on the Senior Credit Agreement between SEAT Pagine Gialle S.p.A. and The Royal Bank of Scotland. This amount includes € 8,376 thousand relating to transaction and refinancing costs for the period and € 1,561 thousand relating to the negative impact of derivatives hedging against interest rate risk;
- € 6,847 thousand of interest expense on the fixed-rate subordinated loan with associate Lighthouse International Company S.A. This amount refers to the interest accrued during the first eight months of 2012. The Merger by incorporation of Lighthouse into SEAT brought about the extinguishment of SEAT's debt to Lighthouse, meaning that interest on said debt ceased to accrue;
- € 947 thousand (€ 2,343 thousand in 2011) of interest expense on debts to Leasint S.p.A. in relation to finance leases raised for the purchase of the Turin real-estate complex where SEAT Pagine Gialle S.p.A. has its offices;
- € 1,280 thousand (€ 10,903 thousand in 2011) of euro/sterling foreign-exchange losses, which were more than offset by € 2,516 thousand of foreign-exchange gains (recorded under financial income);
- € 32,049 thousand of miscellaneous financial expense (€ 15,431 thousand in 2011), which included write-downs of € 30,037 thousand to receivables from subsidiaries (€ 25,188 thousand from TDL Infomedia Ltd. and € 4,849 thousand from SEAT Pagine Gialle Italia S.p.A.) and € 1,745 thousand of interest expense on the discounting of non-current assets and liabilities.

27.2 Interest income

Interest income of € 6,642 thousand in 2012 (€ 22,945 thousand in the previous year) referred mainly to:

- € 1,086 thousand of dividends from subsidiaries (€ 8,051 thousand in 2011), paid out by Telegate AG;
- € 2,415 thousand of income from cash and cash equivalents (€ 785 thousand in 2011);
- € 574 thousand (€ 1,749 thousand in 2011) of interest income on receivables from subsidiaries;
- € 2,516 thousand (€ 12,205 thousand in 2011) of euro/sterling foreign-exchange gains.

28. Income taxes

Income taxes for 2012 can be broken down as follows:

(euro/thousand)	Year 2012	Year 2011	Changes
Current income taxes	9,950	37,009	(27,059)
Reversal (provision) of deferred tax assets	(51)	43,731	(43,782)
Provision (reversal) of deferred tax liabilities	2,492	4,009	(1,517)
Income taxes pertaining to the previous years	(3,926)	-	(3,926)
Total income taxes for the year	8,465	84,749	(76,284)

Current income taxes totaled € 9,950 thousand in 2012 (€ 37,009 thousand in the previous year).
Accruals to *deferred tax liabilities* totaled € 2,492 thousand and related mainly to the deduction of the share of amortization of goodwill recognized for tax purposes.
Income taxes pertaining to previous years, which showed a positive balance of € 3,926 thousand, related mainly to the request for the reimbursement of excess corporation tax (IRES) paid for tax years prior to 2012 as a result of the failure to deduct regional production tax (IRAP) relating to staff and similar expenses (presented pursuant to Decree-Law 201/2011) that were recognized during the year in accordance with the relevant official provisions and interpretations.

The reconciliation of the income taxes reported in the financial statements and the theoretical income taxes resulting from the application of the tax rates in force to the pre-tax result for the financial years ended December 31, 2012 and December 31, 2011 respectively, is as follows:

(euro/thousand)	Year 2012	Year 2011
Profit before income taxes	(725,921)	(733,107)
Current income taxes calculated with the theorical tax rate	227,939	230,196
Substitute tax Legislative Decree 98/2011	-	(29,666)
Fiscal effect on non-deductible expenses for IRAP purposes	(37,158)	(42,426)
Income taxes referred to previous year	3,926	-
Permanent differences and other movements	(203,172)	(242,853)
Total income taxes for the year	(8,465)	(84,749)

The permanent differences and other adjustments (€ 203,172 thousand in 2012 versus € 242,853 thousand in 2011) were attributable mainly to the non-deductibility of components related to impairment losses; they also included non-deductible interest expense pursuant to article 96 of the Consolidated Income Tax Law, insofar as it is not likely that, within the timeframe foreseeable at present, the Company will generate sufficient gross operating revenues pursuant to article 96 of the aforementioned law to deduct interest expense not deducted in the current financial year in the future. As a result, deferred tax assets of € 4,796 thousand (€ 41,791 thousand in 2011) were not recorded.

Net deferred tax assets and liabilities

There were net deferred tax assets of € 14,187 thousand at December 31, 2012 (€ 10,517 thousand a year earlier). The breakdown and changes that occurred throughout the year are as follows:

	As at 12.31.2011	Changes during the year					As at 12.31.2012		
(euro/thousand)		Income taxes accounted for in the statement of operations	Income taxes accounted for the equity	Purchase Price Allocation	Hive-down to SEAT PG Italia S.p.A.	Tax group and other movements	Total	*of whic IRES*	*of which IRAP*
Deferred tax assets									
Allowance for doubtful trade receivables	18,549	1,326	-	3,410	(23,285)	-	-	-	-
Reserves for contractual risks	19,861	7,765	-	1,890	(26,537)	-	2,979	*2,845*	*134*
Tax losses	5,028	(7,867)	-	-	-	13,703	10,864	10,864	-
Other	4,285	(1,168)	(118)	2,030	(4,258)	-	771	*772*	*(1)*
Total deferred tax assets	*47,723*	*56*	*(118)*	*7,330*	*(54,080)*	*13,703*	*14,614*	*14,481*	*133*
Deferred tax liabilities									
Customer Relationship	-	-	-	(101,108)	101,108	-	-	-	-
Customer Data Base	-	-	-	(75,674)	75,674	-	-	-	-
Trademarks	-	-	-	(50,240)	50,240	-	-	-	-
Goodwill amortization	(36,063)	(2,560)	-	-	38,212	-	(411)	-	*(411)*
Reserve for severance indemnities	(1,042)	32	-	-	1,030	-	20	*20*	-
Other	(101)	36	-	(1,581)	1,610	-	(36)	-	*(36)*
Total deferred tax liabilities	*(37,206)*	*(2,492)*	-	*(228,603)*	*(267,874)*	-	*(427)*	*20*	*(447)*
Total net deferred tax assets	10,517	(2,436)	(118)	(221,273)	213,794	13,703	14,187	*14,501*	*(314)*

Current tax assets

Current tax assets totaled € 21,372 thousand at December 31, 2012 (€ 23,475 thousand at December 31, 2011). They can be broken down as follows:

(euro/thousand)	As at 12.31.2012	As at 12.31.2011	Changes
Income tax receivables	20,988	23,218	(2,230)
Other tax receivables	384	257	127
Total current tax assets	21,372	23,475	(2,103)

The amount of € 20,988 thousand at December 31, 2012 refers mainly to the corporation tax (IRES) receivable brought forward from previous fiscal periods.

Current tax payables

These can be broken down as follows:

(euro/thousand)	As at 12.31.2012	As at 12.31.2011	Changes
Income tax payables	750	-	750
Other tax payables	268	13,946	(13,678)
Total current tax payables	1,018	13,946	(12,928)

Current income tax payables totaled € 750 thousand at December 31, 2012 and referred to regional production tax (IRAP) payables. They were offset only partly by receivables for payments made on account.

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

Statement of financial position

The item "Liabilities directly related to non-current assets held for sale and discontinued operations" totaled € 250 thousand at December 31, 2012 (unchanged compared with December 31, 2011) and included amounts relating to the equity investment in Turkish joint venture Katalog Yayin ve Tanitim Hizmetleri A.S..

30. Related-party transactions

With reference to the provisions of IAS 24 and pursuant to Consob Regulation 17221 of March 12, 2010, the economic and financial effects of transactions with related parties are listed below.

In the year 2012 at which the Company has been handled by the current Board no atypical or unusual transactions with a related party or transactions giving rise to a potential conflict of interest have been carried out.

Pursuant to art. 5, paragraphs 8 and 9 of the aforementioned Regulation is noted as the most significant transactions have taken place as part of the restructuring process, namely *(i)* the merger by incorporation of Lighthouse International Company S.A. into SEAT Pagine Gialle S.p.A, *(ii)* the hive-down of almost the entire business conducted by the Company to wholly owned subsidiary SEAT Pagine Gialle Italia S.p.A, mentioned and described in this report (for further details please refer to the prospectus drawn up pursuant to article 70, paragraph 6 and article 57, paragraph 1, letter d) and paragraph 3 of the Regulation adopted by Consob through Resolution 11971 of May 14, 1999, as subsequently amended, which was published on August 24, 2012).

Based on the documentation prepared by former directors appears that other transactions with related parties carried out by the Company in 2012, including intra-group transactions would not have a significant impact on the companies' statements of financial position or results, would be reclassified under ordinary operating activities and should be subject to market conditions or specific legislative provisions.

Figures reported in this section refer to atypical and / or unusual transactions or potential conflicts of interest thus reflect the feedback of the board previously in charge, with particular reference to the practice adopted on the legal status of a relationship.

Income statement

(euro/thousand)	Year 2012	Subsidiaries	Associates	Companies with significant influence	Other related parties (*)	Total related parties
Revenues from sales and services	449,668	30,091	-	-	(2,351)	27,740
Other income	5,328	2,552	-	-	-	2,552
Costs of materials and external services	(180,486)	(10,547)	-	-	(1,763)	(12,310)
Salaries, wages and employee benefits	(48,138)	(49)	-	-	(3,701)	(3,750)
Other valuation adjustments	(26,517)	(3,274)	-	-	-	(3,274)
Other operating expenses	(2,460)	(38)	-	-	-	(38)
Non-recurring costs and restructuring costs	(75,194)	-	(3,389)	-	(6,842)	(10,231)
Interest income	6,642	1,663	-	-	-	1,663
Interest expense	(132,326)	(4,920)	-	-	-	(4,920)
Income taxes	(8,465)	(14,327)	-	-	-	(14,327)

(*) Directors, statutory auditors and exectutives with strategic responsibility and related companies though directors, statutory auditors, executives with strategic responsability

(euro/thousand)	Year 2011	Subsidiaries	Associates	Companies with significant influence	Other related parties (*)	Total related parties
Revenues from sales and services	748,515	51,117	-	-	-	51,117
Other income	7,157	3,726	-	-	-	3,726
Costs of materials and external services	(301,715)	(17,479)	-	-	(435)	(17,914)
Salaries, wages and employee benefits	(72,225)	(82)	-	-	(8,189)	(8,271)
Other valuation adjustments	(19,338)	(1,235)	-	-	-	(1,235)
Other operating expenses	(2,858)	(136)	-	-	-	(136)
Non-recurring costs and restructuring costs	(37,551)	(3)	(243)	-	(936)	(1,182)
Interest income	22,945	9,800	-	-	-	9,800
Interest expense	(290,166)	(10,982)	(104,352)	-	-	(115,334)
Income taxes	(84,749)	(419)	-	-	-	(419)

(*) Directors, statutory auditors and exectutives with strategic responsibility and related companies though directors, statutory auditors, executives with strategic responsability

Statement of financial position

(euro/thousand)	As at 12.31.2012	Subsidiaries	Associates	Companies with significant influence	Other related parties (*)	Total related parties
Non-operating non-current liabilities	(1,274)	(1,274)	-	-	-	(1,274)
Operating current assets	2,521	191	-	-	-	191
Operating current liabilities	(6,373)	(297)	-	-	(426)	(723)
Non-operating current liabilities	(19,354)	(13,036)	-	-	(1,370)	(14,406)
Current financial assets and cash and cash equivalents	2,878	2,215	-	-	-	2,215

(*) Directors, statutory auditors and exectutives with strategic responsibility and related companies though directors, statutory auditors, executives with strategic responsability

(euro/thousand)	As at 12.31.2011	Subsidiaries	Associates	Companies with significant influence	Other related parties (*)	Total related parties
Other non-current assets	251,146	181	-	-	-	181
Operating non-current liabilities	(32,378)	-	-	-	(400)	(400)
Operating current assets	525,463	20,774	-	-	-	20,774
Operating current liabilities	(413,958)	(3,807)	(131)	-	(768)	(4,706)
Non-operating current liabilities	(40,245)	(1,602)	(243)	-	-	(1,845)
Current financial assets and cash and cash equivalents	147,539	24,881	-	-	-	24,881
Current financial liabilities	(2,151,103)	(6,965)	(1,369,500)	-	-	(1,376,465)

(*) Directors, statutory auditors and exectutives with strategic responsibility and related companies though directors, statutory auditors, executives with strategic responsability

Statement of cash flows

(euro/thousand)	Year 2012	Subsidiaries	Associates	Companies with significant influence	Other related parties (*)	Total related parties
Cash inflow (outflow) from operating activities	159,521	47,242	(3,632)	-	(14,029)	29,581
Cash inflow (outflow) for investments	(18,973)	1,274	-	-	-	1,274
Cash inflow (outflow) for financing	951	12,444	(1,369,631)	-	-	(1,357,187)
Cash flow for the year	141,499	60,960	(1,373,263)	-	(14,029)	(1,326,332)

(*) Directors, statutory auditors and exectutives with strategic responsibility and related companies though directors, statutory auditors, executives with strategic responsability

(euro/thousand)	Year 2011	Subsidiaries	Associates	Companies with significant influence	Other related parties (*)	Total related parties
Cash inflow (outflow) from operating activities	281,454	31,856	-	-	(9,289)	22,567
Cash inflow (outflow) for investments	(37,277)	(181)	-	-	-	(181)
Cash inflow (outflow) for financing	(257,274)	(100,751)	(52,125)	-	-	(152,876)
Cash flow for the year	(13,097)	(69,076)	(52,125)	-	(9,289)	(130,490)

(*) Directors, statutory auditors and exectutives with strategic responsibility and related companies though directors, statutory auditors, executives with strategic responsability

Remuneration paid to managers with strategic responsibilities and compensation paid to directors and statutory auditors

Position	Remunerations (euro/thousand) As at 12.31.2012
General Manager	396
Manager with strategic responsibility	3,481
Remunerations due to Directors	3,925
Remunerations due to Staturory Auditors	335

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

Income statement

(euro/thousand)	Year 2012	Year 2011	Type of transaction
Revenues of which: Revenues			
SEAT Pagine Gialle Italia S.p.A.	26,564	45,681	retroceded telephone traffic and strategic/coordination activities.
Europages S.A.	3,472	5,222	commisions.
Total revenues on sales and services	30,091	51,117	
OTHER INCOME AND REVENUE of which:OTHER INCOME AND REVENUE			
Consodata S.p.A.	1,378	2,227	recovery of cost of seconded personnel and refunds for services
SEAT Pagine Gialle Italia S.p.A.	502	743	recovery of cost of seconded personnel and refunds for services
Web Company	302	-	recovery of cost of seconded personnel and refunds for services
TDL Infomedia Ltd.	161	341	recovery of cost of seconded personnel and refunds for services
Europages S.A.	152	45	recovery of cost of seconded personnel and refunds for services
Total other income and revenue	2,552	3,726	
COSTS of which: COSTS			
Prontoseat S.r.l.	5,248	9,061	mainly referred to call center services
Consodata S.p.A.	2,356	3,390	mainly referred to sale of direct marketing services
SEAT Pagine Gialle Italia S.p.A.	1,661	2,761	mainly referred to call center services
Cipi S.p.A.	1,224	2,219	maily referred to purchase of goods and products for resale
Total costs of materials and external services	10,547	17,479	
Total salaries, wages and employees benefits	49	82	cost of seconded personnel
Total valuations adjustments	3,274	1,235	accruals to doubtful trade receivables provision over the year for Seat Italia S.p.A. receivables
Total other operating expenses	38	136	purchase of representation goods and services from Cipi S.p.A.
Total non recurring and restructuring costs	3,389	246	costs related to funding Request Contract
INTEREST INCOME of which:INTEREST INCOME			
Telegate GmbH	1,086	6,500	distributed dividends
TDL Infomedia Ltd.	515	1,574	interest income on financing
Europages S.A.	58	1,551	distributed dividends
Total interest income	1,663	9,800	
INTEREST EXPENSE of which:INTEREST EXPENSE			
SEAT Pagine Gialle Italia S.p.A.	4,849	-	accruals to financial receivables provisions over the year for Seat Italia S.p.A..
TDL Infomedia Ltd.	66	169	interest expense on short-term deposits and current accounts to subsidiaries
Lighthouse International Company S.A.	-	104,250	interest expense on the long-term "subordinated" financing
Lighthouse International Company S.A.	-	102	transaction costs related to long-term "subodinated" financing
Telegate AG	-	1,076	interest expense on short-term deposits and current accounts to subsidiaries
Total interest expense	4,920	115,334	
SEAT Pagine Gialle Italia S.p.A.	12,553	11	profit tax over the year of Italian subsidiaries in tax group
Cipi S.p.A.	688	290	profit tax over the year of Italian subsidiaries in tax group
Prontoseat S.r.l.	571	45	profit tax over the year of Italian subsidiaries in tax group
Consodata S.p.A.	515	73	profit tax over the year of Italian subsidiaries in tax group
Total income taxes	14,327	419	

Statement of financial position

(euro/thousand)	As at 12.31.2012	As at 12.31.2011	Type of transaction
OTHER NON-CURRENT ASSETS of which:			
Consodata S.p.A.	-	155	software and licenses development
Total other non-current assets	-	181	
NON-OPERATING NON-CURRENT LIABILITIES of which:			
SEAT Pagine Gialle Italia S.p.A.	392	-	long-term liabilities for tax group
Consodata S.p.A.	335	-	long-term liabilities for tax group
Prontoseat S.r.l.	316	-	long-term liabilities for tax group
Cipi S.p.A.	231	-	long-term liabilities for tax group
Total non-operating non-current	1,274	-	
OPERATING CURRENT ASSETS of which:			
Consodata S.p.A.	191	1,607	recovery of costs and services rendered
SEAT Pagine Gialle Italia S.p.A.	-	14,519	receivables for services rendered
Europages S.A.	-	2,790	prepaid expenses related to changes in accounting policies and recovery of costs and services costs
TDL Infomedia Ltd.	-	1,127	receivables for recovery costs and services rendered
Cipi S.p.A.	-	219	prepaid expenses and receivables for recovery of costs
Prontoseat S.r.l.	-	59	receivables for tax group and for recovery of costs and services rendered
Total operating current assets	191	20,774	
NON-OPERATING CURRENT LIABILITIES of which:			
SEAT Pagine Gialle Italia S.p.A.	297	550	services rendered
Prontoseat S.r.l.	-	1,600	services rendered
Consodata S.p.A.	-	1,175	services rendered
Cipi S.p.A.	-	423	services rendered
Europages S.A.	-	48	services rendered
Total operating current liabilities	297	3,938	
NON-OPERATING CURRENT LIABILITIES of which:			
SEAT Pagine Gialle Italia S.p.A.	12,155	-	liabilities for tax group
Cipi S.p.A.	443	295	liabilities for tax group
Prontoseat S.r.l.	255	247	liabilities for tax group
Consodata S.p.A.	183	214	liabilities for tax group
Total non-operating current liabilities	13,036	1,845	
CURRENT FINANCIAL ASSETS AND CASH EQUIVALENTS of which:			
SEAT Pagine Gialle Italia S.p.A.	2,215	-	current account receivables
TDL Infomedia Ltd.	-	23,782	revolving loand
Europages S.A.	-	1,099	current account receivables
Total current financial assets and cash and cash equivalents	2,215	24,881	
CURRENT FINANCIAL LIABILITIES of which:			
Lighthouse International Company S.A.	-	1,369,500	liabilities for "subordinated" financing and interest expenses to pay off
Total current financial liabilities	-	1,376,465	

31. Other information

Statement of fees paid to the Independent Auditors and related entities

Pursuant to article 149-duodecies of the Consob Issuers' Regulation (Resolution 11971/1999, as subsequently amended), the fees for 2012 for auditing and other services carried out for SEAT Pagine Gialle S.p.A. by PricewaterhouseCoopers S.p.A. and related entities are shown below.

The 2012 Separate Financial Statements of SEAT Pagine Gialle S.p.A. were audited by PricewaterhouseCoopers S.p.A. on the basis of the mandate awarded by the Shareholders' Meeting on April 27, 2006 for 2006-2011, in compliance with the Consolidated Finance Act (Legislative Decree 58 of February 24, 1998).

The fee for auditing the 2012 Separate Financial Statements, verifying that the accounts are kept correctly and that the accounting entries accurately reflect operations was € 32 thousand, while the fee for the Consolidated Financial Statements was € 15 thousand. The overall fee for the limited audit of the SEAT Pagine Gialle 2012 Consolidated Half-Year Report was € 43 thousand.

PricewaterhouseCoopers S.p.A. was also paid € 432 thousand for additional services related to the financial restructuring process.

Entities related to Reconta Ernst & Young S.p.A. were paid € 113 thousand for consultancies related to organization.

List of significant equity investments

The Company owns 100% of SEAT Pagine Gialle Italia S.p.A.

Certification of the separate financial statements pursuant to art. 81-ter of Consob Regulation No. 11971 of May 14, 1999 as subsequently amended

1. The undersigned Vincenzo Santelia, acting in his capacity as Chief Executive Officer, and Massimo Cristofori,acting in his capacity as Manager Responsible for the Preparation of the Financial Statements of SEAT Pagine Gialle S.p.A., hereby declare, taking due account of section 154-bis, sub-sections 3 and 4 of Legislative Decree No. 58 of February 24, 1998, that in the preparation of the Financial Statements for the period all administrative and accounting procedures considered appropriate to the nature of the undertaking were applied in 2012.

2. All administrative and accounting procedures relating to the preparation of the Financial Statements as at December 31, 2012 were critically reviewed during the year to ensure their relevance and full application. The review did not reveal any anomalies.

3. We furthermore declare that:

   3.1. the Financial Statements for 2012:

   - have been prepared in accordance with the IAS/IFRS recognised as applicable by the European Community and under section 9 of Legislative Decree 38/2005 and that they offer a true and fair view of the Company's assets and economic and financial position;
   - agree with the books and accounting records;
   - offer a true and fair view of the assets and economic and financial position of the Company;

   3.2. the Report on Operations includes a reliable analysis of operating performance and results, of the position of the Company and a description of the main risks and uncertainties to which it is exposed.

Milan, June 27, 2013

Chief Executive Officer
Vincenzo Santelia

Manager responsible for the preparation of the financial statements

Massimo Cristofori

Report of the board of statutory auditors to the SEAT Pagine Gialle S.p.A. shareholders' meeting on the financial statements as at 31 december 2012, pursuant to article 2429 civil code and to article 153 legislative decree 58/98

Dear Shareholders,
with this report, the Board of Statutory Auditors is hereby submitting an account of its activities as required by Article 2429 Civil Code and Article 153 Legislative Decree 58/98, also taking into account the standards of conduct recommended by the National Board of Accountants and Auditors and the CONSOB Memorandum of April 6, 2001 and as amended and supplemented. The financial statements for the year ended as at December 31, 2012 were delivered to us on June 27, 2013 and the Board waived the terms as referred to in Article 2429 Civil Code.

1. The Board of Statutory Auditors would like to point out the following significant transactions made by SEAT Pagine Gialle S.p.A. in 2012.
   a) On September 6, 2012 the long, complex and intricate process of debt restructuring , based on the 2011-13 guidelines and the 2015 projections set out in 2011 and updated in January 2012 was concluded. In February 2012 this restructuring process was based on a plan subject to certification by an independent expert, pursuant to Article 67 R.D. no. 267/42. The main stages of this process were:
   a-1) on August 31, 2012 the share of the Group's subordinated debt represented by 2004-14 high yield bonds issued by the associate Lighthouse International Company S.A. ("Lighthouse") for the nominal amount of € 1.3 billion (aside from the interest accrued and unpaid up to December 31, 2011, coming to approximately € 69 million) was converted:
      - for the nominal amount of approximately € 1,304 billion (including interest), in a new issue of Seat shares, representing approximately 88% of the post-issue share capital. Prior to this transaction, Seat shareholders saw their stakes being reduced, overall to approximately 12% of the capital;
      - as for the residual amount of € 65 million in bonds with a 2017 Senior secured maturity at a nominal € 65 million, these had similar characteristics to the Seat 2010-2017 bonds issued over 2010 for a nominal total of € 750 million;
   a-2) on September 6, 2012 the exposure arising from the existing Senior Facilities Agreement loan contract with the Royal Bank of Scotland Plc (Milan branch) was refinanced;
   a-3) in compliance with the agreements that governed the process of financial restructuring (the "Restructuring Agreements") SEAT merged with Lighthouse, through a transnational merger transaction with which Seat incorporated Lighthouse with effect from August 31, 2012;
   a-4) still in compliance with the Restructuring Agreements, with effect from September 1, 2012, SEAT transferred almost its entire business, including equity interests in subsidiaries and the full financial debt, to its wholly owned subsidiary SEAT Pagine Gialle Italia S.p.A. (formerly Pagine Gialle Phone Service S.r.l.) (the "Transfer"). The shares representing the entire post-Transfer share capital of SEAT Pagine Gialle Italia S.p.A. were given as a pledge to the senior creditors to secure the loan.

   The Board feels that the transactions described above were completed in compliance with the law, the deed of incorporation and the shareholders' meeting resolutions and, in that they were functional to the execution of the restructuring plan - certified pursuant to Article 67 R.D. no. 267/'42 - they were also in line with the interests of the Company".
   b) The extraordinary transactions involved in the restructuring had a material effect on the presentation and composition of the statement of financial position and the statement of operations. Indeed, as regards the merger with Lighthouse, although from a legal perspective SEAT Pagine Gialle S.p.A. is the incorporating company, for accounting purposes, in compliance with IFRS 3 - Business Combinations - Lighthouse was considered the acquirer insofar as the majority of SEAT's share capital was acquired upon completion of the merger by the former Lighthouse bondholders, who became (in one of the intermediate stages of the financial restructuring process) Lighthouse shareholders. Booking the merger as a reverse acquisition pursuant to IFRS 3 also involved identifying the purchase price, with reference to the fair value of SEAT on the date of its acquisition, measured by its market capitalization on the merger date, and its allocation ("purchase price allocation") of the assets and liabilities of the entity deemed to be acquired, namely SEAT Pagine Gialle S.p.A..

   Subsequent to the merger, the company's capital structure underwent some significant changes, including specifically, the recording of around € 723 million of intangible assets with a finite useful life (customer relationship, databases, trademarks), and the determination of new goodwill for € 1,418 million. The purchase price allocation, performed by the company with the aid of Ernst & Young, was then reviewed by the undersigned auditors. The posting of these new higher values (Customer relationship, Database, trademarks and goodwill) because of the transfer, was then reflected in the value of the stake in SEAT Pagine Gialle Italia S.p.A.. These values were first formally represented with the nine month report approved on November 9, 2012.

c) With the consultancy of an authoritative professional, these holdings in SEAT Pagine Gialle Italia S.p.A. were subjected to an impairment test, as described in note 6 to the financial statements. This test brought about a write-down of the holdings, of € 691,888 thousand.
d) Subsequent to what is described above, the statements of financial position as at December 31, 2012 cannot be compared to those of December 31, 2011, which gathered all of the results of the operating assets and liabilities for the fiscal year, subject of the transfer to SEAT Pagine Gialle Italia S.p.A. on September 1, 2012. In other words, the statement of financial position as at December 31, 2012 is that of a holding company and the statement of operations recognizes the current operations up to August 31, 2012, while for the rest of the fiscal year, it represents the management services activities performed for SEAT Pagine Gialle Italia S.p.A...

2. The Board would also like to add some of its own considerations on the reasons for SEAT Pagine Gialle Group's continuing crisis and of its effects on the events after the end of the fiscal year and on its future prospects. It is the Board's opinion that the main reason for the Group's further downturn consists of the unexpected collapse of the advertising market that occurred in the final months of 2012 and which struck all of the major "media" concerns in Italy and is still ongoing, as a consequence of the deep crisis in Italian small and medium enterprises, being the primary user base of both the paper and WEB services provided by the Group.
   Still in July 2012 Nielsen predicted that the advertising market would close the year with a decline of -4.7%, while the final figures for 2012 were actually -14.3%. For SEAT the phenomenon occurred with a particular delay and to a larger extent in the second half of the year while a grasp of its impact was only possible toward the end of 2012 and the beginning of 2013. Consequently even the reports from the current managers and directors practically up to the end of 2012 did not assess the scale of the crisis as it was later manifested.
   This unpredictable collapse of the advertising market and its consequent affects on the Group's estimated earnings trends and operations led the directors to consider the original economic and financial plan, on which the afore-mentioned restructuring was based, no longer viable and which brought about the emergency meeting of the Board of Directors on January 28, 2013. In that meeting, the Board decided to further investigate the situation. At the same time, the subsidiary SEAT Pagine Gialle Italia S.p.A. decided to suspend payment of an interest installment due on January 31, 2013.
   On February, 4 2013 the Board of Directors decided to request admission to a composition with creditors' procedure pursuant to Article 161, p. 6, R.D. 267/1942. This request was filed with the Court of Turin on February 6, 2012. Subsequent to its being granted, the Company initiated the consequent procedures. On June 27, 2013 the Board of Directors approved the proposed composition with creditors' procedure filed with the Court on June 28, 2013.
   This proposal provides for, subject to merger by incorporation of SEAT Pagine Gialle Italia S.p.A. into the Company, the full repayment of those privileged creditors not downgraded, the transformation into capital of a part of the downgraded, privileged debt into unsecured loans, repayment in cash of an additional residual part of the afore-mentioned debt and, finally, repayment in cash of a portion of the other unsecured loans. As a result of the above, it is anticipated that the consolidated financial debt will be reduced by approximately € one billion.
3. As a consequence of the losses, equity as at December 31, 2012 was € 18,586,000 as compared to the capital of € 450,266,000 therefore placing the company in the situation referred to in Article 2446 c.c., which, given the composition with creditors' procedure, cannot be applied until its approval by the court.
   The steps foreseen for the proposed composition with creditors' procedure mentioned above, if carried out fully, should be suitable to recover the Company's consolidated and statutory equity to a level in excess of the share capital, thereby eliminating the significant loss situation pursuant to Article 2446 c.c.
   The separate 2012 financial statements were drafted in application of the principle of business continuity, in regard to which there are several and significant uncertainties, which have been set out by the directors in paragraph 2.1 of the Notes to the financial statements, also highlighted in the external auditor's report, and which shall be deemed to have been referred to herein. It is also the opinion of the Board that there are numerous and significant uncertainties, which make it impossible to express a judgment on whether or not the conditions of business continuity will persist.
4. On November 10, 2010, The Board of Directors approved the "Procedure for transactions with related parties" implementing the Regulations approved with CONSOB Decision no. 17221 of March 12, 2010 and subsequent amendments. This procedure was later amended in 2011. It is the opinion of this Board that the procedures adopted by the Company were in compliance with the standards indicated in the CONSOB Regulations.

4.1. As concerns:
- atypical and/or unusual transactions with third parties;
- atypical and/or unusual or extraordinary transactions with related parties this Board has not encountered any of the above save for the transactions relative to the afore-mentioned financial restructuring plan.

4.2. As concerns ordinary and financial transactions with related parties, the Company maintains the investment, economic and financial relations indicated in Note 30 to the separate financial statements; those transactions were undertaken at market values.

As concerns the aforementioned intra-group and related party transactions, this Board feels that the amounts are congruent and that the transactions are in the Company's interest.

5. The Board of Statutory Auditors believes that the information provided by the directors in the financial statements concerning inter-group and related party transactions is adequate.
6. On July 3, 2013 the independent auditors, PricewaterhouseCoopers S.p.A. issued its report on the SEAT Pagine Gialle S.p.A. separate financial statements, with these conclusions: "Because of the effects linked to the uncertainties described in paragraph 3 above, Going concern, we are unable to express an opinion on the SEAT Pagine Gialle S.p.A. separate financial statements as at December 31, 2012. "The independent auditors also stated, "Because of the effects linked to the many significant uncertainties described in the paragraph above, we are not able to provide an opinion on the coherence of the Report on Operations or on the information referred to in paragraph 1, letters c), d), f), l), m) or in paragraph 2, letter b) of Article 123-bis of Legislative Decree 58/98 submitted in the Report on Corporate Governance and Shareholder Structure with the SEAT Pagine Gialle S.p.A. separate financial statements as at December 31, 2012. "The independent auditors expressed similar conclusions in regard to the consolidated financial statements.
7. Over 2012 This Board received no claims or declarations.
8. The 2012 SEAT Pagine Gialle S.p.A. separate financial statements were audited by PricewaterhouseCoopers S.p.A. on the basis of the mandate awarded by the Shareholders' Meeting on June 12, 2012 for the 2012-2020 fiscal years in compliance with the Consolidated Finance Act (Legislative Decree no. 58 of February 24, 1998).

   The fee for auditing the 2012 separate financial statements and verifying that the accounts were kept correctly and that the accounting entries accurately reflect operations was € 32,000, while the fee for the consolidated financial statements was € 15,000. The overall fee for the limited audit of the 2012 SEAT Pagine Gialle S.p.A. first-half report was € 43,000.

   PricewaterhouseCoopers S.p.A. was also given other assignments for a total of fees coming to € 432,000 related to the work on the financial restructuring.

   Entities associated with the PricewaterhouseCoopers S.p.A. network, were also assigned duties for fees coming to € 113,000 for computer system consultancy work.
9. This Board hereby issues these opinions:
   - in regard to the proposal for the appointment of the independent auditors;
   - in regard to the payment of the bonus linked to the MBO 2011 plan to Mr.Cappellini and payment of the restructuring bonus to the Cappellini heirs, decided for Mr. Cappellini based on the completion of the transaction;
   - in regard to the failed co-opting in the Board of certain directors and the failed appointment of a CEO (to replace Mr. Cappellini) and the appointment of Mr. Cristetti as Director General pro-tempore;
   - in regard to the procedure followed by the Board of Directors to evaluate the independence of the non-executive board members (Board of Directors meeting 4/30/2012);
   - comments drafted pursuant to Articles 2446 first paragraph and 2447 Civil Code;
   - in regard to the proposed appointment of Mr. Massimo Cristofori as chief financial officer, for preparation of the accounting documents pursuant to Article 154 bis TUF;
   - in regard to the proposed salary for the Chairman of the Board of Directors pursuant to Article 2389, p. 3, c.c.
   - In regard to the assignment of the independent auditor firm PricewaterhouseCoopers S.p.A. to the certification of the pro-forma data as at June 30, 2012;
   - in compliance with Article 2389 third paragraph Civil Code, in regard to the proposed overall compensation for Mr. Santelia after his appointment to the post of CEO and the proposed overall compensation for Board Members called on to take part in the committees. In regard to the proposal for the review of the salaries formulated by PWC for SEAT S.p.A.;
10. The following meetings were held:
   - 28 meetings of the Board of Directors;
   - 6 meetings of the Board of Statutory Auditors;
   - 6 meetings of the Control and Risks Committee.

   The Board of Statutory Auditors, or some of its members, have attended all of the above meetings, just as they have attended the 15 meetings of the Steering Committee (restricted committee with the task of monitoring the different steps in the financial-restructuring process).

There were also 3 meetings of the Remuneration Committee.

11. The Board of Statutory Auditors, has investigated and ensured, within the scope of its authority, the compliance with the proper standards of administration, through direct observations, the collection of information from the managers of departments and through meetings with the independent auditors to exchange relevant data and information.
    No issues were disclosed with regard to this point.
12. The Board of Statutory Auditors has also investigated and ensured, within the scope of its authority, the suitability of the Company's organizational structure and has not found any issues to report.
13. The Board of Statutory Auditors has monitored the internal control system and the administration/accounting system, to ensure that they are adequate and that the latter system reliably records transactions, by: *(i)* examining the reports on the administration and accounting and the internal control and corporate reporting systems; *(ii)* obtaining information from the various department heads; *(iii)* contacts with the independent auditors; *(iv)* participating in the work of the Internal Audit Committee.
    In accordance with the provisions of article 19 of Legislative Decree no. 39 of January 27, 2010, the Board of Statutory Auditors has also monitored:
    - the financial information process;
    - the statutory audit of the annual accounts and consolidated accounts;
    - the independence of the auditors, especially as far as the provision of non-auditing services to the Company is concerned.

    From the activities carried out, no irregularities have emerged that could be considered as indicative of the unsuitability of the Internal Control System.
14. The Board of Statutory Auditors believes that the administrative/accounting system is adequate and reliably records transactions.
15. The Company has provided subsidiaries with the information they require to meet their reporting duties provided for by Article 114, paragraph 2 of Legislative Decree no. 58/1998.
16. During the meetings held with the independent auditors pursuant to Article 150, paragraph 2, of Legislative Decree no. 58/98, no significant aspects have emerged except for those concerning the continuity of the Company mentioned in paragraph 3.
17. As far as Corporate Governance is concerned and the practical application of the corporate governance rules set out in the Code of Conduct issued by Borsa Italiana, the Company, as a result of the mandate assigned by the Board of Directors on December 18, 2012, adopted the Code of Conduct with the Board resolution of April 24, 2013.
18. During its supervision and controls, without prejudice to the foregoing, the Board of Statutory Auditors found nothing of relevance to report to the Supervisory Bodies or to mention in this report.
19. The Board of Statutory Auditors hereby acknowledges the results of the separate financial statements as at December 31, 2012, which show a loss of € 734,386 thousand. The directors, also considering what is provided for by Article 182-sexies R.D.267/1942, propose that the shareholders' meeting approve the report on operations and the separate financial statements. The Board of Statutory Auditors has no reason to raise objections to this proposal, even though it must add that, for the reasons set out in paragraph 3, the requirement of *corporate continuity*, used by the directors for the drafting of the financial statements and subordinated to the positive outcome of the procedure, is subject to many significant uncertainties, which depend on factors that are beyond the control of the directors.

Milan, July 3, 2013

The Board of Statutory Auditors

Enrico Cervellera

Vincenzo Ciruzzi

Andrea Vasapolli

pwc

AUDITORS' REPORT IN ACCORDANCE WITH ARTICLES 14 AND 16 OF LEGISLATIVE DECREE N° 39 OF 27 JANUARY 2010

To the Shareholders of
SEAT Pagine Gialle SpA

1 We have audited the separate financial statements of SEAT Pagine Gialle SpA (the "Company") as of 31 December 2012, which comprise the statement of financial position, the income statement, the statement of comprehensive income, the statement of cash flows, the statement of changes in equity and the related explanatory notes. The directors of SEAT Pagine Gialle SpA are responsible for the preparation of these financial statements in compliance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree n° 38/2005. Our responsibility is to express an opinion on these separate financial statements based on our audit.

2 We conducted our audit in accordance with the auditing standards and criteria recommended by Consob, the Italian Commission for listed Companies and the Stock Exchange. Those standards and criteria require that we plan and perform the audit to obtain the necessary assurance about whether the separate financial statements are free of material misstatement and, taken as a whole, are presented fairly. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors.

For the opinion on the separate financial statements of the prior period, which are presented for comparative purposes, reference is made to the report issued by other auditors on 30 April 2012.

3 The separate financial statements of SEAT Pagine Gialle SpA as of 31 December 2012 report a loss of Euro 734.4 million, attributable for Euro 691.9 million to the write - down of the investment in the subsidiary SEAT Pagine Gialle Italia SpA (the "Subsidiary"). This loss has decreased the net equity of the Company as of 31 December 2012 to Euro 18.6 million, resulting in the occurrence of the situation pursuant to article 2446 of the Italian Civil Code.

On 6 February 2013 the Company, together with its subsidiary SEAT Pagine Gialle Italia SpA, submitted to the Turin Court the application for the composition with creditors' procedure (the "Procedure") in accordance with article 161 of the Bankruptcy Law. In accordance with article 182-sexies of the Bankruptcy Law, such a request suspends the situation pursuant to article 2446 of the Italian Civil Code for the period between the application filing date and the approval of the composition with creditors' procedure.

PricewaterhouseCoopers SpA

Sede legale e amministrativa: Milano 20149 Via Monte Rosa 91 Tel. 0277851 Fax 027785240 Cap. Soc. Euro 6.812.000,00 i.v., C .F. e P.IVA e Reg. Imp. Milano 12979880155 Iscritta al n° 119644 del Registro dei Revisori Legali - Altri Uffici: **Ancona** 60131 Via Sandro Totti 1 Tel. 0712132311 - **Bari** 70124 Via Don Luigi Guanella 17 Tel. 0805640211 - **Bologna** Zola Predosa 40069 Via Tevere 18 Tel. 0516186211 - **Brescia** 25123 Via Borgo Pietro Wuhrer 23 Tel. 0303697501 - **Catania** 95129 Corso Italia 302 Tel. 0957532311 - **Firenze** 50121 Viale Gramsci 15 Tel. 0552482811 - **Genova** 16121 Piazza Dante 7 Tel. 01029041 - **Napoli** 80121 Piazza dei Martiri 58 Tel. 08136181 - **Padova** 35138 Via Vicenza 4 Tel. 049873481 - **Palermo** 90141 Via Marchese Ugo 60 Tel. 091349737 - **Parma** 43100 Viale Tanara 20/A Tel. 0521275911 - **Roma** 00154 Largo Fochetti 29 Tel. 06570251 - **Torino** 10122 Corso Palestro 10 Tel. 011556771 - **Trento** 38122 Via Grazioli 73 Tel. 0461237004 - **Treviso** 31100 Viale Felissent 90 Tel. 0422696911 - **Trieste** 34125 Via Cesare Battisti 18 Tel. 0403480781 - **Udine** 33100 Via Poscolle 43 Tel. 043225789 - **Verona** 37135 Via Francia 21/C Tel.0458263001

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On 28 June 2013 the Company and its Subsidiary filed the composition proposal (the "Proposal"), the plan and further documentation in accordance with the second and third commas of article 161 of the Bankruptcy Law.

In the "Going concern evaluation" paragraphs of the report on operations and of the explanatory notes to the separate financial statements, the directors recognize the existence of certain factors that contribute considerably to the permanence of significant uncertainties over the Company's ability to continue to operate in the foreseeable future. These significant uncertainties, in addition to the difficulties arising from a persistently very tough economic climate, relate to:

- the Court of Turin admitting the Company to the composition with creditors' procedure as a going concern; on the basis of the elements contained in the filing, the Court must first assess whether the legal and factual conditions are in place to admit the Company to a composition procedure. If these conditions are not in place, the Court may declare the filing to be inadmissible, thereby ensuring an insolvency status;

- the Shareholders' Meeting taking the necessary decisions to execute the proposed composition with creditors; this Proposal provides for some of the Company's debts to be converted into equity by way of a reserved capital increase that will dilute the stakes of the existing shareholders. At present, as there is no nucleus of major shareholders with a sufficient stake to ensure the quorums required to hold meetings and take decisions, it is impossible to predict the outcome of the meeting called to take the decisions in question;

- the positive outcome of the creditors' meeting; it is uncertain whether the creditors will vote in a sufficient majority to approve the Proposal so it can be authorized by the Court;

- the Court authorizing the composition with creditors; when investigating the matter, the Court must take into account and assess all available information, particularly the report of the commissioner appointed when the Company is admitted to the composition with creditors' procedure;

- the Proposal re-establishing adequate equity that is sufficient to bring the Company and its Subsidiary out of the situations pursuant to article 2446 and 2447 of the Italian Civil Code, respectively, and to sustain business for the period covered by the plan drawn up during the Procedure;

- the estimates and forecasts made by the Company in relation to the composition with creditors' procedure and the viability of the plan underlying the Proposal. The actions provided for by the new strategic guidelines are subject to the completion of certain operations, including some of an extraordinary nature, for the purposes of which the Procedure must evolve favorably and result in the authorization of the composition with creditors.

The matters outlined above show that the going concern assumption, used by directors to prepare the separate financial statements, is subject to multiple material uncertainties that depend on factors that are not under the control of the directors, with possible significant cumulative effects on the separate financial statements of SEAT Pagine Gialle SpA as of 31 December 2012.

4 Due to the effects of the uncertainties mentioned in paragraph 3 above, we are not able to express an opinion on the separate financial statements of SEAT Pagine Gialle SpA as of 31 December 2012.

5 We bring to your attention that the merger by incorporation of Lighthouse International Company SA into SEAT Pagine Gialle SpA became effective on 31 August 2012, together with the contextual transfer from SEAT Pagine Gialle SpA to the subsidiary SEAT Pagine Gialle Italia SpA (formerly Pagine Gialle Phone Service Srl) of almost all its assets and liabilities, including the investments in the subsidiaries and the financial indebtedness. The effects of these extraordinary transactions, that have had significant consequences in relation to the presentation of the economic and financial figures of the Company for the year 2012, are described in the “Introduction” to the separate financial statements as of 31 December 2012.

6 The directors of SEAT Pagine Gialle SpA are responsible for the preparation of the report on operations and of the report on corporate governance and ownership structure published in section “Governance” of the website of SEAT Pagine Gialle SpA, in compliance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the report on operations and of the information referred to in paragraph 1, letters c), d), f), l), m), and paragraph 2, letter b), of article 123-bis of Legislative Decree n° 58/98 presented in the report on corporate governance and ownership structure, with the financial statements, as required by law. Because of the effects related to the multiple significant uncertainties described in paragraph 3 above, we are not able to express an opinion on the consistency of the report on operations and of the information referred to in paragraph 1, letters c), d), f), l), m), and paragraph 2, letter b), of article 123-bis of Legislative Decree n° 58/98 presented in the report on corporate governance and ownership structure, with the separate financial statements of SEAT Pagine Gialle SpA as of 31 December 2012.

Turin, 3 July 2013

PricewaterhouseCoopers SpA

Signed by

Piero De Lorenzi
(Partner)

This report has been translated from the original which was issued in accordance with Italian legislation. We have not examined the translation of the separate financial statements referred to in this report.


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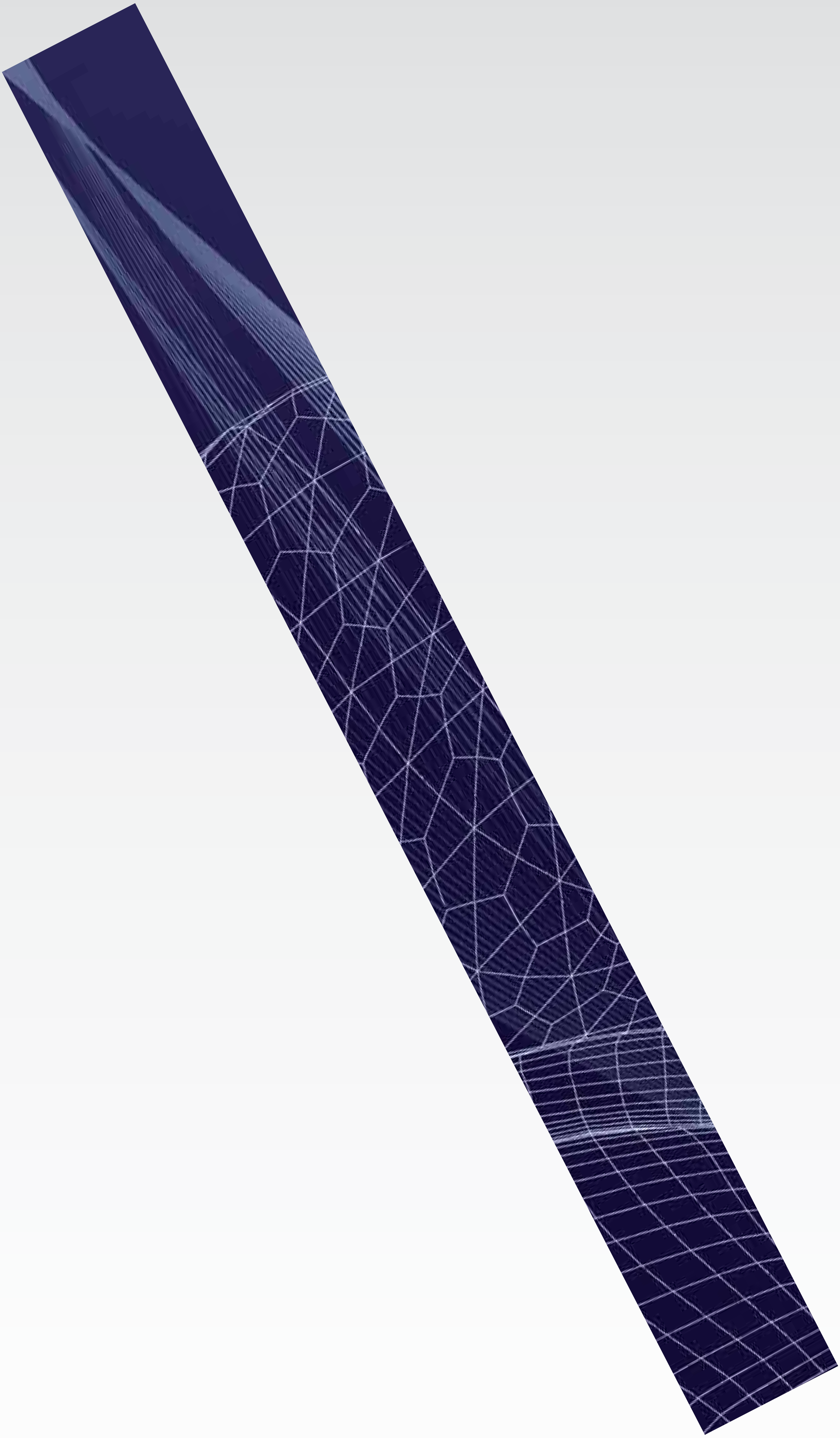

Recommendations for resolutions

Dear Shareholders
The Company's Board of Directors has convened this ordinary shareholders' meeting to propose that you approve the SEAT Pagine Gialle S.p.A. Financial Statements as at December 31, 2012, from which a fiscal year loss of € 734,385,763.03 has emerged. It should be noted that as at December 31, 2012:

I. overall losses come to € 2,419,663,635.52 and may be broken down as follows:
   a. fiscal year loss, as noted above, € 734,385,763.03;
   b. previous losses not covered € 1,685,277,872.49;
II. share capital € 450,265,793.58:
III. total net reserves € 1,987,983,849.78;
IV. the Company's net equity is positive at € 18,586,007.84, but the share capital has been reduced by more than a third.

In consideration of the above, we hereby submit the following recommendation for resolution for your approval:
"The SEAT Pagine Gialle S.p.A. shareholders' meeting has
a) examined the Company's financial statements closed as at December 31, 2012;
b) having regard for the report on operations annexed to the financial statements;
c) having acknowledged the reports from the Board of Statutory Auditors and the independent auditors PricewaterhouseCoopers S.p.A.;
d) having taken into account what is provided for by Article 182-sexies R.D.267/1942 pursuant to which, from the date of the request for admission to a composition with creditors' procedure - even when drafted pursuant to the sixth paragraph of Article 161 Bankruptcy Law- and up until its approval, "Articles 2446, second and third paragraphs, 2447, 2482-bis, fourth, fifth and sixth paragraphs, and 2482-ter Civil Code do not apply. For the same period the dissolution of the company is not operative for reduction or loss of the share capital as referred to in Articles 2484, n. 4, and 2545-duodecies Civil Code"

resolves

- to approve the SEAT Pagine Gialle S.p.A. Report on operations by the Board of Directors and financial statements, which shows a loss of € 734,385,763.03.

Shareholder's meeting resolutions

On June 25, 2013 the SEAT Pagine Gialle S.p.A Ordinary Meeting was held, in a single call, at the Company Sub Office at 22 Corso Mortara Turin.

The Ordinary Shareholder's Meeting resolved the following:

- to approve the Board of Director's Report on Operations and the SEAT Pagine Gialle S.p.A. Financial Statements, which recorded an operating loss of € 734,385,763.03;

- to approve the Seat Pagine Gialle S.p.A economic and financial position as at April 30, 2013 which record overall losses (included the losses of the period), net of reserves, of € 432,885,844.60 and net shareholder's equity of €17,379,948.98. At the same time the Ordinary Shareholder's Meeting does not take resolutions of which article 2446 Civil Code having taken into account what is provided for by Article 182-sexies R.D.267/1942;

- to appoint as Directors Mrs Michaela Castelli, also co-opted in July 10, 2013 as substitute of Mr Paul Douek that resigned as Board Director with effect from April 29, 2013;

- to appoint as Alternate Auditors Messrs Marco Benvenuto Lovati and Maurizio Michele Eugenio Gili as substitute of Messrs Guido Vasapolli and Dott. Guido Costa that resigned from the Board of Statutory Auditors on April 24,2013 and May 2, 2013, respectively.

- to approve Section I of the Remuneration Report pursuant to Article 123-ter of Legislative Decree no. 58 of February 24, 1998.

seatPG
PAGINE GIALLE
motore di relazioni

THE LOCAL MARKETING COMMUNICATION AGENCY

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A copy of official documents available on the website

www.seat.it

Official documents may be requested to

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Printed in September 2013