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Annual Report
2013

seat**pg**
pagineGialle

13

Annual Report
2013



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 i.v.
Tax code and VAT code: 03970540963
Milan Register of Companies No. 03970540963



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

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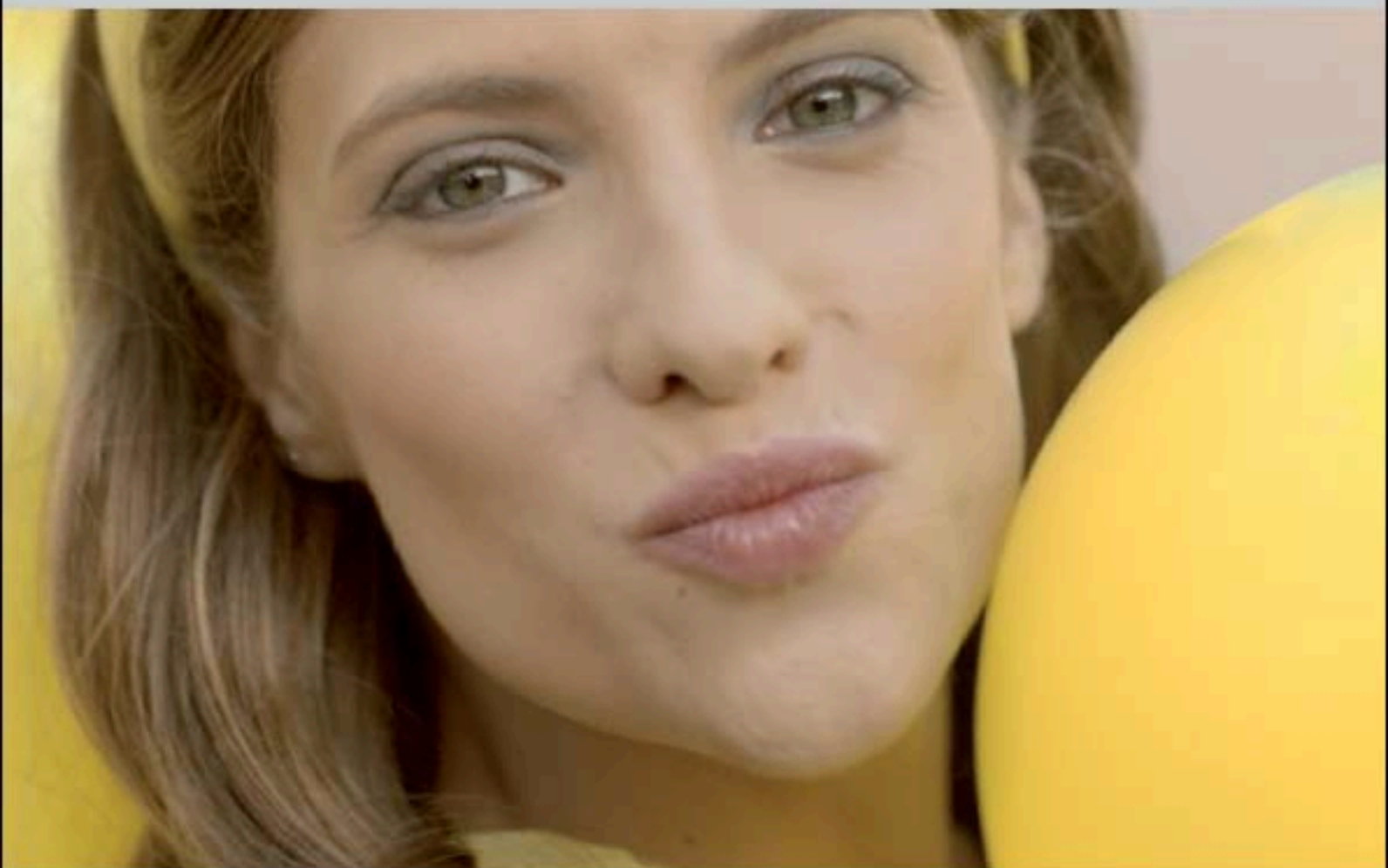
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" il Giallo ti sorprende "



Pictured above extracted from the last spot of SEAT PG

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Highlights
and general
information



LOADING

Company boards \

(information correct as at April 1, 2014)

Board of Directors ⁽¹⁾

Chairman

Guido de Vivo

Chief Executive Officer

Vincenzo Santelia ⁽²⁾

Chiara Damiana Maria Burberi ⁽³⁾

Michaela Castelli ⁽³⁾

Mauro Del Rio ⁽⁴⁾

Francesca Fiore ⁽⁴⁾

Mauro Pretolani ⁽⁴⁾

Harald Rösch ⁽⁴⁾

Luca Rossetto ⁽⁴⁾

Secretary to the Board of Directors

Michaela Castelli

Appointments and Remuneration Committee ⁽⁴⁾

Chairman

Mauro Pretolani

Michaela Castelli ⁽³⁾

Francesca Fiore

Control 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 ⁽⁶⁾

Marco Benvenuti Lovati

Maurizio Michele Eugenio Gili

Common Representative of Savings Shareholders

Stella d'Atri ⁽⁷⁾

Chief Financial Officer

Andrea Servo ⁽⁸⁾

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⁾ Appointed as a director and member of the Appointments and Remuneration Committee respectively by the Ordinary Shareholders' Meeting on July 25, 2013 and by the Board of Directors on August 6, 2013, replacing Paul Douek, who resigned on 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.

⁽⁶⁾ Appointed by the Ordinary Shareholders' Meeting on July 25, 2013 to replace Guido Vasapolli and Guido Costa, who resigned on April 24, 2013 and May 2, 2013 respectively.

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

⁽⁸⁾ Appointed by the Board of Directors on October 29, 2013 as a replacement for Massimo Cristofori.

⁽⁹⁾ Directors who meet the independence criteria set forth in Articles 147-ter, paragraph 4 and 148, paragraph 3, of Legislative Decree 58/1998 and in the Code of Corporate Governance for Listed Companies.

Financial highlights of the Group

In order to enable the accounting items to be compared and analyzed fairly, the Seat Pagine Gialle Group's results for fiscal 2013 are shown against those for fiscal 2012, as described in more detail in the "Presentation of accounting data" section of the report on operations.

- Consolidated REVENUE was € 503.3 million, down by 23.6%.
- Consolidated EBITDA was € 89.5 million, down by 60.9%.

- As at December 31, 2013, FREE OPERATING CASH FLOW was € 124.2 million and NET FINANCIAL DEBT was € 1,459.9 million, reflecting the reclassification, pursuant to IFRS 5, of the assets and liabilities of the Telegate Group and of Cipi S.p.A. to "Non-current assets held for sale and discontinued operations", as well as the deconsolidation of the assets and liabilities of the TDL Group.



	Year 2013	Year 2012 comparable restated data (**)	Year 2012 IFRS restated (**)
<i>(euro million)</i>			
Economic and financial data			
Revenues from sales and service	503.3	659.0	193.3
GOP (*)	132.2	291.5	66.3
EBITDA (*)	89.5	228.9	34.1
EBIT (*)	(234.5)	(1,756.5)	(1,860.3)
Pre-tax profit (loss)	(364.7)	(1,228.7)	(1,235.3)
Profit (loss) on continuing operations	(351.5)	(1,053.8)	(1,036.9)
Profit (loss) pertaining to the Group	(347.6)	(1,058.5)	(1,042.7)
OFCF (*)	124.2	262.2	66.1
Capital expenditure	33.7	35.7	15.4
Net invested capital (*)	136.5	483.8	359.8
<i>of which goodwill and marketing related intangibles</i>	29.1	134.5	252.2
<i>of which net operating working capital (*)</i>	(56.5)	10.5	10.5
Equity of the Group	(1,342.9)	(996.5)	(996.5)
Net financial debt (*)	1,459.9	1,327.9	1,327.9
Economic and financial ratio			
EBITDA/Revenues	17.8%	34.7%	17.6%
EBIT/Revenues	(46.6%)	(266.5%)	(962.4%)
EBIT/Net invested capital	(171.8%)	(363.0%)	(517.0%)
Profit (loss) for the period /Equity of the Group	n.s.	n.s.	104.6%
OFCF/Revenues	24.7%	39.8%	34.2%
Operating working capital/Revenues	(11.2%)	1.6%	5.4%
Workforce			
Workforce at the end of the period (units) (***)	2,029	3,997	3,891
Average workforce for the period on continuing operations (****)	1,898	1,723	-
Revenues/Average workforce	265	382	-

(*) See "Non-GAAP measures" below for details on how the items are calculated.

(**) Please refer to the introduction to the report on operations in the "Presentation of accounting data" section for further details on how the 2012 data has been restated.

(***) The 2013 figure does not include the period-end average workforce of the deconsolidated TDL Group, the Telegate Group and Cipi S.p.A., which were reclassified to "Non-current assets held for sale and discontinued operations" pursuant to IFRS 5.

(****) The average workforce for 2012 restated IFRS was not given. Following the merger, the statement of operations refers only to August 31 - September 30, 2012 and the figure does not provide exhaustive information.

Non-GAAP measures

This section reports on several non-GAAP measures used in the Seat Pagine Gialle Group's consolidated financial statements and in Seat Pagine Gialle S.p.A.'s separate financial statements as at December 31, 2013 to provide tools for analyzing the financial performance of the Group, in addition to those based on the financial statements.

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

- **GOP** (*gross operating profit*) refers to EBITDA before other operating income and expense, net valuation adjustments and provisions for risks and charges.
- **EBITDA** (*operating result before amortization, depreciation and other net non-recurring and restructuring costs*) refers to **EBIT** (*operating result*) before net non-recurring

and restructuring costs and operating and non-operating amortization, depreciation and write-downs.

- **Operating working capital and non-operating working capital** are calculated, respectively, as operating current assets (relating to operating revenues) net of operating current liabilities (relating to operating costs) and as non-operating current assets net of non-operating current liabilities. Neither item includes current financial assets or liabilities.
- **Net invested capital** is the sum of operating working capital, non-operating working capital, goodwill and customer databases, and other operating and non-operating non-current assets and liabilities.
- **Net financial debt** is a measure of ability to meet financial obligations comprising current and non-current financial payables net of cash and cash equivalents and current financial receivables.
- **OCF** (*operating free cash flow*) is the EBITDA, adjusted to take into account the effect of capital expenditure and the change in operating working capital and operating non-current liabilities on the net financial position.

Information for shareholders \

Shares \

		As at 12.31.2013	As at 12.31.2012 <i>comparable restated data</i> ⁽¹⁾
Share capital	euro	450,265,793.58	450,265,793.58
Number of ordinary shares	n.	16,066,212,958	16,066,212,958
Number of savings shares	n.	680,373	680,373
Market capitalization – based on average market price	euro/mln	33	77
SEAT Pagine Gialle S.p.A. share weighting (SPG ordinary shares) – FTSE Italia All Share (ex Mibtel)		0.010%	0.033%
Equity per share	euro	(0.084)	(0.150)
Profit (loss) per share on continuing operations pertaining to the Group	euro	(0.022)	(0.159)
Profit (loss) per share from non-current assets held for sale and discontinued operations pertaining to the Group	euro	0.0002	(0.001)

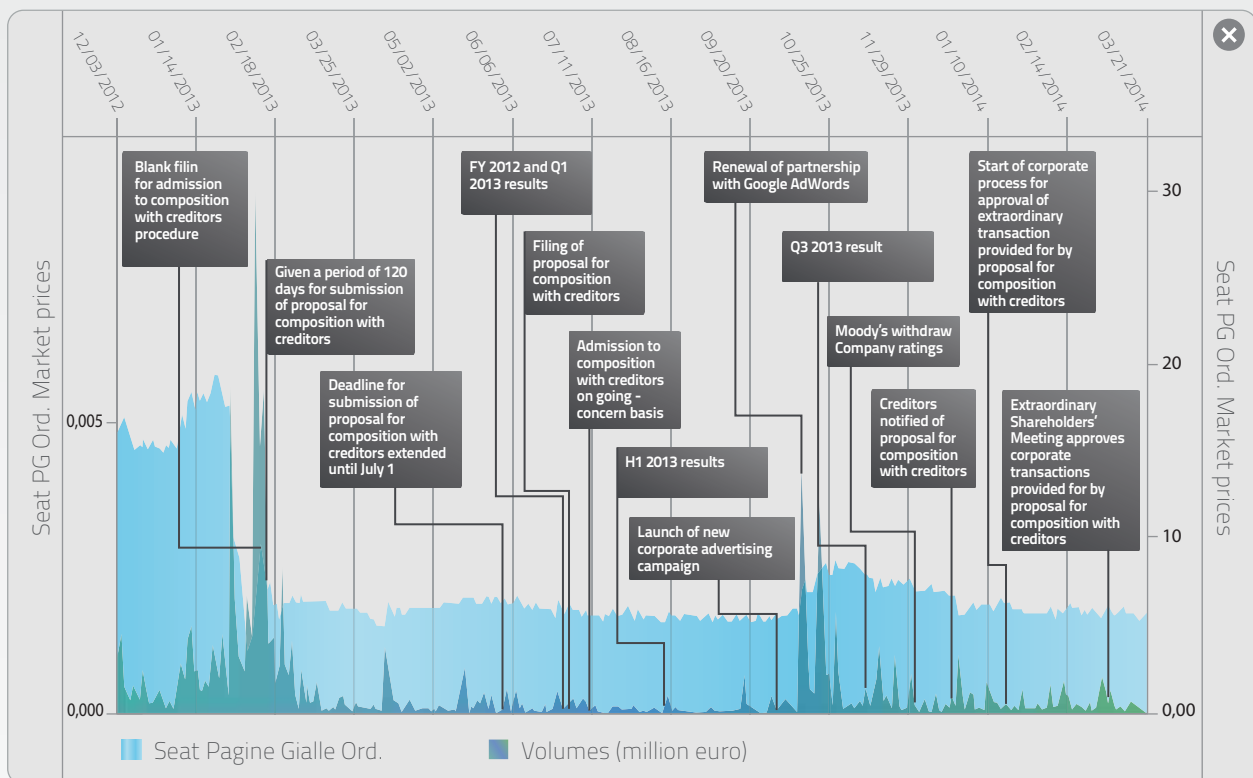
⁽¹⁾ The figures as at December 31, 2012 refer to comparable restated data for the SEAT Pagine Gialle Group. More information can be found in the introduction to this Annual Report.

Ratings for Seat Pagine Gialle S.p.A. \

Moody's and Standard & Poor's announced they were withdrawing their ratings for Seat on December 2, 2013 and February 24, 2014 respectively.

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

Seat Pagine Gialle shares ended trading on December 31, 2013 at € 0.0017, compared with € 0.0046 on December 31, 2012. The average trading volume during 2013 was more than 493 million.



Shareholders

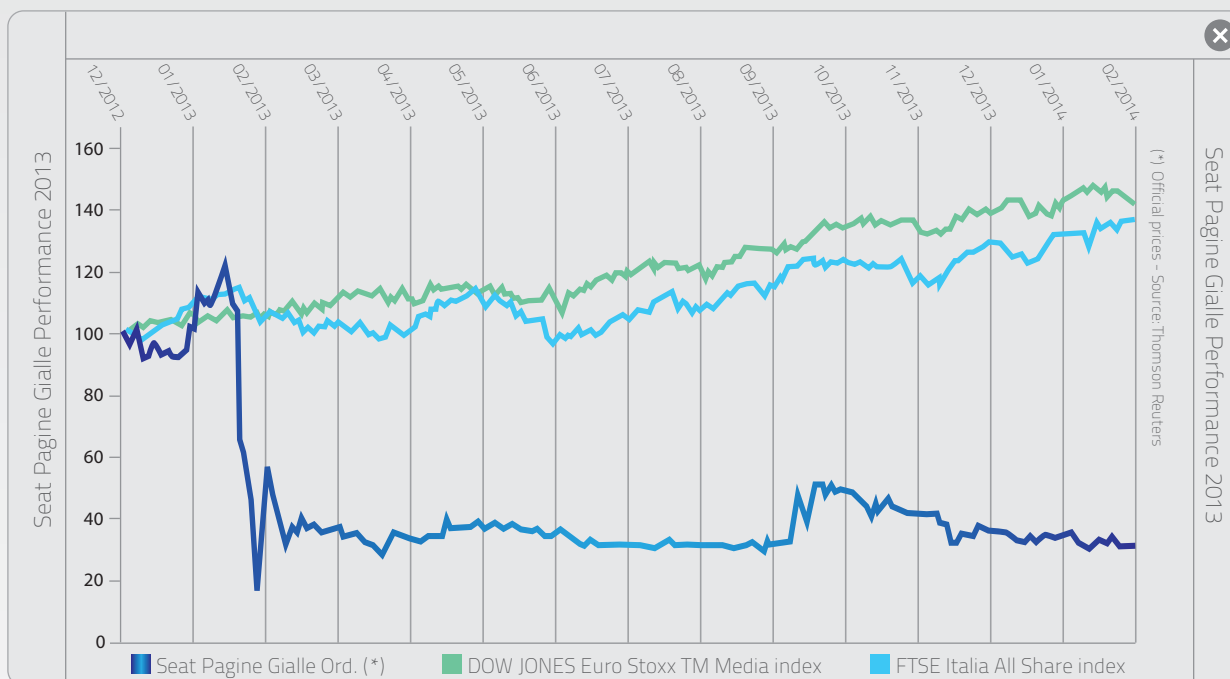
As at December 31, 2013, Giovanni Cagnoli was the only shareholder with a stake of more than 2% in the share capital of Seat Pagine Gialle S.p.A., with a holding of 3.31%.

At the same date, the shareholder structure of Seat Pagine Gialle S.p.A. was as follows:

- Giovanni Cagnoli (direct and indirect shareholding): 3.31%;
- Market: 96.69%.

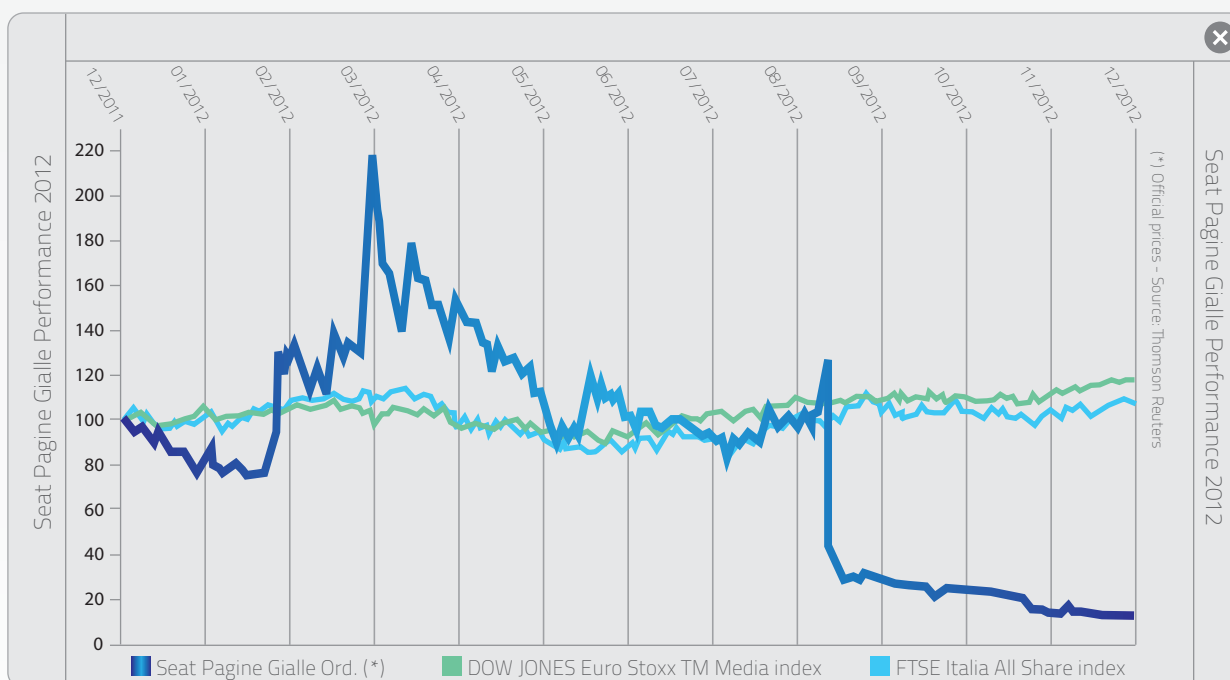
Performance of Seat Pagine Gialle S.p.A. shares in 2013 vs. FTSE Italia All-Share index and Dow Jones EURO STOXX TM Media index

(information correct as at March 21, 2014)



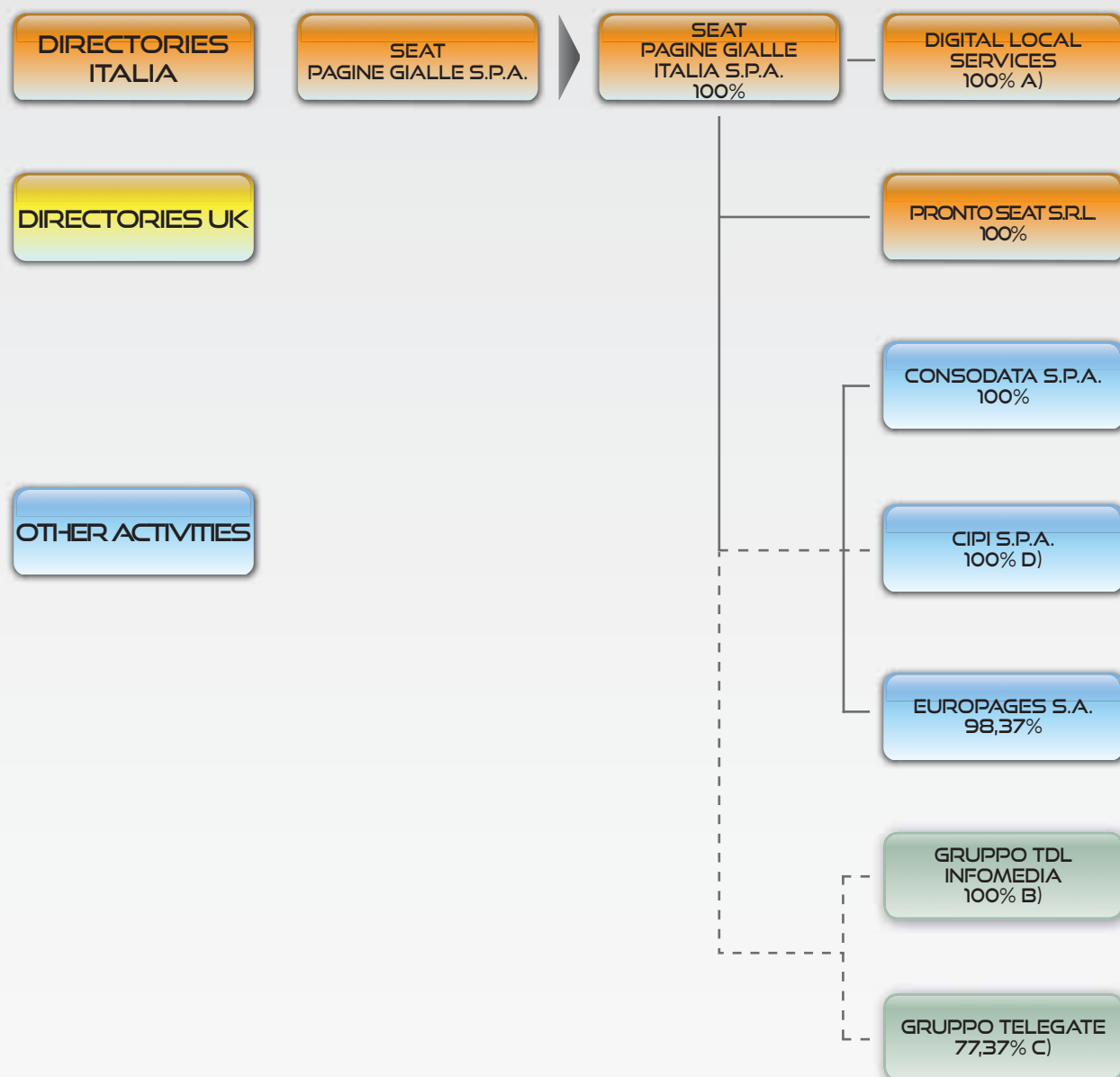
(*) Official prices - Source: Thomson Reuters

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



Organizational structure of the Group

(information correct as at April 1, 2014)



LEGENDA

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

B) The assets and liabilities of the TDL Group were deconsolidated as of August 2013.

C) The results, assets and liabilities and cash flows of the Telegate Group for 2013 are presented under "Non-current assets held for sale and discontinued operations".

D) The assets and liabilities of Cipi S.p.A. as at December 31, 2013 are presented under "Non-current assets held for sale".

Market situation and strategic positioning \

Italian Directories \

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

Despite the market being very fragmented, consisting mainly of small and mid-sized web agencies and freelance web designers, the Company has managed to become a market leader, thanks in particular to several competitive advantages resulting from: (i) better cost competitiveness owing to economies of scale and standardized processes; (ii) the chance for customers to benefit from the high PageRank (Google's website popularity index) of SEAT sites; (iii) advanced search engine optimization (SEO) techniques that improve customers' online visibility; (iv) several strategic partnerships with major websites and search engines; and (v) the multimedia content offering to customers (through print-voice-web/mobile).

The Company also recently decided on a new strategy aimed at adding advertising sales agency services to its traditional business. In the current market climate, many national and local advertisers are selling off their agency networks because they can no longer sustain them. In light of this, and given that SEAT already has its own widespread network committed to selling traditional SEAT products throughout Italy, management decided to seize the opportunity that has arisen by attempting to tackle the local advertising market. Essentially, this involves developing a new business model that will see the Company transform into an agency selling local advertising space for cinemas, radio, television and daily newspapers, as well as for third-party digital media, serving as an aggregator of local operators.

Among the new activities involved in the Company's strategic repositioning is the credit program, which helps SEAT clients to manage and recover their receivables. This line of business, which provides advice and support in credit portfolio management, is supplementary to the

main advertising activities. It is particularly sought by small and mid-sized firms, although there is not yet a specific offering for those companies.

The operating results for 2013 were achieved in a difficult economic climate. According to Istat (the Italian national statistics agency), third-quarter gross domestic product (GDP) fell by 0.1% quarter on quarter and by 1.9% year on year. This meant nine consecutive quarter-on-quarter declines and eight consecutive year-on-year contractions. The projected variation in GDP for 2013, i.e. the annual rise or fall assuming no quarter-on-quarter change in the remaining quarter of the year, is -1.9%, which is slightly worse than previous forecasts. Istat estimates released on November 4 showed an end to the fall in GDP in the fourth quarter and an average decline of 1.8% for the year (+0.7% in 2014). Elsewhere, third-quarter GDP rose by 0.7% quarter on quarter in the U.S. and by 0.8% quarter on quarter in the U.K.; year-on-year growth was 1.6% in the U.S. and 1.5% in the U.K.

Italy is the worst performer among the world's largest economies, with the European Commission forecasting in February a GDP decline of 1.9% in 2013, followed by growth of 0.6% in 2014, driven partly by higher exports and partly by internal demand, and of 1.2% in 2015. In its autumn forecasts released in November, the Commission had predicted a contraction of 1.8% in Italian GDP in 2013, followed by growth of 0.7% in 2014 and 1.2% in 2015.

According to the latest data from Nielsen, advertising investment in Italy fell by 4% year on year in December 2013, resulting in a widely predicted 12.3% drop across the whole year, with investment falling by just over €896 million compared with 2012. The decline in the second half of the year (6.3%) was less severe than in the first six months (17%).

This reduction across the whole year affected all media to varying degrees: online advertising investment, for example, fell by 1.8%.

Nielsen stressed that, although the decline persisted in the second half of the year, December was the best individual month and the slowdown in the contraction of investment points to Italy having come through the worst of its advertising market crisis. Specifically, flat growth is forecast for 2014, with investments gradually rising. Having said that, there was another fall of 2.8% in January 2014.

Main Italian and foreign subsidiaries

During 2013, the equity investments in the TDL Infomedia Group, the Telegate Group and Cipi S.p.A. were no longer deemed to be compatible with the Seat Group's business. Specifically:

- on August 14, 2013, an administrator was appointed under UK law, resulting in a de facto loss of control for Seat Pagine Gialle Italia S.p.A. over its UK subsidiary;
- on March 13, 2014, Seat Pagine Gialle Italia S.p.A. completed the sale of its entire stake in Cipi S.p.A. to Cl.FIN S.r.l.

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

Consodata S.p.A., one of Italy's leading providers of one-to-one marketing and geomarketing services, saw its revenues fall only slightly in spite of the unfavorable macroeconomic climate. This was due to its continued development of innovative, high-added-value business lines to offset falling revenues from traditional direct marketing activities, including products sold through SEAT's sales network.

" il Giallo è crescita "



Pictured above extracted from the last spot of SEAT PG

Nuova generazione di opportunità

tutti gli strumenti più evoluti per il business

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Report
on operations





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Introduction \

The Company tackled its problems with courage and determination in 2013, in terms of both its operations and its debt. The situation at the beginning of the year was unimaginably difficult, with the sharp downturn in business in 2012 and the inability to meet debt servicing commitments resulting in the need for the Company and its subsidiary Seat Pagine Gialle Italia S.p.A. to file for a composition with creditors procedure on a going-concern basis.

It is worth remembering that the Company's core business had suffered a heavy and uninterrupted decline since 2008, with revenues falling from € 1,090 million at the end of 2007 to € 627 million at the end of 2012 in a continually downward market (-2.8% year on year in 2008 to -14.3% year on year in 2012). This made it increasingly difficult to pay down debt (available cash flows were around 2x the amount needed to service debt in 2008, but had fallen to around 0.9x in 2012, despite two restructuring processes during that period), forcing the Company to adopt cost-cutting measures that were effective in the short term but weighed on the business in the long term, as demonstrated by the sudden drop in the sales force between 2010 (1,510 agents) and 2012 (1,158 agents).

It should be stressed that this persistent decline starting in 2008-09 was common to all our international peers, whose turnover in 2012 was considerably lower than in 2008 (by 40-45% on average, although Solocal, which has a very different history than all the other directories companies, restricted the fall to around 10%).

These figures show what a hugely difficult operating situation the Company found itself in at the start of 2013.

In light of this, 2013 was a year of transition for the business, with the necessary measures adopted to relaunch operations and draw up a path for returning to sustainable growth and satisfactory profits in the medium term. By abandoning commercial policies that in the previous two years had negatively impacted customer relations (advance orders as a percentage of total orders brought back to a normal level), reducing indirect costs, appointing a completely new senior management team, overhauling the sales model, and renewing investment in marketing (+58%), we were able to improve a string of major indicators. Specifically, after several years in decline, the number of agents rose by 13% in 2013. The customer acquisition rate (+19.6%) and the customer satisfaction index (NPS, up sixfold from 0.8 to 4.9 out of 10) improved. SEAT mobile application and website usage rose sharply (+18%), as did application downloads (+58%).

These actions are part of the operating plan that forms the

basis of the plan and proposals for the composition with creditors of the Company and its subsidiary Seat Pagine Gialle Italia S.p.A. This plan, the guidelines of which were released in December 2013, is based on three pillars – “Restoring the commercial offering to full capacity”, “Seeking out new growth opportunities”, and “Simplifying things considerably” – as described in more detail in the Outlook section on page 50 of this Report.

On February 4, 2013, the Boards of Directors at the Company and at Seat PG Italia resolved to file for a composition with creditors procedure in order to guarantee business continuity pursuant to Article 160 of Royal Decree No. 267 of March 16, 1942, as amended (the “Bankruptcy Act”).

On February 6, 2013, the Company and Seat PG Italia both presented blank filings, pursuant to Article 161, paragraph 6 of the Bankruptcy Act, for admission to the composition with creditors procedure at the Court of Turin.

Following submission of the respective proposals, plans and additional documents by the Company and Seat PG Italia pursuant to Article 161, paragraphs 2 and 3 of the Bankruptcy Act, the Court of Turin, by way of an order dated July 8-10, 2013, declared both composition with creditors procedures open (the “Admission Ruling”). With the two procedures joined, the same order of the Court of Turin appointed Giovanna Dominici as delegated judge and Enrico Laghi of Rome as commissioner.

The Seat and Seat PG Italia creditors’ meetings, initially scheduled for January 30, 2014, are currently set for July 15, 2014.

On December 20, 2013, pursuant to Article 171 of the Bankruptcy Act, the receivers sent to Seat and Seat PG Italia’s creditors a notice containing the date of the meetings and a document containing the key elements of the respective composition procedure proposals as well as the joint plan on which said proposals are based. The original proposals were modified and updated by Seat and Seat PG Italia in light of the outcome of checks performed after the Admission Ruling on the Seat Group’s current performance and outlook, taking into account the observations of the Court in its Admission Ruling. Creditors were advised that they could access the relevant documentation from the Company’s website.

Consequently, as stated in a press release issued on December 20, 2013, Seat and Seat PG Italia’s proposals for a composition with creditors and the related financial plan, as modified and updated, as well as the Admission Ruling, as authorized by the delegated judge, were published on the Governance/Composition with Creditors section of the Company’s website (<http://www.seat.it/seat/it/governance/concordato/index.html>). For more

information on the reasons for the Board of Directors filing for a composition with creditors procedure, the methods outlined in the proposals for repaying the creditors, and the joint plan on which these proposals are based, please see the aforementioned documents and the press releases issued by Seat on February 5, 2013, December 16, 2013 and December 20, 2013.

The composition with creditors procedure provides for the merger of wholly owned subsidiary Seat PG Italia S.p.A. into Seat Pagine Gialle S.p.A. (the "Merger") and is dependent upon the post-merger entity continuing its business in accordance with Article 186-bis, paragraph 1 of the Bankruptcy Act. The composition with creditors proposals formulated by Seat Pagine Gialle S.p.A. and Seat PG Italia S.p.A. also entail a series of extraordinary transactions which, like the Merger, are necessary for the procedure to be successful. These include:

- the paid capital increase, in a single tranche, from € 120,000.00 to € 20,000,000.00, excluding option rights pursuant to Article 2441, paragraphs 5 and 6, via the issue of 6,410,695,320,951 new ordinary shares without par value and with the same characteristics as existing ordinary shares, to be issued against the clearance of the debts of Seat PG and Seat PG Italia to financial creditors in Classes B and C, as categorized in the respective composition procedure proposals, with the new shares allocated in accordance with said proposals ("Reserved Capital Increase"); and
- the issue of warrants (the "Warrants") enabling paid subscription of ordinary shares representing around 5% of the post-Reserved Capital Increase fully diluted share capital, to be allocated free of charge, fully and exclusively to ordinary shareholders of the Company who took part, either directly or through a proxy, in the Extraordinary Shareholders' Meeting of March 4, 2014, as well as to the savings shareholders, following a paid capital increase, in several tranches, excluding option rights pursuant to Article 2441, paragraphs 5 and 6, in the total amount of € 100,000.00 to service the issue of the warrants.

The effectiveness of these resolutions is conditional upon the definitive approval of the composition with creditors procedures of the Company and of Seat Pagine Gialle Italia S.p.A.; if such approval does not arrive by December 31, 2018, the resolutions shall remain permanently invalid.

For more information on the Merger and on the resolution of the Extraordinary Shareholders' Meeting on March 4, 2014, please see the documents published on the respective "*Governance/SeatPG-SeatPGItalia Merger*" and "*Governance/Extraordinary Shareholders' Meeting*" sections of the Seat PG website.

The results for 2013 are in line with the forecasts given by the Board of Directors on November 11, 2013 when it approved the Interim Report on Operations as at September 30, 2013. Seat Pagine Gialle S.p.A. recorded a loss of € 30,416 thousand in 2013, and it ended the year with negative equity of € 11,827 thousand. The Company is into the situation provided for by Article 2447 of the Italian Civil Code, i.e. making it non-operational pursuant to Article 182-sexies of the Bankruptcy Act. On March 4, 2013, the Extraordinary Shareholders' Meeting approved the suitable remedial measures which formed part of the proposal for the composition with creditors and were subject to definitive approval.

Presentation of accounting data \

Following the 2012 cross-border merger of Lighthouse International Company S.A. into Seat Pagine Gialle S.p.A., which qualified as a reverse acquisition pursuant to IFRS 3, in order to ensure that disclosure is both compliant with IFRS financial statement preparation criteria and conducive to sufficient analysis of the Group's performance, this Annual Report was prepared as follows:

- in the "Financial performance of the Group" section, the comparative data relate to the Seat Group and were prepared on the basis of comparable consolidated statements of operations and cash flows, showing the performance of the Seat Group for the whole of 2012; the consolidated statements of operations and cash flows therefore show the result and the cash generated during the whole of 2012;
- in the "Consolidated financial statements of the Seat Pagine Gialle Group" section, the comparable data were prepared from the perspective of the acquirer, Lighthouse, and therefore include the result for the period (the first eight months of 2012) attributable to the activities of Lighthouse as well as to the Seat Group as of the acquisition date (August 31, 2012).

Moreover, the data for 2012 have been *restated* following the decision, taken in accordance with the New Strategic Guidelines on which the plan and proposal for the composition with creditors procedure were based, to dispose of, in accordance with the time frames and methods established by the composition with creditors procedure in

order to honor debts to creditors in the best way possible, the equity investments in the TDL Infomedia Group, the Telegate Group and Cipi S.p.A., which are no longer considered to be compatible with the Seat Group's business. As such, in accordance with IFRS 5:

- the results, assets and liabilities and cash flows of the **Telegate Group** for 2013 are presented under "Non-current assets held for sale and discontinued operations", and the items on the statements of operations and cash flows relating to 2012 have been restated;
- given the immateriality of its figures compared with those for the Seat Group, **Cipi S.p.A.** has been classified under "Non-current assets held for sale"; therefore only the assets and liabilities of Cipi S.p.A. as at December 31, 2013 have been recorded separately in the statement of financial position, without the need to reclassify or resubmit the comparable data at December 31, 2012. On March 13, 2014, Seat Pagine Gialle Italia S.p.A. sold its entire stake in Cipi S.p.A. to CFIN S.r.l., a transaction authorized by the competent bodies involved in the ongoing composition with creditors procedure;
- following the appointment on August 14, 2013 of an administrator under UK law, the assets and liabilities of the **TDL Group** were deconsolidated as of August 2013, resulting in substantial loss of control for Seat Pagine Gialle Italia S.p.A.. The results up to this date are shown under "Non-current assets held for sale and discontinued operations", and the items on the statements of operations and cash flows for 2012 have been *restated*.

Financial performance of the Group \

The financial results of the Seat Group for 2013 and for the previous year have been prepared in accordance with the international accounting standards issued by the International Accounting Standards Board and approved by the European Union (IFRS).

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

and current expectations in relation to its financial results and other aspects of its business and strategies. Readers of this Annual Report should not place excessive confidence in the reliability of these forward-looking statements, since the final results may differ from those contained in these forecasts for a number of reasons, some of which are beyond the Group's control.

Tables – comparable consolidated data

Reclassified consolidated income statement for 2013

	Year 2013	Year 2012 <i>comparable restated data</i>	Changes Absolute	%
<i>(euro thousand)</i>				
Revenues from sales and services	503,320	659,008	(155,688)	(23.6)
Costs of materials and external services (*)	(265,609)	(275,671)	10,062	3.7
Salaries, wages and employee benefits (*)	(105,463)	(91,789)	(13,674)	(14.9)
Gross Operating Profit (GOP)	132,248	291,548	(159,300)	(54.6)
% on revenues	26.3%	44.2%		
Net valuation adjustments and provisions for risks and charges	(41,732)	(60,087)	18,355	30.5
Other operating income (expense)	(1,025)	(2,579)	1,554	60.3
EBITDA	89,491	228,882	(139,391)	(60.9)
% on revenues	17.8%	34.7%		
Operating amortization, depreciation and write-downs	(59,528)	(47,843)	(11,685)	(24.4)
Non-operating amortization, depreciation and write-downs	(218,368)	(1,836,739)	1,618,371	88.1
Net non-recurring and restructuring costs	(46,051)	(100,834)	54,783	54.3
EBIT	(234,456)	(1,756,534)	1,522,078	86.7
% on revenues	(46.6%)	(n.s.)		
Net financial expense	(130,251)	527,802	(658,053)	n.s.
Profit (loss) before taxes	(364,707)	(1,228,732)	864,025	70.3
Income taxes	13,174	174,884	(161,710)	(92.5)
Profit (loss) on continuing operations	(351,533)	(1,053,848)	702,315	66.6
Profit (loss) from non-current assets held for sale and discontinued operations	3,733	4,294	(561)	(13.1)
Profit (loss) for the year	(347,800)	(1,049,554)	701,754	66.9
- of which pertaining to the Group	(347,603)	(1,058,542)	710,939	67.2
- of which pertaining to minority interests	(197)	8,988	(9,185)	n.s.

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

Consolidated statements of comprehensive income

		Year 2013	Year 2012 <i>comparable restated data</i>
<i>(euro thousand)</i>			
Profit (loss) for the year	(A)	(347,800)	(1,049,554)
<i>Other comprehensive income (expense) that will not be reclassified subsequently to profit (loss) for the year:</i>			
Actuarial gains (losses)		769	(5,137)
Total other comprehensive income (expense) that will not be reclassified subsequently to profit (loss) for the year	(B1)	769	(5,137)
<i>Other comprehensive income (expense) that will be reclassified subsequently to profit (loss) for the year:</i>			
Profit (loss) from fair-value measurement of AFS securities		101	1,561
Profit (loss) from translation of accounts of foreign subsidiaries		(42)	(237)
Total other comprehensive income (expense) that will be reclassified subsequently to profit (loss) for the year	(B2)	59	1,324
Total other comprehensive income (expense), net of tax	B=(B1 + B2)	828	(3,813)
Total comprehensive income (expense) for the year	(A+B)	(346,972)	(1,053,367)
- of which pertaining to the Group		(346,775)	(1,062,355)
- of which pertaining to minority interests		(197)	8,988

Reclassified consolidated statement of financial position

<i>(euro thousand)</i>	As at 12.31.2013	As at 12.31.2012	Change
Goodwill and intangible assets "marketing related"	29,063	252,205	(223,142)
Other non-current assets (*)	148,895	256,405	(107,510)
Operating non-current liabilities	(40,330)	(58,353)	18,023
Non-operating non-current liabilities	(15,443)	(67,161)	51,718
Operating working capital	(56,498)	10,477	(66,975)
- Operating current assets	273,897	428,452	(154,555)
- Operating current liabilities	(330,395)	(417,975)	87,580
Non-operating working capital	(47,848)	(33,529)	(14,319)
- Non-operating current assets	21,218	22,800	(1,582)
- Non-operating current liabilities	(69,066)	(56,329)	(12,737)
Net non-current assets held for sale and discontinued operations	118,662	(250)	118,912
Net invested capital	136,501	359,794	(223,293)
Equity of the Group	(1,342,907)	(996,460)	(346,447)
Equity of minority interests	19,479	28,309	(8,830)
Total equity	(A) (1,323,428)	(968,151)	(355,277)
Current financial assets, cash and cash equivalent	(198,465)	(202,046)	3,581
Current financial debts	1,623,178	201,653	1,421,525
Non-current financial debts	35,216	1,328,338	(1,293,122)
Net financial debt	(B) 1,459,929	1,327,945	131,984
Total	(A+B) 136,501	359,794	(223,293)

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

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

	Group				Minority interests			Total
	Share capital	Reserves	Profit (loss) for the year	Total	Share capital and reserves	Profit (loss) for the year	Total	
<i>(euro thousand)</i>								
SEAT Pagine Gialle S.p.A. at December 31, 2013	450,266	(431,677)	(30,416)	(11,827)	-	-	-	(11,827)
Profit (loss) for the year, share capital and reserves of consolidated companies	-	(1,018,765)	(328,994)	(1,347,759)	(5,844)	(1,381)	(7,225)	(1,354,984)
Share capital and reserves of consolidated companies at the acquisition date	-	144,663	1,500	146,163	25,397	-	25,397	171,560
Book value of consolidated companies	-	(175,693)	7,786	(167,907)	-	-	-	(167,907)
Consolidation adjustments:								
Differences arising from acquisition of equity interests	-	2,121	-	2,121	-	-	-	2,121
Intercompany dividends	-	6,206	(6,206)	-	-	-	-	-
Foreign-exchange differences	-	289	-	289	-	-	-	289
Other movements and change in the scope of consolidation	-	27,286	8,727	36,013	123	1,184	1,307	37,320
Share capital, reserves and consolidated results at December 31, 2013	450,266	(1,445,570)	(347,603)	(1,342,907)	19,676	(197)	19,479	(1,323,428)

Reconciliation of Directories Italia 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	
Italian Directories 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 adjustments:								
Differences arising from the acquisition of equity interests	-	2,121	-	2,121	-	-	-	2,121
Inter-Group disposals in previous years	-	-	-	-	-	-	-	-
Intercompany dividends	-	1,086	(1,086)	-	-	-	-	-
Foreign-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)

Reclassified consolidated income statement for 2013

In accordance with IFRS 5, the results of the Telegate Group and the TDL Group up to deconsolidation on August 14, 2013 are recorded under "Net profit/(loss) from non-current assets held for sale and discontinued operations", and the items on the statements of operations and cash flows relating to 2012 have been restated, as explained in more detail in the "Introduction - Presentation of accounting data" section.

In addition, the activities of subsidiary Prontoseat S.r.l. are included in the Italian Directories Business Area.

Revenue from sales and services totaled € 503,320 thousand in 2013, down by 23.6% on the previous year *restated* (€ 659,008 thousand).

Before eliminations between the Group's different Business Areas, revenue from sales and services broke down as follows:

- revenues from the Italian *Directories Business Area* (*Seat Pagine Gialle S.p.A.*, *Seat Pagine Gialle Italia S.p.A.*, *the Digital Local Services companies* and *ProntoSeat S.r.l.*) totaled € 475,060 thousand in 2013, down by 24.2% on the previous year *restated*. Revenues from the SEAT Business Area (*Seat Pagine Gialle S.p.A.*, *Seat Pagine Gialle Italia S.p.A.* and *the Digital Local Services companies*) amounted to € 474,877 thousand in 2013, down by 24.2% on the previous year *restated*, with a 24.5% fall in core revenues that affected all three product lines: print (-29.7%), online&mobile (-21.0%) and voice (-37.3%). ProntoSeat revenues, which were generated almost entirely within the Group, totaled € 5,483 thousand in 2013, down by 27.6% on the previous year (€ 7,590 thousand). The reduction in turnover is due essentially to lower outbound revenues (-€ 1,088 thousand compared with 2012) resulting from fewer telephone sales on behalf of SEAT of print products and a decline in the 12.40 service.

- revenues from the *Other Activities Business Area* (*Europages*, *Consodata* and *Cipi*) totaled € 36,576 thousand in 2013, down 16.6% compared with the previous year (€ 43,883 thousand) owing to lower revenues from Europages and Consodata.

Costs 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 € 265,609 thousand in 2013, down by € 10,062 thousand compared with the previous year *restated* (€ 275,671 thousand).

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

- *industrial costs*: these totaled € 114,552 thousand, down by € 7,740 thousand compared with 2012 *restated* owing to lower revenue volume. Particularly in the SEAT Business Area, the drop in print revenue resulted in fewer pages being printed, which itself caused lower paper consumption (down by € 3,145 thousand), production costs (down by € 1,994 thousand) and digital services costs associated with the creation of online products (down by € 4,170 thousand); conversely, there was an increase in commissions paid to web publishers (up by € 3,274 thousand to € 25,643 thousand) as part of the new online offers aimed at boosting web traffic;

- *commercial costs*: these totaled € 97,528 thousand in 2013, compared with € 101,341 thousand in the previous year *restated*. The reduction is due to a fall of € 14,875 thousand in spending on commissions and other sales costs following the implementation of the New Sales Model; this was offset by a rise of € 8,098 thousand in advertising expenditure compared with 2012 *restated* following new SEAT campaigns relating mainly to corporate and online products;

- *overheads*: these totaled € 53,529 thousand, up slightly on 2012 *restated* (€ 52,038 thousand).

Salaries, wages and employee benefits, less recovered costs, which are included in the IFRS financial statements under the item "Other revenues and income", amounted to € 105,463 thousand in 2013, up by € 13,674 thousand compared with 2012 *restated* (€ 91,789 thousand). This change was due mainly to costs arising from implementing the New Sales Model, which involved creating new Digital Local Services companies spread throughout Italy and run by former agents (zone managers) now on the payroll.

The Group's workforce, including directors, project workers and trainees, was 2,029 at December 31, 2013 (3,997 at December 31, 2012); the figure at December 31, 2013 does not include the period-end workforce of the deconsolidated TDL Group, of the Telegate Group and of Cipi S.p.A., which are shown as "Net non-current assets held for sale and discontinued operations".

The average salaried workforce (FTE) in 2013 was 1,898 employees (1,723 in 2012 *restated*).



Gross operating profit (GOP) totaled € 132,248 thousand in 2013, down by € 159,300 thousand compared with 2012 *restated* (€ 291,548 thousand). The operating margin dropped from 44.2% in 2012 *restated* to 26.3% in 2013.

Net valuation adjustments and provisions for risks and charges totaled € 41,732 thousand in 2013, down from € 60,087 thousand in 2012 *restated*. Of the net valuation adjustments (€ 41,501 thousand in 2013), € 40,830 thousand related to the net allowance for doubtful trade receivables, which decreased by € 9,738 thousand compared with the previous year *restated*, although the coverage of overdue receivables remained sufficient. Net provisions for operating risks and charges totaled € 231 thousand as at December 31, 2013, down by € 8,743 thousand compared with € 8,974 thousand in 2012 *restated* owing to the disappearance of litigation risk and to fewer provisions for commercial risks at Seat Pagine Gialle Italia S.p.A.

Other operating income and expense showed net expense of € 1,025 thousand in 2013 (compared with net expense of € 2,579 thousand in the previous year *restated*).

The **operating result before amortization, depreciation and net non-recurring and restructuring costs (EBITDA)** totaled € 89,491 thousand in 2013, down by 60.9% compared with 2012 *restated* (€ 228,882 thousand), with an operating margin of 17.8% (34.7% in 2012 *restated*).

Operating amortization, depreciation and write-downs totaled € 59,528 thousand in 2013 (up by € 11,685 thousand from € 47,843 thousand in 2012 *restated*), of which € 36,798 thousand related to intangible assets with a finite useful life (€ 38,773 thousand in 2012 *restated*) and € 22,730 thousand to property, plant and equipment (€ 9,070 thousand in 2012 *restated*). The increase during the year was due mainly to: (i) the € 7,191 thousand write-down of Seat Pagine Gialle Italia S.p.A.'s Turin real-estate complex to align it with its recoverable value; (ii) the € 6,376 thousand adjustment in Cipi's property, plant and equipment and other intangible assets to reflect their reduced value with a view to disposal.

Non-operating amortization, depreciation and write-downs totaled € 218,368 thousand (€ 1,836,739 thousand in 2012 *restated*). Specifically, they include € 196,874 thousand of write-downs following impairment tests, as follows:

- (i) the Seat Pagine Gialle Italia S.p.A. goodwill write-down in the amount of € 88,947 thousand;
- (ii) the write-down of Seat Pagine Gialle Italia S.p.A. customer relationship assets and databases in the amount of € 82,623 thousand;
- (iii) the € 22,757 thousand write-down of patents,

concessions, trademarks and licenses, of which € 22,433 thousand relates to Seat Pagine Gialle Italia S.p.A. and € 324 thousand to subsidiary Europages S.A.; (iv) the write-down of Seat Pagine Gialle Italia S.p.A. software in the amount of € 2,547 thousand.

The item included € 21,494 thousand relating to the share of amortization of Seat Pagine Gialle Italia and Consodata customer relationship assets and databases, following the partial purchase price allocation to these intangible assets pursuant to IFRS 3 as part of the merger of Lighthouse International Company S.A. into Seat Pagine Gialle S.p.A.

In 2012, this item included the Seat Pagine Gialle Italia S.p.A. write-downs of goodwill (€ 1,327,625 thousand), customer relationship assets and databases (€ 401,113 thousand) and trademarks (€ 75,973 thousand), as well as the € 1,020 thousand write-down of the Europages trademark following the results of impairment tests.

Net non-recurring and restructuring costs totaled € 46,051 thousand in 2013 (€ 100,834 thousand in 2012 *restated*).

Non-recurring costs totaled € 43,078 thousand (€ 78,266 thousand in 2012 *restated*), comprising: i) the provision of € 33,000 thousand made by Seat Pagine Gialle S.p.A. (€ 15,000 thousand) and Seat Pagine Gialle Italia S.p.A. (€ 18,000 thousand) to cover estimated liabilities arising from the implementation of transactions pursuant to the composition with creditors procedure; and ii) procedural and consultancy costs for the composition with creditors procedure amounting to € 6,085 thousand. In 2012, the item included € 68,147 thousand of refinancing costs.

Net restructuring costs totaled € 2,973 thousand (€ 22,568 thousand in 2012 *restated*), consisting mainly of the workforce reorganization costs incurred by Cipi S.p.A. In 2012, this item included € 14,385 thousand of restructuring provisions made by Seat Pagine Gialle Italia S.p.A. in relation to the corporate restructuring plan for the period February 1, 2013 to January 31, 2015, as well as € 7,400 thousand of restructuring provisions relating to the sales network restructuring program.

The **operating result (EBIT)** in 2013 was -€ 234,456 thousand (-€ 1,756,534 thousand in 2012 *restated*). As well as the business performance at GOP and EBITDA level, EBIT reflects the effects of operating and non-operating write-downs and of the non-recurring and restructuring costs mentioned above.

There was **net financial expense** of € 130,251 thousand in 2013 (compared with net financial income of € 527,802 thousand in 2012 *restated*), with financial expense of € 132,910 thousand (€ 147,353 thousand in 2012 *restated*) offsetting financial income of € 2,659 thousand (€ 675,155 thousand in 2012 *restated*). In 2012, **financial income** included € 669,690 thousand from the fair-value measurement, pursuant to IFRIC 19, of the Lighthouse bonds in association with the consensual financial restructuring in that year.

In this Annual Report as at December 31, 2013, interest expense on the Senior Credit Agreement with The Royal Bank of Scotland and on the senior secured bonds has been calculated at the contractually agreed rates on the total amount of the debt (not taking into account the provisions of the proposal for the composition with creditors and of applicable legislation, with regard to the aforementioned debts and associated interest), despite this interest being earmarked only for partial payment, as described in more detail in the proposals for the composition with creditors. Such accounting treatment conforms to IAS 39 AG57, under which financial liabilities must be counted until the debt is extinguished (i.e., in this instance, until the composition with creditors procedure is formally approved).

The notes below compare the 2013 figures against those for the previous year stripped of the financial income relating to that year's restructuring, as described above.

Specifically, *financial expense* in 2013 included:

- € 39,378 thousand (against € 47,619 thousand in 2012

restated) of interest expense on the Senior Credit Agreement between Seat Pagine Gialle Italia S.p.A. and The Royal Bank of Scotland. In 2012 *restated*, this amount included € 8,376 thousand relating to the share of transaction and refinancing costs for the period and € 1,561 thousand relating to the net negative impact of derivatives hedging against interest rate risk;

- € 90,684 thousand (€ 87,439 thousand in 2012 *restated*) of interest expense on senior secured bonds. This amount includes € 3,592 thousand relating to the share of the issue discount (€ 4,518 thousand in 2012); in 2012 *restated*, it included € 1,896 thousand relating to the share of transaction costs for the period. The increase in interest expense on the senior secured bonds was due to the issuance of new bonds with a nominal value of € 65.0 million as part of the 2012 restructuring;

- € 1,679 thousand (€ 1,451 thousand in 2012 *restated*) of interest expense on debts due 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 has its offices;

- € 1,117 thousand of other financial expense (€ 2,595 thousand in 2012 *restated*), including € 846 thousand of interest expense from discounting non-current assets and liabilities (€ 2,344 thousand in 2012 *restated*).

In 2013, *financial income* totaled 2,659 thousand (€ 5,465 thousand in 2012 *restated*) and related almost entirely to interest income from investing short-term liquidity in the banking system at market rates.

In 2013, **income taxes** broke down as follows:

	Year 2013	Year 2012 <i>comparable restated data</i>	Absolute	Change %
<i>(euro thousand)</i>				
Current income taxes	(8,342)	(12,636)	4,294	34.0
Provision (reversal) of deferred tax assets	(44,060)	7,097	(51,157)	n.s.
(Provision) reversal of deferred tax liabilities	65,484	175,286	(109,802)	(62.6)
Income taxes referred to the previous year	92	5,137	(5,045)	(98.2)
Total income taxes for the year	13,174	174,884	(161,710)	(92.5)

Current income taxes totaled € 8,342 thousand in 2013.

The release of prepaid taxes of € 44,060 thousand refers mainly to the release of deferred tax assets on account of it no longer being probable that taxable profit within the plan horizon will be sufficient to recover them.

The release of *deferred income tax liabilities* totaled € 65,484 thousand (€ 178,038 thousand in 2012 *restated*) and related mainly to the impact of impairment tests on deferred taxes.

In 2012, income taxes for previous years included 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.

Profit/(loss) on continuing operations showed a loss of € 351,533 thousand, against a loss of € 1,053,848 thousand in 2012 *restated*.

Net profit/(loss) from non-current assets held for sale and discontinued operations showed a profit of € 3,733 thousand (profit of € 4,294 thousand in 2012 *restated*); this includes the Telegate Group's € 530 thousand loss for the year and the TDL Group's € 6,332 thousand, as well as the capital gain of € 10,595 thousand from the deconsolidation of the TDL Group.

Profit/(loss) attributable to minority interests showed a loss of € 197 thousand (a profit of € 8,988 thousand in 2012 *restated*) and relates mainly to minority interests of the Telegate Group.

Profit/(loss) attributable to the Group showed a loss of € 347,603 thousand, against a loss of € 1,058,542 thousand in 2012 *restated*.

Reclassified consolidated statement of financial position at December 31, 2013 \

As mentioned in the paragraph "Presentation of accounting data", the Seat Group's data for 2013 reflect the decision, taken in accordance with the New Strategic Guidelines on which the plan and proposal for the composition with creditors procedure were founded, to dispose of the equity investments in the Telegate Group, the TDL Group and Cipi S.p.A., which are no longer considered to be compatible with the Seat Group's business.

In accordance with IFRS 5, the assets and liabilities of the Telegate Group and Cipi have been measured at the lower of their book value and fair value. There was no need to adjust the book values for the Telegate Group; however, an

adjustment of around € 7 million was required for the assets and liabilities of Cipi S.p.A., essentially to reflect the impairment of assets held for sale.

The period-end assets and liabilities of the Telegate Group and Cipi S.p.A. were reclassified under "Net non-current assets held for sale and discontinued operations"; the assets and liabilities of the TDL Group were deconsolidated following the appointment on August 14, 2013 of an administrator under UK law, resulting in substantial loss of control for Seat Pagine Gialle Italia S.p.A.

Consequently, the items on the consolidated statement of financial position as at December 31, 2013 reflect the accounting impact thereof.

Net invested capital

Net invested capital stood at € 136,501 thousand as at December 31, 2013, down by € 223,293 thousand compared with December 31, 2012.

Net invested capital can be broken down as follows:

- **goodwill and intangible marketing-related activities** totaled € 29,063 thousand at December 31, 2013 and related to the Group's intangible customer relationship assets. The decrease of € 223,142 thousand compared with December 31, 2012 owed to:

- the € 88,947 thousand Seat Pagine Gialle Italia S.p.A. goodwill write-down following impairment tests;
- the € 82,623 thousand Seat Pagine Gialle Italia S.p.A. intangible customer relationship and database assets write-down following impairment tests;
- the recognition under "Net non-current assets held for sale and discontinued operations" of € 2,121 thousand of goodwill and € 27,957 thousand of customer relationship assets, pertaining to the Telegate Group;
- the amortization (€ 21,494 thousand) of Group customer relationship and database assets.

- **other non-current assets** totaled € 148,895 thousand as at December 31, 2013, down by € 107,510 thousand compared with December 31, 2012 (€ 256,405 thousand). These assets include:

- *capital assets and equipment*, which totaled € 141,322

thousand as at December 31, 2013, down by € 91,013 thousand compared with December 31, 2012 (€ 232,335 thousand).

In particular, this change reflects:

- i) the effects of recognition under "Net non-current assets held for sale and discontinued operations", in the amount of € 32,432 thousand;
- ii) the deconsolidation of TDL Group assets in the amount of € 6,834 thousand;
- iii) an increase following capital expenditure, in the amount of € 33,749 thousand;
- iv) the recognition of € 45,881 thousand of amortization and depreciation and € 13,647 thousand of operating write-downs, of which € 7,191 thousand was to align Seat Pagine Gialle Italia S.p.A.'s Turin real-estate complex with its recoverable value and € 6,376 thousand was to reflect the impairment of Cipi assets held for sale;
- v) the recognition following impairment tests of write-downs of € 22,757 thousand relating to Seat Pagine Gialle Italia S.p.A. and Europages S.A. patents, concessions, trademarks and licenses, and of € 2,547 thousand relating to Seat Pagine Gialle Italia S.p.A. software.

Capital expenditure of € 33,749 thousand (€ 35,664 thousand in 2012 restated) related to the following areas of business:

- in the SEAT Business Area (€ 29,782 thousand in 2013; € 31,570 thousand in 2012):

- improvements to the online and mobile platforms. Specifically, online focused on content enrichment (acquisition of corporate and private free listings for self-provisioning activities, database management and acquisition of new content), identity management and improvements to platforms and research activities;
- improvements to commercial online products, relating mainly to the release of functional improvements on Glamoo, to product development (e.g. PG Click, Social ADV, new PG Banner services), and to the comprehensive repositioning of the web agency range with a view to responding more quickly and flexibly to customers' needs;
- commercial and publishing improvements to upgrade the systems and adapt them to new product ranges;
- the acquisition of infrastructure for the disaster recovery program.

- in Consodata S.p.A. (€ 3,564 thousand; € 3,305 thousand in 2012), investments in credit and commercial information data banks, developing software platforms, and upgrading the production and service provision IT platforms.

- *deferred tax assets* totaled € 696 thousand at December 31, 2013 (€ 16,503 thousand at December 31, 2012), of which € 134 thousand related to Seat Pagine Gialle S.p.A.;

- **operating non-current liabilities** totaled € 40,330 thousand as at December 31, 2013 (€ 58,353 thousand as at December 31, 2012). The item includes:

- *defined-benefit pension plans*, which totaled € 262 thousand at December 31, 2013 (€ 15,765 thousand at December 31, 2012). The change reflects the deconsolidation of the TDL Group in the amount of € 15,501 thousand;
- *the reserve for severance indemnities*, which totaled € 13,531 thousand as at December 31, 2013 (€ 15,353 thousand as at December 31, 2012). The change mainly reflects the effects of recognizing the assets and liabilities of Cipi S.p.A. under "Net non-current assets held for sale and discontinued operations";
- *the reserve for sales agents' termination indemnities* totaled € 22,836 thousand as at December 31, 2013, down by € 1,735 thousand compared with a year earlier (€ 24,571 thousand). This reserve represents the accrued debt at the end of the period to sales agents for the indemnities due to them in the event of termination of the agency contract, in accordance with

current legislation. Taking into consideration future cash flows, the reserve was discounted using an average market rate for debts of similar duration, estimating its expected future use over time based partly on the average life of agency contracts.

- **non-operating non-current liabilities** totaled € 15,443 thousand at December 31, 2013 (€ 67,161 thousand at December 31, 2012), including € 10,545 thousand of deferred taxes (€ 60,598 thousand as at December 31, 2012). The decrease in the deferred-tax provision compared with December 31, 2012 was due mainly to the impact on deferred taxes of impairment tests performed by Seat Pagine Gialle Italia S.p.A.

- **operating working capital** was -€ 56,498 thousand as at December 31, 2013 (€ 10,477 thousand as at December 31, 2012).

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

- *trade receivables*, which totaled € 229,815 thousand as at December 31, 2013, falling by € 130,713 thousand compared with December 31, 2012 (€ 360,528 thousand). This reduction includes: i) the effects of recognizing € 29,672 thousand under "Net non-current assets held for sale and discontinued operations"; ii) the deconsolidation of the TDL Group in the amount of € 13,075 thousand; iii) the reduction of € 84,278 thousand in SEAT Business Area trade receivables;

- *payables for services to be provided and other current liabilities*, which totaled € 143,071 thousand at December 31, 2013, down by € 60,228 thousand compared with December 31, 2012 (€ 203,299 thousand). This change reflects the schedules for the purchasing and invoicing of advertising services, the effects of deconsolidating the TDL Group in the amount of € 11,999 thousand, and the effects of recognizing € 14,966 thousand under "Net non-current assets held for sale and discontinued operations";
- *trade payables* of € 149,796 thousand as at December 31, 2013. The fall of € 28,142 thousand compared with December 31, 2012 was due mainly to the deconsolidation of the assets and liabilities of the TDL Group in the amount of € 6,653 thousand and to the effects of recognizing € 22,000 thousand under "Net non-current assets held for sale and discontinued operations".

- **non-operating working capital**, which was -€ 47,848 thousand as at December 31, 2013 (compared with -€ 33,529 thousand as at December 31, 2012). This includes:

- *income tax payables* of € 5,996 thousand as at December 31, 2013, down by € 9,149 thousand on December 31, 2012 (€ 15,145 thousand). The increase of € 8,342 thousand as a result of transferring taxes for

the period to the statement of operations was offset by the effects of recognizing € 12,191 thousand under "Net non-current assets held for sale and discontinued operations";

- *provisions for current non-operating risks and charges* of € 54,243 thousand (against € 32,179 thousand as at December 31, 2012). These refer mainly to the staff restructuring reserve, the sales network restructuring

reserve, and the provision of € 33,000 thousand made by the SEAT Business Area to cover estimated liabilities connected with the implementation of transactions provided for by the composition with creditors procedure;

- *current tax assets* totaling € 21,202 thousand as at December 31, 2013 (€ 22,691 thousand as at December 31, 2012).

Equity

Consolidated **equity** was -€ 1,323,428 thousand at December 31, 2013 (-€ 968,151 thousand at December 31, 2012), of which -€ 1,342,907 thousand was attributable to the Parent Company (-€ 996,460 thousand at December 31, 2012) and € 19,479 thousand to non-controlling interests (€ 28,309 thousand at December 31, 2012).

The decrease of € 346,447 thousand in the amount attributable to the Parent Company was due mainly to the € 347,603 thousand loss for the period, which was partially offset by a reduction of € 774 thousand (net of tax effect) in actuarial losses recognized in relation to non-current employee provisions.

Net financial debt

At December 31, 2013, **net financial debt** totaled € 1,459,929 thousand (€ 1,327,945 thousand at December 31, 2012).

As mentioned at the start of the section "Reclassified consolidated statement of financial position at December 31, 2013", the recognition pursuant to IFRS 5 of Telegate

Group and Cipi S.p.A. items under "Non-current assets held for sale and discontinued operations", together with the deconsolidation of the TDL Group, increased net financial debt at December 31, 2013 by around € 68 million.

	(euro thousand)	As at December 31, 2013	As at December 31, 2012	Change
A	Cash	196,426	199,659	(3,233)
B	Cash equivalent	-	-	-
C	Trading securities	-	-	-
D=(A+B+C)	Liquidity	196,426	199,659	(3,233)
E.1	Current financial receivables from third parties	2,039	2,387	(348)
E.2	Current financial receivables from related parties	-	-	-
F	Current bank debt	703,435	92,757	610,678
G	Current portion of non-current debt	4,250	73,685	(69,435)
H.1	Other current financial debt to third parties	915,493	35,211	880,282
H.2	Other current financial debt to related parties	-	-	-
I=(F+G+H)	Current financial debt	1,623,178	201,653	1,421,525
J=(I-E-D)	Net current financial debt	1,424,713	(393)	1,425,106
K	Non-current bank debt	-	501,116	(501,116)
L	Bonds issued	-	789,405	(789,405)
M.1	Other non-current financial debt to third parties	35,216	37,817	(2,601)
M.2	Other non-current financial debt to related parties	-	-	-
N=(K+L+M)	Non-current financial debt	35,216	1,328,338	(1,293,122)
O=(J+N)	Net financial debt (ESMA)	1,459,929	1,327,945	131,984

- **Non-current financial debt** at December 31, 2013 totaled € 35,216 thousand (€ 1,328,338 thousand at December 31, 2012). It comprises the item "Other non-current financial debt", which refers to seven finance leases (six commencing in December 2008 and the other at the end of October 2009) relating to the purchase of Seat Pagine Gialle Italia S.p.A.'s real-estate complex in Turin. These leases will be repaid through the payment of 40 remaining installments on the contracts with effect from December 2008 and 44 remaining installments on the contract with effect from October 2009. All installments are quarterly deferred installments subject to a floating interest rate equal to three-month Euribor plus a spread of around 65 basis points p.a. The residual value is fixed at around 1% of the value of the real-estate complex.

- **current financial debt** amounted to € 1,623,177 thousand as at December 31, 2013 (€ 201,653 thousand as at December 31, 2012). The item consists of:

- **Current bank debts:** these totaled € 703,435 thousand as at December 31, 2013 (€ 92,757 thousand as at December 31, 2012) and related mainly to the senior debt with The Royal Bank of Scotland, broken down as follows:

- € 571,116 thousand relating to the term facility, which bears a floating interest rate equal to Euribor plus a spread of 5.4% p.a.;

- € 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 bears a floating interest rate equal to Euribor plus the same spread used for the term facility;

- € 42,236 thousand relating to accrued and unpaid interest expense on the term facility and the revolving facility with The Royal Bank of Scotland, of which € 33,241 thousand was past due as at December 31, 2013.

- **Other current financial debt to third parties:** this totaled € 915,493 thousand as at December 31, 2013 (€ 35,211 thousand at December 31, 2012), referring mainly to € 794,513 thousand of senior secured bonds (€ 779,445 thousand corresponding to the net issue value plus € 15,068 thousand relating to the total issue discount accrued as at December 31, 2013) and to € 85,006 thousand of accrued and unpaid interest on these bonds, of which € 42,219 thousand fell due on January 31, 2013 and € 42,788 thousand fell due on July 31, 2013. The three issues (two in 2010 and 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.

- **Current portion of non-current debt:** totaling € 4,250

thousand as at December 31, 2013 (€ 73,685 thousand as at December 31, 2012), this refers to the current portion of the seven finance leases raised for the purchase of Seat Pagine Gialle Italia S.p.A.'s Turin real-estate complex; this figure includes the unpaid capital amount accrued prior to February 6, 2013, the date on which the blank filing for admission to the composition with creditors procedure was made pursuant to Article 161, paragraph 6 of the Bankruptcy Act.

Changes to current and current financial debt between December 31, 2012 and December 31, 2013 are due to the reclassification under current financial debt of the senior secured bonds and of the entire senior loan with The Royal Bank of Scotland, an operation rendered necessary by the payment default at the start of 2013 when the composition with creditors procedure was launched. The loan agreements contain an immediately and fully enforceable acceleration clause in the event of payment default. The aforementioned debts were thus reclassified as current in accordance with paragraph 74 of IAS 1.

The loan agreement with The Royal Bank of Scotland requires specific covenants to be fulfilled at Group level on a quarterly basis.

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 the Bankruptcy Act, 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 of compliance with the aforesaid financial covenants, nor did it publish any data other than the information required by Consob's 'black list' status and made necessary by the ongoing composition with creditors procedure.

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

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 given the following principal guarantees, which are standard for transactions of this kind:

- pledge of Seat Pagine Gialle Italia S.p.A.'s main trademarks;
- pledge of the shares of its main subsidiaries (including TDL Infomedia Ltd and Telegate AG, held directly and indirectly);
- a guarantee on all TDL Infomedia Group assets (including a legal charge on a property belonging to TDL 2013 Realisations Limited – formerly Thomson Directories

Limited – guaranteeing the senior facilities agreement), notwithstanding in this latter case the application of the appropriate rules for the administration procedure to which TDL Infomedia Ltd and TDL 2013 Realisations Limited are currently subject;

- pledge of Seat Pagine Gialle Italia S.p.A.'s main bank and postal current accounts.

Furthermore, 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.

Finally, Seat Pagine Gialle Italia S.p.A. has also created a special lien pursuant to Article 46 of Legislative Decree 385/1993 in favor of The Royal Bank of Scotland, in connection with the senior facilities agreement, on property, plant and equipment with a net book value greater than or equal to € 25,000.

– **current financial receivables and cash and cash equivalents** amounted to € 198,465 thousand as at

December 31, 2013 (€ 202,046 thousand as at December 31, 2012), including € 196,426 thousand of cash and cash equivalents (€ 199,659 thousand as at December 31, 2012).

Moody's and Standard & Poor's announced they were withdrawing their ratings for Seat on December 2, 2013 and February 24, 2014 respectively.

Risk from high levels of financial debt

Whereas the debt on the senior secured bonds and the senior loan was reclassified as current debt for presentation in the financial statements, as mentioned above, the contractual maturities of the outstanding financial instruments are shown below:

(euro thousand)	Due by						Total
	12.31.2014	12.31.2015	12.31.2016	12.31.2017	12.31.2018	Beyond	
Senior Secured Bond (*)	-	-	-	815,000	-	-	815,000
The Royal Bank of Scotland (**)	150,000	185,000	326,116	-	-	-	661,116
Leasint S.p.A. (***)	4,250	3,966	4,115	4,270	4,430	25,491	46,522
Total financial debt (gross value)	154,250	188,966	330,231	819,270	4,430	25,491	1,522,638

(*) In the financial statements, the item is shown net of the issue discount and amounts to €749,513 thousand.

(**) The revolving facility is due to mature on December 28, 2015 and will be repaid on said date.

(***) In the financial statements, the item amounts to € 34,966 thousand as the book value has been adjusted to fair value.

The table above shows an overall average life of debt outstanding at December 31, 2013 of 2.64 years. This figure does not take into account the changes that will take place in the average life of debt due to the implementation of the proposed composition with creditors following its approval.

Liquidity and financing risk

The predicted financial shortfall that came about in January 2013, shortly after the appointment of the new Board of Directors, and at the end of fiscal 2012, along with the evident impossibility of securing alternative sources of finance, obliged the Board to file for a composition with creditors procedure on a going-concern basis pursuant to Article 186-bis of the Bankruptcy Act, as described in the "Introduction" section of this Report.

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

The agreements in place at December 31, 2013 are summarized below.

1. *Indentures relating to the bonds issued by SEAT and entitled "€ 550,000,000 10½ % Senior Secured Notes Due 2017", "€ 200,000,000 10.5 % Senior Secured Notes Due 2017" and "€ 65,000,000 10½ % 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 (iii) all or substantially all of Seat PG'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: (i) the Lender's commitment to disburse new sums pursuant to the aforementioned facilities agreement shall immediately be considered null and void, and (ii) 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 PG S.p.A. 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 PG S.p.A. 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 PG S.p.A. or Seat Pagine Gialle Italia S.p.A. (shares which do not bear any ownership rights beyond a share of profits or dividends up to a certain amount are excluded from this calculation).

It should be remembered that Seat PG S.p.A.'s and Seat Pagine Gialle Italia S.p.A.'s proposals for a composition with creditors involve the same creditors, i.e. the Lender in the Term and Revolving Facilities Agreement and the

senior secured bondholders. As such, the effectiveness of the indentures, the Term and Revolving Facilities Agreement and the related contractual provisions, including the change-of-control clauses, will depend on the outcome of the ongoing composition with creditors procedure.

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, 2013, 97% of the Group's trade receivables (85% at December 31, 2012) is related to Seat Pagine Gialle Italia S.p.A., which has around 321,000 customers spread throughout Italy, consisting mainly of small and medium-sized businesses.

Each year, SEAT alone issues some 444,000 invoices, each providing on average for payment in 2.5 installments of around € 524 each, meaning more than € 1.1 thousand of receipts. There is, therefore, no concentration of credit risk. The type of business and customer base are, however, the elements that have always guided SEAT in putting together an effective credit management system.

Over time, SEAT has introduced a widespread and continually strengthened team that is able to efficiently manage all phases of the payment request process. The in-house team, call centers, collection agencies and legal experts constitute a total of around 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 € 95,859 thousand at December 31, 2013, an increase on December 31, 2012 (€ 89,361 thousand) in order to maintain sufficient coverage of overdue receivables. As a percentage of total trade receivables, the coverage of the allowance was 29.4%.

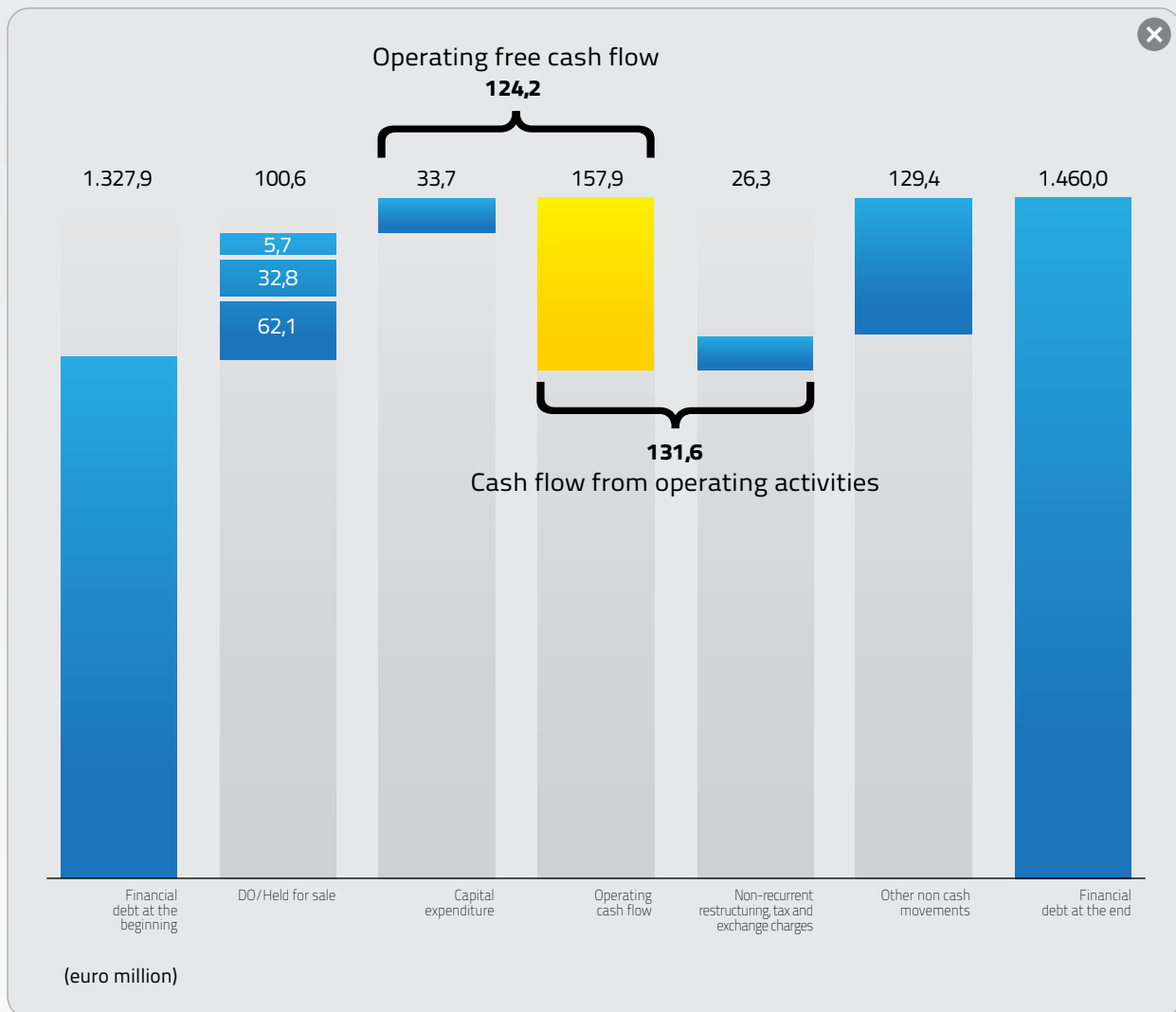
Consolidated cash flows for 2013

	Year 2013	Year 2012 <i>comparable restated data</i>	Change
<i>(euro thousand)</i>			
EBITDA	89,491	228,882	(139,391)
Gain (losses) from discounting operating assets and liabilities	(477)	(1,925)	1,448
Decrease (increase) in operating working capital	70,609	74,667	(4,058)
(Decrease) increase in operating non current liabilities (*)	(1,666)	(3,728)	2,062
Capital expenditure	(33,749)	(35,664)	1,915
(Gains) losses on disposal of non-current operating assets	(6)	(2)	(4)
Operating free cash flow - OFCF	124,202	262,230	(138,028)
Payment of interest expense, net	1,879	(130,903)	132,782
Payment of income taxes	(3,514)	2,964	(6,478)
Payment of non-recurring and restructuring expense	(22,475)	(97,742)	75,267
Dividend distribution	-	(1,514)	1,514
Equitization/merger	-	1,304,500	(1,304,500)
Flow on "Non-current assets held for sale and discontinued operations"	(38,528)	52,415	(90,943)
Foreign exchange adjustments and other movements	(131,497)	16,591	(148,088)
Change of Net Financial Indebtedness before D.O./Held for sale	(69,933)	1,408,541	(1,478,474)
Net Financial Indebtedness as at December 31, 2013 for company has been reclassified under "Non current assets held for sale and discontinued operations"	(62,051)	-	(62,051)
Change in net financial debt	(131,984)	1,408,541	(1,540,525)

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

(**) The item includes interest accrued and not yet paid amounting to € 125,110 thousand.

The graphic below summarizes the main elements that affected the change in net financial debt during 2013.



The **operating free cash flow** generated in 2013 (€ 124,202 thousand) was down by € 138,028 thousand on that generated in 2012 *restated* (€ 262,230 thousand), with the decline reflecting a € 139,391 thousand fall in EBITDA owing to the tough economic situation. Capital expenditure of € 33,749 thousand was down on the previous year (€ 35,664 thousand); the contribution from operating working capital was negative in the amount of € 4,058 thousand.

The change in financial debt includes the financial debt due to interest accrued but not paid for a total of € 125,110 thousand, included in the "other non-cash movements" in the chart above.

Operating free cash flow as a percentage of revenues from sales and services (24.7% in 2013) has decreased compared to 2012 *restated* (33.4%) while operating free cash flow as a percentage of EBITDA rose from 114.6% in 2012 *restated* to 138.8% in 2013.

The change in financial debt in 2013 reflects: *i)* the deconsolidation of the TDL Group in the amount of € 5,715 thousand; and *ii)* the reclassification to "Net non-current assets held for sale and discontinued operations" of the Telegate Group and Cipi S.p.A. in the amount of € 94,864 thousand, of which € 32,813 thousand related to 2013 flows and € 62,051 thousand to the closing balance of net financial debt as at December 31, 2013.

Financial performance of SEAT \

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

<i>(euro thousand)</i>	Year 2013	Year 2012 <i>restated data</i>	Change Absolute	%
Revenues from sales and services	474,877	626,859	(151,982)	(24.2)
Costs of materials and external services (*)	(256,396)	(270,998)	14,602	5.4
Salaries, wages and employee benefits (*)	(85,203)	(68,669)	(16,534)	(24.1)
Gross Operating Profit (GOP)	133,278	287,192	(153,914)	(53.6)
% of revenues	28.1%	45.8%		
Net valuation adjustments and provisions for risks and charges	(40,670)	(59,262)	18,592	31.4
Other operating income (expense)	(367)	(1,958)	1,591	81.3
EBITDA	92,241	225,972	(133,731)	(59.2)
% of revenues	19.4%	36.0%		0.0
Operating amortization, depreciation and write-downs	(48,724)	(43,594)	(5,130)	(11.8)
Non-operating amortization, depreciation and write-downs	(217,468)	(1,836,950)	1,619,482	88.2
Net non-recurring and restructuring costs	(42,660)	(98,689)	56,029	56.8
EBIT	(216,611)	(1,753,261)	1,536,650	87.6
% of revenues	(45.6%)	n.s.		
Net financial expense	(134,314)	(166,862)	32,548	19.5
Gain (loss) on investments	(9,286)	(14,359)	5,073	35.3
Profit (loss) before income taxes	(360,211)	(1,934,482)	1,574,271	81.4
Income taxes	10,983	172,884	(161,901)	(93.6)
Profit (loss) on continuing operations	(349,228)	(1,761,598)	1,412,370	80.2
Profit (loss) from non-current assets held for sale and discontinued operations	5,295	1,775	3,520	n.s.
Profit (loss) for the year	(343,933)	(1,759,823)	1,415,890	80.5

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

SEAT statement of comprehensive income

	Year 2013	Year 2012
<i>(euro thousand)</i>		
Profit (loss) for the year	(343,933)	(1,759,823)
<i>Other comprehensive income (expense) that will not be reclassified subsequently to profit (loss) for the year:</i>		
Profit (loss) for "cash flow hedge" instruments	-	1,561
Actuarial gains (losses)	426	(1,660)
Total other comprehensive income (expense) that will not be reclassified subsequently to profit (loss) for the year	426	(99)
<i>Other comprehensive income (expense) that will be reclassified subsequently to profit (loss) for the year:</i>		
Profit (loss) for "cash flow hedge" instruments	-	-
Other movements	-	-
Total other comprehensive income (expense) that will be reclassified subsequently to profit (loss) for the year	-	-
Total other comprehensive income (expense), net of tax	426	(99)
Total comprehensive profit (loss) for the year	(343,507)	(1,759,922)

SEAT reclassified statement of financial position

<i>(euro thousand)</i>	As at 31.12.2013	As at 31.12.2012	Change
Goodwill and "marketing related" intangibles assets	27,530	220,018	(192,488)
Other non-current assets (*)	127,761	289,730	(161,969)
Operating non-current liabilities	(38,613)	(39,153)	540
Non-operating non-current liabilities	(1,150)	(35,843)	34,693
Operating working capital	(57,187)	12,705	(69,892)
- Operating current assets	270,321	364,062	(93,741)
- Operating current liabilities	(327,508)	(351,357)	23,849
Non-operating working capital	(50,445)	(21,109)	(29,336)
- Non-operating current assets	20,886	21,152	(266)
- Non-operating current liabilities	(71,331)	(42,261)	(29,070)
Non-current assets held for sale and discontinued operations, net	96,928	(250)	97,178
Net invested capital	104,824	426,098	(321,274)
Equity (A)	(1,350,731)	(1,007,227)	(343,504)
- Current financial assets, cash and cash equivalent	(204,909)	(102,261)	(102,648)
- Current financial debts	1.625.248	207.248	1,418,000
- Non-current financial debts	35,216	1,328,338	(1,293,122)
Net financial debt (B)	1,455,555	1,433,325	22,230
Total (A+B)	104,824	426,098	(321,274)

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

Significant events in 2013 \

Admission to the composition with creditors procedure

As mentioned previously in the "Introduction" section of this Report, on February 6, 2013, Seat Pagine Gialle S.p.A. and Seat Pagine Gialle Italia S.p.A. made a blank filing pursuant to Article 161 of Royal Decree 267/1942 for admission to the composition with creditors procedure. On June 28, 2013, Seat Pagine Gialle Italia S.p.A. and Seat Pagine Gialle S.p.A. filed at the Court of Turin the proposal for the composition with creditors, the plan and additional documentation pursuant to paragraphs 2 and 3 of Article 161 of the Bankruptcy Act. By way of an order issued on July 10, 2013, the Court of Turin declared the composition with creditors procedures of Seat Pagine Gialle Italia S.p.A. and Seat

Pagine Gialle S.p.A. open pursuant to Article 163 of Royal Decree 267/1942. With the two procedures joined, the same order of the Court of Turin appointed Enrico Laghi of Rome as commissioner.

On December 20, 2013, pursuant to Article 171 of the Bankruptcy Act, the receivers sent to Seat Pagine Gialle S.p.A.'s and Seat Pagine Gialle Italia S.p.A.'s creditors a notice containing the date of the creditors' meeting (currently scheduled for July 15, 2014) as well as the key elements of the respective composition procedure proposals and the joint plan on which said proposals are based, as modified and updated by Seat Pagine Gialle S.p.A. and Seat Pagine Gialle Italia S.p.A.

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 Marco Reboa, Marco Beatrice and Francesco Nigri from the Supervisory Board set up 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 (an independent director of the Company) and Michaela Castelli (secretary to the Board of Directors of the Company and, as from July 25, 2013, an independent director), setting their term of office until the Shareholders' Meeting called to approve the 2014 separate financial statements.

Resignations of directors

On March 20, 2013, Paul Douek, a non-executive director and member of the Company's Appointments and Remuneration Committee, resigned from his positions

within the Company and within subsidiary Seat Pagine Gialle Italia S.p.A. Mr. Douek subsequently announced that his resignation would take effect on April 29, 2013.



Appointment of representative of savings shareholders and incurring of expenses for the protection of the common interests of the share category

On May 2, 2013, the special meeting of savings shareholders: (i) appointed Stella d'Atri as their common representative for fiscal 2013, 2014 and 2015; and (ii)

approved the statement for the fund set up to cover the expenses required to protect their common interests.

Sale of Spanish subsidiaries of the Telegate AG group

On June 10, 2013, subsidiary Telegate AG announced that it had reached an agreement on June 7, 2013 for the sale of its entire shareholding in Spanish subsidiaries 11811

Nueva Información Telefónica S.A.U. and 11850 Guías S.L.U. to Titania Corporate S.L., for a value of around € 1 million. This agreement is yet to be executed.

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 Libreria 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. The Company believes the claims of Rotosud/ILTE to be wholly unfounded and will contest them as it sees fit.

The Arbitration Board was set up on September 10, 2013, and has notified the parties of the deadline for submitting their pleadings and has set May 26, 2014 as the date for the next hearing. By submitting an additional arbitration request, of which Seat Pagine Gialle Italia S.p.A. received

notice in the first week of October, the Rotosud/ILTE group has extended the proceedings to the operating company. The first hearing of these new proceedings was set for November 26, 2013.

The hearing on November 26, 2013 saw the creation of the Arbitration Board for these new proceedings. The Board notified the parties of the deadline for submitting their pleadings and set May 26, 2014 as the date for the next hearing, to coincide with the date in the first arbitration case.

By way of a subsequent order on December 6, 2013, the Arbitration Board combined the two proceedings.

Following the postponement of the deadline for the parties to submit their pleadings, the May 26, 2014 hearing was deferred to a date to be decided by a future order.

Notifications received regarding the pension fund of UK subsidiary TDL 2013 Realisations Limited in administration (formerly 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 TDL 2013 Realisations Limited (formerly 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.

As mentioned above, during August 2013 the TDL Group entered U.K.-law administration, pursuant to which its companies will be sold off.

Moreover, TPR requested information on Telegate's financial position, which it deemed significant for the purposes of the means testing prescribed by the U.K. Pensions Act. SEAT sent this information to TPR on March 28, 2014.

Common representative of bondholders

On June 12, 2013, the meeting of the holders of the "€ 550,000,000 10½ % Senior Secured Notes due 2017" bond (ISIN codes: XS0482702395; XS0482720025) belonging to Seat Pagine Gialle Italia S.p.A. (the "Company") and originally issued by Seat Pagine Gialle S.p.A. appointed Dario Loiacono as their common representative for the fiscal years 2013, 2014 and 2015. Also on June 12, 2013, the meeting of holders of the "€ 200,000,000 10½ % Senior Secured Notes due 2017" bond (ISIN codes: XS0546483834; XS0546484303) belonging to Seat Pagine Gialle Italia S.p.A. and originally

issued by Seat Pagine Gialle S.p.A. also appointed Dario Loiacono as their common representative for the fiscal years 2013, 2014 and 2015.

By way of an order issued on July 17, 2013, and pursuant to Article 2417, paragraph 2 of the Italian Civil Code, the Court of Turin appointed Annamaria Marcone, of the Bar of Turin, as the common representative of holders of the "€ 65,000,000 10½ % Senior Secured Notes due 2017" bond (ISIN codes: XS0825839045; XS0825838666), also belonging to Seat Pagine Gialle Italia S.p.A. and originally issued by Seat Pagine Gialle S.p.A.

Appointment of a new director and new alternate auditors

On July 25, 2013, the Ordinary Shareholders' Meeting of Seat Pagine Gialle S.p.A. resolved to appoint Michaela Castelli, who had been co-opted on July 10, 2013, to the Board of Directors to replace Paul Douek, who resigned with effect from April 29, 2013.

Michaela Castelli was also appointed to the Appointments

and Remuneration Committee of Seat Pagine Gialle S.p.A. The same Ordinary Shareholders' Meeting also resolved to appoint Marco Benvenuto Lovati and Maurizio Michele Eugenio Gili as alternate statutory auditors to replace Guido Vasapolli and Guido Costa, who resigned on April 24, 2013 and May 2, 2013 respectively.

Dividend award

On August 27, 2013, the Shareholders' Meeting of Telegate AG, based on a profit of € 47,777,727.50 for the year ended December 31, 2012, approved the proposal to award a dividend of € 2.00 for each of its 19,111,091 shares, for a total of € 38,222,182.00 with retained earnings of € 9,555,545.50. The shares

attributable to Seat Pagine Gialle Italia and to subholding Telegate Holding GmbH, € 5,501,843.86 and € 18,706,715.96 respectively net of withholding tax, were kept in a Telegate AG account pending developments in the composition with creditors procedure and the plan to sell off Telegate AG.

Appointment of the Chief Financial Officer

On October 29, 2013, the Seat Pagine Gialle S.p.A. Board of Directors appointed Andrea Servo as its Chief Financial Officer with effect from that date. Mr. Servo

was also appointed as Head of Administration, Finance and Control, replacing Massimo Cristofori.

Ratings

On December 2, 2013, following the postponement of the creditors' meeting from January 30, 2014 to July 15, 2014, and in light of the request made by the receivers to the Court of Turin taking into account the technical requirements incumbent upon the Company as part of the complex implementation of the composition with

creditors procedure, the ratings agency Moody's downgraded the Company's corporate family rating (CFR) and senior secured bond rating from "Ca" to "C", and reduced its probability-of-default rating (PDR) to "D-PD". Following this decision, Moody's announced it would be withdrawing its ratings of the Company.

Subsequent significant events \

Ratings

On February 24, 2014, the ratings agency Standard & Poor's renewed its "D" (default) corporate credit rating for Seat Pagine Gialle and the issue ratings for the Company's senior secured facilities and senior secured notes, announcing it would be withdrawing its ratings of the

Company. The withdrawal of the ratings followed a request from Seat Pagine Gialle and is connected to the prediction that the consolidated financial debt will be broadly extinguished following the composition with creditors procedure.

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

The composition with creditors procedure provides for the merger of Seat PG Italia S.p.A. into Seat Pagine Gialle S.p.A. (the "Merger") and is dependent upon the post-merger entity continuing its business in accordance with Article 186-bis, paragraph 1 of the Bankruptcy Act. The composition with creditors proposals formulated by Seat Pagine Gialle S.p.A. and Seat Pagine Gialle Italia S.p.A. also entail a series of extraordinary transactions which, like the Merger, are necessary for the procedure to be successful.

To this end, on March 4, 2014:

- the Boards of Directors of Seat Pagine Gialle S.p.A. and Seat Pagine Gialle Italia S.p.A. approved the Merger, which will see all existing shares in the absorbing company annulled and no new Seat PG shares issued. The two Boards took the decision on the Merger on the basis of the simplified procedure pursuant to Article 2505 of the Italian Civil Code, in light of Seat PG Italia being a wholly owned subsidiary of Seat PG. The signing of the Merger document, which is solely for the purpose of implementing the composition with creditors proposals of Seat PG Italia and of the Company, is conditional upon both such proposals being definitively approved. More details on the Merger can be found in the relative proposal pursuant to Article 2501-ter of the Italian Civil Code and in the Seat Board of Directors' report pursuant to Articles 2501-quinquies and 2505 of the Italian Civil Code and to Article 70 of the Issuers' Regulation, published in accordance with the law on the "Governance/SeatPG-SeatPG Italia Merger" section of the Company's website, www.seat.it. On February 21, 2014, the Merger Prospectus, which was drafted pursuant to Article 5 of Consob Regulation No. 17221 of March 12, 2010, as subsequently amended, on related-party transactions, was also made available to the public

via filing at the Company's registered and secondary offices as well as publication on the "Governance" section of the Company's website, www.seat.it, and on the website of Borsa Italiana S.p.A., www.borsaitaliana.it.

- the Company's Extraordinary Shareholders' Meeting approved the extraordinary corporate actions which, together with the Merger, are required for the successful completion of the composition with creditors procedure. Specifically, it resolved:
 - to approve the Company's statements of financial position and operations as at November 30, 2013, showing negative equity of € 3,879,783.26;
 - subject to the Reserved Capital Increase (as described below), to cover the comprehensive losses as at November 30, 2013 by using all net reserves outstanding on said date, reducing the share capital to € 120,000.00 without annulling existing shares and, for the remaining amount, using the reserves arising from the Reserved Capital Increase;
 - to perform a paid capital increase, in a single tranche, from € 120,000.00 to € 20,000,000.00, excluding option rights pursuant to Article 2441, paragraphs 5 and 6, via the issue of 6,410,695,320,951 new ordinary shares without par value and with the same characteristics as existing ordinary shares, to be issued against the clearance of the debts of Seat PG and Seat PG Italia to financial creditors in Classes B and C, as categorized in the respective composition procedure proposals, with the new shares allocated in accordance with said proposals ("Reserved Capital Increase");
 - to allocate the difference between the overall nominal amount (including interest) of the debts being cleared and the nominal amount of the Reserved Capital Increase as follows: (i) to cover the residual losses accrued and accruing as at the date of the capital increase, together with the deficit from the Merger; (ii) to the legal reserve in

the amount of € 4,000,000.00 (four millions), i.e. one fifth of the share capital; (iii) the remaining portion of said difference to available reserves, following the calculation of allocations pursuant to (i) and (ii);

- in the immediate aftermath of the Reserved Capital Increase, to perform a reverse share split (the "Reverse Share Split") with the ratio of one new ordinary share with regular dividend rights for every 100 existing post-Reserved Capital Increase ordinary shares, and one new savings share with regular dividend rights for every 100 existing savings shares;
- to issue warrants (the "Warrants") enabling paid subscription of ordinary shares representing around 5% of the post-Reserved Capital Increase fully diluted share capital, to be allocated free of charge, fully and exclusively to ordinary shareholders of the Company who took part, either directly or through a proxy, in the Extraordinary Shareholders' Meeting of March 4, 2014, as well as to the savings shareholders;
- to perform a paid capital increase, in several tranches, excluding option rights pursuant to Article 2441, paragraphs 5 and 6, totaling € 100,000.00, plus any premium owed, by issuing up to 3,391,431,376 ordinary shares (post Reverse Share Split) with the same characteristics as the existing ordinary shares destined exclusively and irrevocably for servicing the Warrants and therefore for exercising the subscription right of the warrantholders. The strike price of the Warrants shall be determined by the average market price of the Company's ordinary shares after the Reserved Capital Increase, plus 15%.

The effectiveness of these resolutions is conditional upon the effectiveness of the Merger, which, as previously mentioned is itself conditional upon the definitive approval of Seat Pagine Gialle S.p.A.'s and Seat Pagine Gialle Italia S.p.A.'s composition with creditors procedures; if these conditions are not satisfied by December 31, 2018, the resolutions shall be declared permanently null and void. The Extraordinary Shareholders' Meeting also resolved to approve amendments to Articles 5 (Size of capital) and 6 (Shares) of the Articles of Association following the aforementioned resolutions.

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

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

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

Liability action

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

On 7 April 7, 2014, the Company announced that in accordance with the resolution passed by the ordinary Shareholders' Meeting held on 4 March 2014, the corporate liability action against the former directors and additional initiatives to safeguard the Company have been initiated.

Signed agreements for the purchase of Glamoo

On April 11, 2014 Seat Pagine Gialle Italia S.p.A. has entered a preliminary agreement for the acquisition of 100% of the share capital in Glamoo Ltd. (the company that owns the entire share capital of Glamoo S.r.l.) for a total purchase price of Euro 4 million, of which (i) € 50,000 will be paid at closing, and (ii) € 3,950,000 will be paid upon the Court approval of the proposal for composition with creditors. The acquisition of Glamoo Ltd., which will be funded by using the Group's own resources, is envisaged under the business plan underlying the Seat Group's composition

proposal. The Group, by seeking out new growth opportunities, intends to continue to offer to small and medium-sized businesses modern solutions to achieve visibility, attract customers and grow their sales operations, in this manner expanding the Group's business and reinforcing its position on the couponing market. This transaction was authorized by the competent bodies of the composition with creditors procedure currently in process.

Sale of subsidiary Cipi S.p.A.

On March 13, 2014, the entire stake in Cipi S.p.A. – a wholly owned subsidiary of Seat Pagine Gialle Italia S.p.A. operating since 1964 in the promotional items and corporate gifts sector – was sold to CIFIN S.r.l. because it was deemed to be no longer compatible with the Group's business. As a result,

it was reclassified under "Non-current assets held for sale" from the Half-Year Report as at June 30, 2013. This transaction was authorized by the competent bodies involved in the ongoing composition with creditors procedure.

Business Outlook \

SEAT began its operational relaunch in 2013. This required a brand-new senior management team, which comprises fewer positions and favored internal appointments. The new team focused on the Company's major asset: its Italian sales network. All 74 Digital Local Services companies that currently comprise the commercial structure were established during the year. At the same time, the number and quality of agents began to be restored. A new campaign management and compensation model was launched at the end of the year and was already beginning to show positive signs in the first quarter of 2014.

Business performance forecasts can be found in the key elements of the composition procedure proposals and of the joint plan on which said proposals are based.

These are available on the website www.seat.it at <http://www.seat.it/seat/it/governance/concordato/index.html>.

There are three primary courses of action for 2014-18:

1) **Restore SEAT's commercial offering to full capacity** by overhauling not only the sales network, as mentioned above, but also the product, the range offered to customers and the image of the Company. This involves rebuilding the key elements of SEAT's commercial formula: a simple, unique and modern product that can increase the visibility and competitiveness of Italian SMEs, particularly on digital platforms; a controlled and skilled sales force able to offer high-quality services; a commercial offering that encourages SEAT customers to try its new products with confidence; a corporate image in line with SEAT's current status (Italy's largest internet company). This initiative will peak in 2013 and 2014, making these years of transition. Now that the new regional structure of the sales network has been completed, reviews have been carried out on the Company's main products (directories and websites for SMEs). The new product range has been on sale since the start of 2014, while SEAT has been offering new customers a monthly subscription option since the start of 2013, enabling them to try out services with a limited initial investment that can be amended subsequently according to need. Lastly, after an absence of several years, SEAT recommenced advertising in 2013 through a new TV and online campaign aimed at showing how the ways in which SMEs in Italy are promoted has changed.

2) **Simplify things considerably**, starting with the structure of the Group (by selling non-strategic subsidiaries), moving onto macro-organization (by reducing the number of senior positions) and finally addressing purchases and indirect costs. This initiative should align the operational structure to the current dimensions of the business. It is scheduled to be completed in 2015, from when the savings compared with the baseline of 2012 should be fully realized. The years 2013 and 2014 will be marked by the adoption of temporary, short-term measures and by the preparation of structural cost-saving measures to be adopted by 2015. The savings forecast for 2013 were achieved in full, while those for 2014 have nearly all been identified, including those concerning salaries, wages and employee benefits, for which solidarity programs for all non-managerial staff have already been agreed with labor union organizations. The Company has adopted parallel measures to cut benefits and to reduce the size and compensation of the management team.

3) **Seek out new growth opportunities** by playing a key role and gradually becoming the only national organization in local advertising. The aim is to keep providing SMEs with the best solutions for increasing their visibility, attracting customers and doing business. This must be done with one eye on changing purchasing habits (from traditional to digital) and the other on new developments. SEAT continues to leave no stone unturned in its quest for effective solutions for companies that want to expand their business. Some of these innovations may be incorporated into the Company's products (e.g. the new website offering characterized by responsiveness and engagement), while others may be offered to companies following partnership agreements such as those already in place with two media giants: Google (of whom SEAT is the largest European commercial partner) and Sky.

The managerial initiative implemented to support the operational relaunch of the Company has led to the first signs of business recovery during the first part of the current year. Preliminary figures show that orders up to the end of March 2014 were in line with those in the

same period of the previous year (stripped of advance orders) and slightly above plan forecasts. The program to reduce indirect costs, according to the schedule indicated in the Plan, proceeds, in parallel.

Going concern evaluation \

Seat Pagine Gialle S.p.A. ended 2013 with a loss of € 30,416 thousand and negative equity of € 11,827 thousand.

The Company is into the situation provided for by Article 2447 of the Italian Civil Code, however, pursuant to art. 182-sexies of the Bankruptcy Act is not applicable from the date of the filing for admission to composition with creditors procedure and until the composition with creditors' procedures is approved.

As already specified in the Board of Directors' report, also pursuant to art. 2446 and 2447 of the Italian Civil Code, for the Extraordinary Shareholders' Meeting of March 4, 2014 (which should be consulted for further information), these losses, together with any recorded in 2014 and with the deficit expected to arise from the merger of subsidiary Seat Pagine Gialle Italia S.p.A. into the Company (resolved upon on March 4, 2014), should be offset by sufficient reserves and profits deriving from the full implementation of the transactions provided for by the composition with creditors proposals, in accordance with the relevant resolution made by said Extraordinary Shareholders' Meeting, the effectiveness of which is conditional upon the aforementioned merger and the definitive approval of the composition with creditors proposals of both companies.

In accordance with the provisions of Banca d'Italia – Consob – Isvap joint document no. 2 of February 6, 2009, when it approved this Annual Report, as it did for the 2012 Annual Report, 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, 2015).

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 2012 Annual Report, 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 this Annual Report, the directors, when assessing the Company's ability to continue as a going concern, again recognized 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 composition with creditors procedure that are yet to be completed, bearing in mind

that the notice of admission to the composition with creditors procedure published on July 10, 2013, and the necessary resolutions made by the Shareholders' Meeting on March 4, 2014 to execute the proposal for said procedure, removed the uncertainty surrounding such specific aspects:

- **the positive outcome of the creditors' meeting:** it is uncertain whether the creditors' meeting 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;
- **the proposal re-establishing positive equity** that is sufficient to bring the Company and its main operating subsidiary out of the situation pursuant to Articles 2446 and 2447 of the Italian Civil Code, and to sustain business for the period covered by the plan drawn up as part of 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 underpinning 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 restructuring is essential to make the Company's debt structure 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 composition with creditors procedure will be successful removes the situation pursuant to Article 2447 of the Italian Civil Code and restores the positive assessment of business continuity, thereby enabling approval, as things stand, of the 2013 Annual Report on the assumption of the Company's ability to continue as a going concern.

Financial performance by Business Area

In order to enable the accounting items to be compared and analyzed fairly, the financial results of the SEAT Group for 2013 are shown against those for 2012, which have been restated, as described in more detail in the introduction.

(euro million)		Italian Directories	Other Activities	Aggregate total	Eliminations and other adjustments	Consolidated total
Revenues from sales and services	Year 2013	475.1	36.6	511.7	(8.4)	503.3
	Year 2012 <i>comparable restated data</i>	627.0	43.9	670.9	(11.9)	659.0
GOP	Year 2013	133.0	(0.9)	132.1	0.1	132.2
	Year 2012 <i>comparable restated data</i>	287.6	4.0	291.6	(0.1)	291.5
EBITDA	Year 2013	91.5	(2.0)	89.5	-	89.5
	Year 2012 <i>comparable restated data</i>	225.6	3.3	228.9	-	228.9
EBIT	Year 2013	(217.5)	(17.0)	(234.5)	-	(234.5)
	Year 2012 <i>comparable restated data</i>	(1,752.0)	(3.3)	(1,755.3)	(1.2)	(1,756.5)
Total assets	December 31, 2013	674.3	31.4	705.7	134.9 (*)	840.6
	December 31, 2012	908.0	40.1	948.1	213.8	1,161.9
Total liabilities	December 31, 2013	2,115.3	30.8	2,146.1	17.9 (*)	2,164.0
	December 31, 2012	2,018.2	24.5	2,042.7	87.4	2,130.1
Net invested capital	December 31, 2013	9.5	10.0	19.5	117.0 (*)	136.5
	December 31, 2012	322.2	16.0	338.2	21.6 (**)	359.8
Capital expenditure	Year 2013	29.9	4.3	34.2	(0.5)	33.7
	Year 2012 <i>comparable restated data</i>	31.6	4.1	35.7	-	35.7
Average workforce	Year 2013	1,605	293	1,898	-	1,898
	Year 2012 <i>comparable restated data</i>	1,388	335	1,723	-	1,723
Average number of sales agents	Year 2013	1,155	44	1,199	-	1,199
	Year 2012 <i>comparable restated data</i>	1,171	53	1,224	-	1,224

(*) This includes the financial position of the Telegate group following its reclassification to "Discontinued operations", as described in the Introduction.

(**) This includes the financial position of the TDL and Telegate groups following their reclassification to "Discontinued operations", as described in the Introduction.

Following the decision to sell the equity investment in the Telegate Group and the deconsolidation of the TDL Infomedia Group, in accordance with IFRS 5, the results, assets and cash flows of the Telegate Group for 2013 are shown in "Non-current assets held for sale and discontinued operations", and the statement of operations and statement of cash flows items for 2012 have been *restated* for both the Telegate Group and the TDL Infomedia Group.

This resulted in the elimination of the entire UK Directories Business Area, which comprised the TDL Infomedia group and the Directory Assistance Business Area, following both the reclassification of the results and assets of the Telegate group to "Non-current assets held for sale and discontinued operations" and the decision to assimilate the activities performed by subsidiary Prontoseat S.r.l. with those of the Italian Directories area.

<i>Key performance indicators of the Group</i>	Year 2013	Year 2012
Number of published directories		
PAGINEBIANCHE®	103	103
PAGINEGIALLE®	191	205
Number of distributed directories (values in million)		
PAGINEBIANCHE®	21.4	22.4
PAGINEGIALLE®	16.2	16.7
Number of visits (values in million)		
<i>uninterrupted site access for 30 minutes</i>		
PAGINEBIANCHE.it® (*)	161.6	150.2
PAGINEGIALLE.it® (*)	329.9	279.3
TuttoCittà.it®	43.5	30.2
Europages.com (*)	38.3	57.0

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








Italian Directories \

Market situation

Since the Italian Directories Business Area 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 2013 % on total revenues
Print		PAGINE GIALLE®	classified directories of italian business	8.1
		PAGINE BIANCHE®	alphabetical directories	10.4
		Others		6.9
Online&Mobile		PAGINE GIALLE.it®	search engine specialised in business search	47.4
		PAGINE BIANCHE.it®	search engine specialised in subscriber search	13.5
		Glamoo	Couponing	0.3
Voice		89.24.24. Pronto PAGINEGIALLE®	voice service which provides directory assistance valued added services	3.8
		12.40. Pronto PAGINEBIANCHE™	voice service which provides directory subscriber information services	
Total core revenues				90.5

Product innovation

Online and mobile services

The media market suffered a sharp fall in advertising investment in 2013. Though affected by the crisis, the internet segment has maintained a certain vitality, particularly with regard to performance-based advertising and company services. In this context, SEAT has continued to invest in product and process innovation within its product range, in order to ensure it remains competitive and to consolidate its leadership in the local advertising and corporate web services segment.

The main investments in 2013 concerned: *i)* improving the performance of the existing product range thanks to new functions and technologies, thereby enhancing its competitiveness and appeal; *ii)* developing innovative, performance-based offers aimed at satisfying customers' needs; and *iii)* implementing innovative functions for online properties by developing the mobile product range in order to guarantee the best possible return in terms of visibility for advertisers and the best experience for our users.

Some of the main development initiatives launched during 2013 are listed below.

Online and mobile usage: the usage growth strategy focused on the following development drivers: *i)* horizontal and vertical enhancement of local and user-generated content; *ii)* implementation of Web 2.0 features that give the user a more active role; and *iii)* implementation of social functions. The mobile area enjoyed the highest growth rates during the year. New functions were introduced to browser versions and to the various brand apps with a view to responding to customers' mobile needs, thereby providing a better user experience. Innovations therefore focused on the search engine, creating a widget for fast access to useful information (e.g. in case of emergency), optimizing the versions for the various devices (Apple, Android, BlackBerry), redefining the interaction design, improving interaction with the community, and user-generated content such as reviews of commercial activities.

Following on from the development carried out in 2012, innovation within the product range focused mainly on:

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

More specifically, in 2013 structural investments were made to create a restyled website offering, launched in early 2014. The all-new sites use the latest technology to enable user engagement and multi-device usability. The new-look graphic templates, together with an overhaul of the production process aimed at executing all phases on the same site, make for totally customized product management by local offices spread throughout the country. The Company has also invested heavily in traffic boosting, moving from a cost-per-impression (CPI) to a cost-per-click (CPC) model and creating new geolocalized and targeted features for mobile advertising management.

Directory assistance services

In 2013, the plan to boost usage of the 89.24.24 service focused on consolidating the customer relationship management (CRM) system. This commitment made it possible to break down the customer base by user experience and socio-demographic profiles in order to send customers personalized one to one offers and promotions via SMS and email.

The partnerships with national brand leaders were extended for the 12.40 service with a view to adding value for the customer base.

With the aim of securing a wider audience, an extra email communication was launched for 89.24.24 advertisers, which proposes additional commercial operators suggested by the service, on top of the operator requested by users.

Publishing products

Starting with the 2013 Bari edition, PAGINEBIANCHE® and PAGINEGIALLE® have been revised.

The PagineBiancheInforma section, which can be found at the beginning of the PAGINEBIANCHE® directory, has recently been enhanced with the addition of public-interest content.

As newly highlighted on the front cover, the directory now contains addresses and opening times for the main services, state schools and, starting in the Piedmont region, local museums, with telephone numbers, opening times and other basic details. The directory also provides information on local public libraries, plus information of public interest, such as the information required to renew a driving license, identity card or passport.

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 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.

As of June 2014, a single volume of PAGINEGIALLE® for both households and businesses will be distributed in 12 test areas. The new directory is more compact and easier to consult.

Total downloads of the e-book apps for iPad and Android stand at around 160,000 to date, with around 80,000 volumes downloaded offline.

The themed itineraries section of TuttoCittà® now contains maps with georeferences for sustainable-mobility services, such as bike sharing, Wi-Fi and, soon, car sharing and electric-car charging points.

Development of new IT systems

Our IT investments during the year primarily concerned:

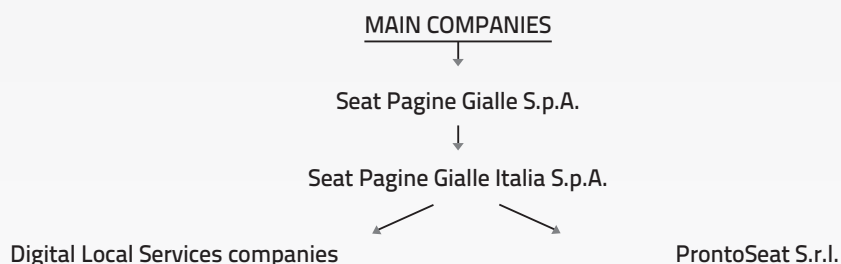
- product innovation aimed at providing a service that increasingly meets customers' needs, focusing on flexibility and faster response times;
- innovation within our commercial range with a view to offering long-term products subject to periodic billing;
- completing the WEB Age program by optimizing and eliminating current restrictions on the purchase process and developing tools to support the network, so as to improve and streamline mobile sale processes on the iPad;
- preparing the commercial IT systems to manage new processes for assigning/managing/planning customer/prospect renewals for SMEs;
- reviewing the tools used to create and manage print advertising space in order to optimize production costs and improve quality.

With regard to product innovation, we continued to develop IT systems to suit the new marketing plans. These related in particular to: the launch of the new website offering, which focuses on adaptability to use on various devices, from PCs to iPads and iPhones; the launch of the new banner range; the development of the mobile-platform offering and relative mobile apps, with the TuttoCittà navigation system app completing the range; and the overhaul of the print volume, which involved producing a single directory for both households and businesses.

In terms of infrastructure technologies, in 2013 we acquired centralized hardware (data center) and cloud technology 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 and network hardware.

Structure of the Business Area

The Italian Directories Business Area is organized as follows:



Economic and financial data

The table below shows the main results for 2013 compared with those of the previous year, which were restated

following the decision to include the activities of the subsidiary Prontoseat S.r.l. in the Business Area.

(euro million)	Year 2013	Year 2012 comparable restated data	Change	
			Absolute	%
Revenues from sales and services	475.1	627.0	(151.9)	(24.2)
GOP	133.0	287.6	(154.6)	(53.8)
EBITDA	91.5	225.6	(134.1)	(59.4)
EBIT	(217.5)	(1,752.0)	1,534.5	87.6
Capital expenditure	29.9	31.6	(1.7)	(5.4)
Average workforce	1,605	1,388	217	15.6
Net invested capital	9.5	322.2	(312.7)	(97.1)

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

SEAT

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

The table below shows the main results for 2013 compared with those of the previous year, which were *restated* following the reclassification of the figures relating to the TDL Infomedia Group and the Telegate Group to "Non-current assets held for sale and discontinued operations", as described in more detail in the "Presentation of accounting data" section.

(euro million)	Year 2013	Year 2012 comparable restated data	Change	
			Absolute	%
Revenues from sales and services	474.9	626.9	(152.0)	(24.2)
GOP	133.3	287.2	(153.9)	(53.6)
EBITDA	92.2	226.0	(133.8)	(59.2)
EBIT	(216.6)	(1,751.8)	1,535.2	87.6
Capital expenditure	29.8	31.6	(1.8)	(5.7)
Average workforce	1,467	1,195	272	22.8
Net invested capital	8.5	322.0	(313.5)	(97.4)

SEAT's **revenues from sales and services** totaled € 474.9 million in 2013, down by 24.2% on the previous year. More specifically:

- a) Core revenues:** this item totaled € 429.7 million in 2013, down by 24.5% year on year. It breaks down as follows:
- *print*: revenues from print products, including revenues from the two Pagine Gialle and Pagine Bianche e-book apps for iPad, totaled € 120.8 million in 2013, down by 29.7% compared with the previous year, with revenues

falling for both PAGINEBIANCHE® and PAGINEGIALLE®;

- *online&mobile*: online&mobile products generated revenues of € 290.9 million in 2013, down by 21.0% on the previous year. Net of the spin-off of the online revenues of PAGINEBIANCHE®, traditional advertising and online marketing revenues fell by 19.2%. Revenues from online&mobile products accounted for 61.3% of total revenue during the period. In October, the Company announced it had renewed its Premium Partner

agreement with Google AdWords, the advertising system that enables companies to launch increasingly effective and personalized campaigns on the popular search engine, integrating these campaigns into their own portfolio of marketing and advertising services. Total traffic, including visits to PAGINEGIALLE.it® from both the web and mobile devices and to customers' online and mobile sites, amounted to around 329.9 million visits in 2013, up by 18.1% on the previous year. Visits to PAGINEGIALLE.it® and PagineGialle Mobile rose by 18.0% to 228.3 million, while visits to web and mobile sites created for SEAT customers increased by 18.4% to 101.6 million. Total traffic for PAGINEBIANCHE.it® amounted to around 161.6 million visits, up by 7.5% compared with the previous year. As at the end of December, downloads of SEAT mobile apps totaled around 6.7 million (+57.9% compared with December 2012) for Apple devices and the other major platforms, with 3.1 million downloads (around 46% of the total) for PagineGialle Mobile, 2.2 million (around 34%) for PagineBianche Mobile, 1.1 million (around 17%) for TuttoCittàMobile and 0.3 million for 89.24.24 Mobile. The initiatives to boost usage of the Company's services included the agreement signed at the end of October with AroundMe to integrate the app (www.aroundmeapp.com), which is freely available on the major mobile platforms (iPhone and iPad, Android and Windows Phone), with PagineGialle's database and mobile search services. This will provide users with the best geolocalized results and points of interest (e.g. the nearest bars, banks, service stations, hospitals, hotels, cinemas, restaurants, supermarkets and taxis) and give companies a shop window for their products and services. AroundMe has so far achieved more than 60 million downloads worldwide. In September, the Company announced its new TuttoCittà NAV app for the iOS and Android operating systems. The app uses offline maps to enable satellite navigation without consuming data, meaning it can be used anywhere in the country, free of charge and with no need for an internet connection.

- **voice:** advertising revenue from the 89.24.24 Pronto PAGINEGIALLE® and 12.40 Pronto PAGINEBIANCHE® services totaled € 18.0 million, down by € 10.7 million (-37.3%) compared with 2012.

b) Other revenue and minor products: revenues from other products totaled € 45.1 million, down by 22.2% year on year. This item includes revenues from voice traffic (€ 27.1 million) generated by the 89.24.24 Pronto PAGINEGIALLE® and 12.40 Pronto PAGINEBIANCHE® services, down by

21.5% year on year, and revenues of € 4.4 million from direct-marketing products, merchandising activities and the Sky offer.

At the beginning of October, the Company teamed up with Young&Rubicam to launch a corporate advertising campaign aimed at highlighting the profound changes to its business in recent years, including how it has considerably expanded its digital activities and how it remains an innovative and reliable partner for the marketing needs of SMEs. The commercial uses the Company's values (speed, forward thinking, growth, dynamism, and proximity) to present a new entity that can provide its customers with the latest and best-suited tools for business. It was created with the cooperation of the sales force, from which two protagonists were selected to represent the Company and highlight their work in the best way possible. Together with the campaign, new logos were unveiled for SEAT and its traditional brands PagineGialle, PagineBianche and TuttoCittà, 89.24.24 and 12.40. The revised graphic design aims to represent the unique quality and reliability of the Company's services and to show how the Company and its brands are part of Italian history but have also moved with the times to respond to the increasing digital needs of businesses and consumers.

GOP totaled € 133.3 million, down by € 153.9 million compared with the previous year *restated*. The reduction is due to the fall in revenue, which was offset only marginally by lower operating costs.

Materials and external services, net of costs debited to third parties, totaled € 256.4 million in 2013, down by € 14.6 million (-5.4%) compared with the previous year *restated*. Specifically, *industrial* costs of € 107.9 million in 2013 were € 11.0 million lower than in the previous year *restated* (€ 118.9 million), due mainly to the fall in print revenues and consequent reduction in pages printed and to lower labor costs. The fall in the volume of calls to the 89.24.24 Pronto PAGINEGIALLE® and 12.40 Pronto PAGINEBIANCHE® services caused inbound call center service costs to fall by € 3.8 million, to € 10.8 million. The decline in web revenues resulted in a fall of € 4.1 million in online labor costs (-21.8% to € 14.6 million). Commissions to web publishers increased by € 3.3 million to € 25.6 million because of the new online offers aimed at boosting web traffic. Commercial costs totaled € 97.5 million, down by € 4.5 million compared with the previous year *restated* (€ 102.0 million), due mainly to lower spending on commissions as a result of both the reduction in revenues and the implementation of the New Sales Model. This led to higher labor costs, since the new model involved creating new Digital Local Services companies spread

throughout Italy and run by former agents (zone managers) now on the payroll.

Advertising spending amounted to € 22.5 million, up by € 8.2 million on the previous year *restated*, due to new campaigns relating mainly to voice and online products, particularly couponing (€ 5.4 million).

Overheads totaled € 51.0 million, up slightly (+1.8%) on the previous year *restated*.

Salaries, wages and employee benefits, net of recovered costs for personnel seconded to other Group companies, totaled € 85.2 million in 2013, up by € 16.5 million (+24.1%) compared with the previous year; this increase was attributable mainly to the sum of € 15.7 million pertaining to the implementation of the New Sales Model for the reasons mentioned above.

The workforce, including directors, project workers and trainees, consisted of 1,645 employees as at December 31, 2013 (1,382 employees as at December 31, 2012).

EBITDA amounted to € 92.2 million in 2013, down by € 133.8 million compared with 2012 *restated* and representing a margin of 19.4% (36.0% in 2012 *restated*). The margin essentially reflects the downward trend in GOP, offset partially by lower provisions to the allowance for doubtful trade receivables and to the reserve for risks (€ 4.3 million). Provisions to the allowance for doubtful trade receivables totaled € 40.6 million. Although this was down compared with 2012, it still enabled sufficient coverage of past-due receivables.

EBIT was –€ 216.6 million, reflecting the drop in EBITDA, and included operating and non-operating amortization, depreciation and write-downs of € 266.2 million and net non-recurring costs of € 42.6 million, of which € 33.0 million related to the provision made to cover estimated liabilities connected with the implementation of transactions provided for by the composition with creditors' procedure.

The write-downs include: *i*) € 7.1 million relating to the adjustment of SEAT Pagine Gialle Italia S.p.A.'s Turin real-estate complex to its recoverable value; and *ii*) € 196.5 million resulting from impairment tests (consisting mainly of € 88.9 million for goodwill, € 82.6 million for intangible customer relationship and database assets, and € 22.4 million for patent rights, concessions, trademarks and licenses).

Capital expenditure amounted to € 29.8 million in 2013, and related mainly to: *i*) improvements to the online and mobile platforms (approximately € 9.4 million); specifically, online focused on content enrichment (acquisition of corporate and private free listings for self-provisioning activities, database management and acquisition of new content), identity management and improvements to platforms and research activities; *ii*) improvements to commercial online products (approximately € 5.5 million), relating mainly to the partnership with Glamoo as well as to product development (e.g. PG Click, Social ADV and new PG Banner services); *iii*) commercial and publishing improvements (approximately € 7.7 million) to upgrade the systems and adapt them to new product ranges; and *iv*) the acquisition of infrastructure for the disaster recovery program (approximately € 3.9 million).

The **average workforce** numbered 1,467 in 2013, compared with 1,195 in 2012. The increase of 272 employees was due mainly to the implementation of the New Sales Model.

Net of the book value of equity investments in subsidiaries, **net invested capital** totaled € 8.5 million as at December 31, 2013, down by € 313.5 million compared with December 31, 2012 (€ 322.0 million), owing mainly to write-downs of € 196.6 million resulting from impairment tests, the reduction of € 84.3 million in trade receivables, and the increase of € 24.7 million in non-operating reserves.

Prontoseat S.r.l.

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

Main company events

On September 12, 2013, the extraordinary shareholders' meeting of Prontoseat S.r.l. resolved to amend the

corporate purpose to state explicitly that the company operates almost exclusively for the SEAT Group.

The table below shows the main results for 2013 compared with those from the previous year:

(euro million)	Year 2013	Year 2012	Change	
			Absolute	%
Revenues from sales and services	5.5	7.6	(2.1)	(27.6)
GOP	(0.3)	0.3	(0.6)	n.s.
EBITDA	(0.7)	(0.4)	(0.3)	(75.0)
EBIT	(0.9)	(0.5)	(0.4)	(80.0)
Capital expenditure	0.1	-	0.1	n.s.
Average workforce	138	193	(55)	(28.5)
Net invested capital	1.0	0.2	0.8	n.s.

Revenues from sales and services totaled € 5.5 million in 2013, down by 27.6% on the previous year. The fall in turnover was due mainly to lower outbound revenues (–€ 1.1 million compared with 2012) as a result of fewer telephone sales relating to renewals of advertising contracts for print products and to the acquisition of new clients for the 12.40 Pronto PAGINEBIANCHE® service. Inbound revenue fell by € 0.8 million due to the reduction in the number of calls managed by the 89.24.24 Pronto PAGINEGIALLE® service in the first nine months of the year and to the termination in the last quarter of the year of the agreement with SEAT concerning the management of 892424 Prontissimo.

Despite revenue falling by € 2.1 million, **GOP** was down by only € 0.6 million compared with 2012, owing mainly to lower salaries, wages and employee benefits as a result of there being fewer telephone operators.

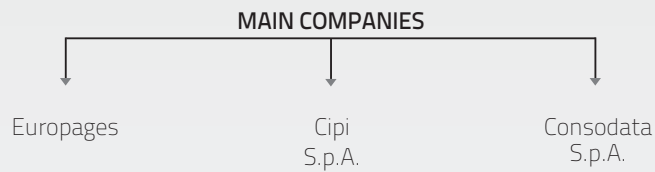
EBITDA and **EBIT**, a loss of € 0.7 million and € 0.9 million respectively, performed in line with GOP.

The **average workforce** (138 employees in 2013) fell by 55 compared with the previous year.

Other activities \

Structure of the Business Area

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



Main company events

On March 13, 2014, the entire equity investment in Cipi S.p.A. – a wholly owned subsidiary of SEAT Pagine Gialle Italia S.p.A. that has been operating in the promotional items and corporate gifts sector since 1964 – was sold to CFIN S.r.l., since it was no longer considered to be

compatible with the Group's activities, and was therefore reclassified to "Non-current assets held for sale", starting in the Half-Year Report at June 30, 2013. This transaction was authorized by the competent bodies under the ongoing composition with creditors' procedure.

Economic and financial data

The table below shows the main results for 2013 compared with those from the previous year:

(euro million)	Year 2013	Year 2012	Change	
			Absolute	%
Revenues from sales and services	36.6	43.9	(7.3)	(16.6)
GOP	(0.9)	4.0	(4.9)	n.s.
EBITDA	(2.0)	3.3	(5.3)	n.s.
EBIT	(17.0)	(3.3)	(13.7)	n.s.
Capital expenditure	4.3	4.1	0.2	4.9
Average workforce	293	335	(42)	(12.5)
Net invested capital	10.0	16.0	(6.0)	(37.5)

Below is an analysis of the data for each company that makes 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. Its database consists of some 2.6 million companies.

The table below shows the main results for 2013 compared with those from the previous year:

(euro million)	Year 2013	Year 2012	Change	
			Absolute	%
Revenues from sales and services	9.8	15.3	(5.5)	(35.9)
GOP	(1.1)	1.2	(2.3)	n.s.
EBITDA	(1.4)	0.9	(2.3)	n.s.
EBIT	(2.4)	(0.6)	(1.8)	n.s.
Capital expenditure	0.7	0.6	0.1	16.7
Average workforce	82	85	(3)	(3.5)
Net invested capital	(0.9)	0.8	(1.7)	n.s.

Revenues from sales and services totaled € 9.8 million in 2013, down from € 15.3 million the previous year. This decline in turnover was due to the sharp fall in the market in Italy (-46%) as a result of difficult economic conditions and the downward trend in the advertising market. Revenue in other countries remained substantially stable.

The number of unique visitors to the site fell by 31% year on year. Traffic on Europages websites is generated exclusively through search engine optimization and directly. There are three reasons for the fall in visitor numbers: the reduction in the number of clients led to a reduction in content; the high number of changes made by search engines, particularly Google, has had a negative impact on the number of pages indexed and on their positioning; and the site pages were restructured with a view to eliminating a large number of pages with poor content, so as to improve the quality of each visit. In the period in question, direct traffic grew by 26%, while the

average number of accesses to client profiles rose by 7% and the average duration of visits increased by 13%.

GOP was -€ 1.1 million (compared with € 1.2 million in 2012), owing to the aforementioned fall in revenues.

EBITDA was -€ 1.4 million, in line with GOP.

EBIT was -€ 2.4 million, down by € 1.8 million compared with the previous year, and included a € 0.3 million write-down of the Europages trademark following impairment tests.

The **average workforce** was 82 in 2013, down by three employees compared with the previous year.

Net invested capital amounted to -€ 0.9 million as at December 31, 2013 (compared with € 0.8 million as at December 31, 2012).

Consodata S.p.A.

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

For over 20 years, Consodata S.p.A., one of the market leaders in Italy for one-to-one marketing and geomarketing, has been offering wide-ranging and innovative direct-marketing services to thousands of

businesses operating in various sectors. Thanks to its extensive database, Consodata S.p.A. is able to provide its customers with information on the behavior of millions of consumers using advanced marketing intelligence tools.

The table below shows the main results for 2013 compared with those from the previous year:

(euro million)	Year 2013	Year 2012	Change	
			Absolute	%
Revenues from sales and services	15.7	18.2	(2.5)	(13.7)
GOP	1.6	3.8	(2.2)	(57.9)
EBITDA	1.5	3.6	(2.1)	(58.3)
EBIT	(3.2)	(0.3)	(2.9)	n.s.
Capital expenditure	3.6	3.3	0.3	9.1
Average workforce	105	103	2	2
Net invested capital	9.4	7.7	1.7	22.1

Revenues from sales and services totaled € 15.7 million in 2013, down by 13.7% compared with the previous year. This decrease was attributable mainly to the fall in direct-marketing sales by SEAT's network of agents (–€ 1.1 million), which in 2012 benefited from the effects of major sporting events (football's European Championships and the Olympic Games).

Revenues from products in the large-clients channel fell by 6% due to the fact that some geomarketing commissions were renewed at lower levels than in the previous year. Revenues from products marketed by the network of Consodata agents also fell (–14%), due to the decline in advertising revenues for vertical portals Alberghi and Kompass.

Business and credit information revenue rose to € 2.5 million in 2013, in line with our ever-increasing strategic focus on this area and product type.

With revenue down by € 2.5 million, **GOP** was down by € 2.2 million year on year, to € 1.6 million in 2013.

EBITDA performed in line with **GOP**.

EBIT amounted to –€ 3.2 million, down by € 2.9 million compared with the previous year. This reflects the aforementioned business performance, and includes a € 0.4 million fine handed down by the Italian Data Protection Authority.

Capital expenditure totaled € 3.6 million in 2013, up slightly compared with the previous year (€ 3.3 million) owing to more investments in credit and commercial information databases in accordance with corporate strategy. There was also the usual development of software platforms, database enrichment and the upgrading of production and service provision IT platforms.

The **average workforce** was 105 in 2013, up by two employees compared with the previous year.

Net invested capital stood at € 9.4 million at December 31, 2013 (versus € 7.7 million at December 31, 2012).

Cipi S.p.A.

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

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 2013 compared with those from the previous year:

(euro million)	Year 2013	Year 2012	Change	
			Absolute	%
Revenues from sales and services	11.2	10.5	0.7	6.7
GOP	(1.4)	(1.0)	(0.4)	(40.0)
EBITDA	(2.1)	(1.1)	(1.0)	(90.9)
EBIT	(11.4)	(2.3)	(9.1)	n.s.
Capital expenditure	-	0.2	(0.2)	(100.0)
Average workforce	106	147	(41)	(28)
Net invested capital	1.6	7.5	(5.9)	(79)

In 2013, the promotional-items sector suffered from a massive decline in demand and from the resulting aggressive competition.

Revenues from sales and services totaled € 11.2 million in 2013, up by 6.7% on the previous year (+€ 0.7 million). This rise in revenue is due to strong sales in direct channels, boosted in particular by direct imports from large clients (Special), which offset the decline in revenue via SEAT's sales network.

Despite the increase in revenue, **GOP** was -€ 1.4 million (- €1.0 million in 2012), due mainly to an adjustment of € 1.2 million made to Cipi's stock in order to reflect the impairment of assets held for sale.

EBITDA was -€ 2.1 million (-€ 1.1 million in 2012) and includes an adjustment of € 0.5 million made to current assets in order to reflect the impairment of assets held for sale.

EBIT was -€ 11.4 million (-€ 2.3 million in 2012). In addition to the above, it includes adjustments of € 6.2 million made to property, plant and equipment and of € 0.1 million made to intangible assets with a finite useful life in order to reflect the impairment of assets held for sale. This item also includes expenses of € 2.7 million relating to the reorganization of the workforce in 2013.

There was no capital **expenditure** during the year.

The **average workforce** was 106, down by 41 employees compared with the previous year. This reduction was due to the redundancy program implemented in 2013 at the Catania and Milan sites, which was completed in January 2014.

Net invested capital was € 1.6 million as at December 31, 2013, a decrease of € 5.9 million compared to December 31, 2012.

Other information \

Human resources \

Seat Pagine Gialle Group

	As at 12.31.2013	As at 12.31.2012	Change
Employees	2,003	3,959	(1,956)
Directors, project workers and trainees	26	38	(12)
Total workforce at the end of the period	2,029	3,997	(1,968)
	Year 2013	Year 2012 <i>restated</i>	Change
Senior managers	124	83	41
Managers	236	241	(5)
White collars	1,349	1,121	228
Blue collars	42	67	(25)
Journalists	1	1	-
Call operators	100	151	(51)
Employees	1,852	1,664	188
Directors, projects workers and trainees	46	59	(13)
Average workforce for the period	1,898	1,723	175

The Seat Pagine Gialle Group had a total workforce of 2,029 employees as at December 31, 2013, down by 1,968 compared with December 31, 2012, with an average workforce during the year of 1,898 employees (1,723 in 2012 *restated*).

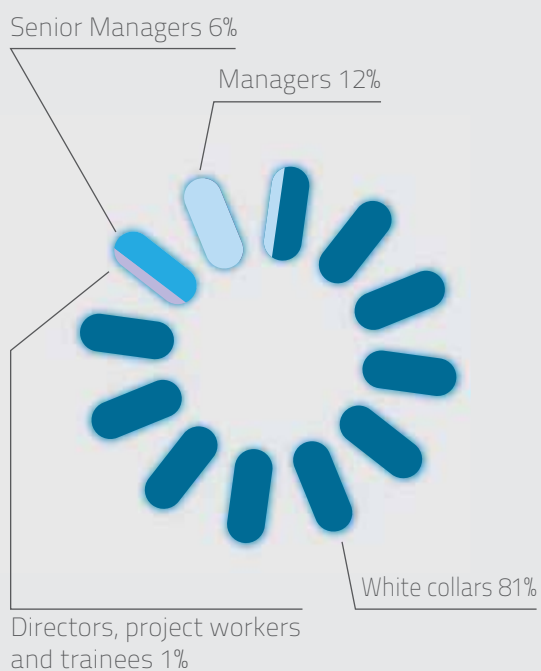
The reduction of 1,968 in the workforce is attributable mainly to the deconsolidation of the equity investment in the TDL Group and the decision to dispose of equity investments in the Telegate Group and Cipi S.p.A., which had a combined workforce of 2,138 at December 31, 2012. Excluding the effects of the removal of these companies from the scope of consolidation, the total workforce as at December 31, 2013 rose by 170 employees due 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).

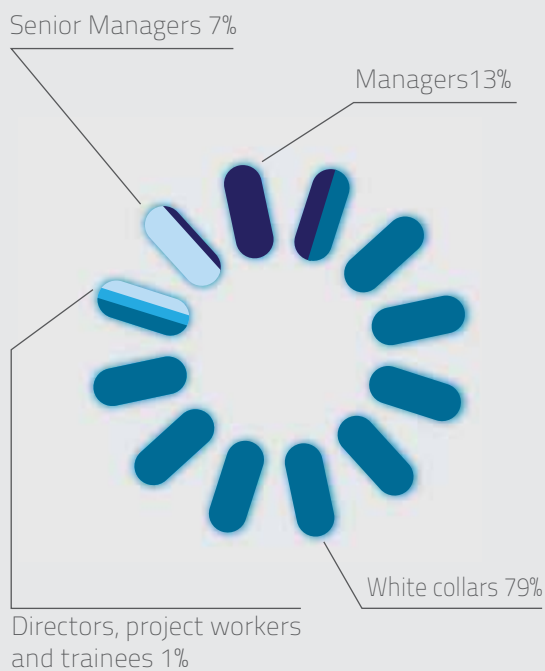
The increase of 175 in the average workforce for the period compared with 2012 *restated* is due to the restructuring of the sales network, the effect of which was offset by the reduction in the number of staff employed at the Prontoseat S.r.l. call center.

As regards the distribution of human resources across the various Business Areas, following the decision to dispose of equity investments in the TDL Infomedia Group, the Telegate Group and Cipi S.p.A., the SEAT Business Area (Seat Pagine Gialle S.p.A., Seat Pagine Gialle Italia S.p.A. and the Digital Local Services companies) employed 77.3% of the average total workforce in 2013, despite having generated around 94.4% of the Group's revenue for the period.

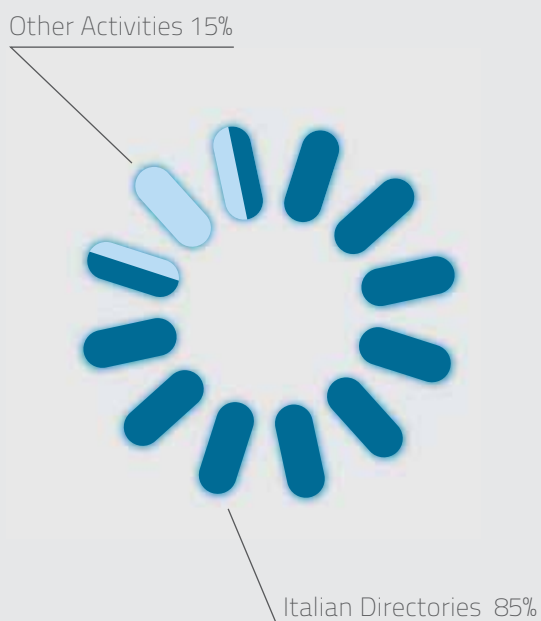
SEAT Pagine Gialle Group



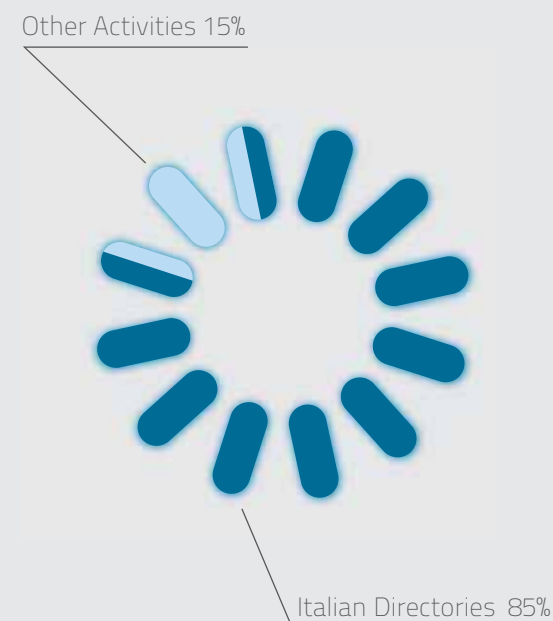
SEAT (Seat Pagine Gialle S.p.A., Seat Pagine Gialle Italia S.p.A. and the Digital Local Services companies)



Labor cost by Business Area



Average workforce by Business Area



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

	As at 12.31.2013	As at 12.31.2012	Change
Employees	1,608	1,349	259
Directors, project workers and trainees	21	33	(12)
Total workforce at the end of the period	1,629	1,382	247
	Year 2013	Year 2012	Change
Senior managers	112	71	41
Managers	199	206	(7)
White collars	1,113	862	251
Journalists	1	1	-
Employees	1,425	1,140	285
Directors, projects workers and trainees	42	55	(13)
Average workforce for the period	1,467	1,195	272

During the course of 2013, the creation of the Digital Local Services companies was completed as part of the implementation of the New Sales Model, meaning the workforce saw a net increase of 247 employees. More specifically, the New Sales Model involved an increase of 326 employees (294 employees at the Digital Local Services companies and 32 field managers), whereas the staff of Seat Pagine Gialle Italia S.p.A. and Seat Pagine Gialle S.p.A. decreased by 79, due mainly to the ongoing restructuring plan. Though lower than in 2012, the number of trainees remained high as part of the Talent Factory project, which

aims to recruit and train young sales and marketing workers. The average workforce for the period rose by 22.7% in total between 2012 and 2013. 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 and the hiring of the field managers in charge of the Digital Local Services companies.

Sales network

As at December 31, 2013, Seat Pagine Gialle S.p.A.'s sales network comprised 1,311 agents and dealers (1,158 agents and dealers as at December 2012) and 134 employees (120 employees as at December 31, 2012), categorized by type of customer and market potential. All sales teams and employees were incorporated into the Sales & Marketing Division during the course of 2013.

To be more specific:

- the National Clients segment, which comprises nationwide companies with specific communication needs, is served by a sales force of 18 employees, consisting of one Channel Manager, three Area Managers, one Central Public Sector Sales Manager and 13 Key Account Managers. The network is supported by a team of highly skilled specialists who are responsible for overseeing market developments, responding to the need for innovation and specialization, proposing and developing new solutions, ensuring a service level-based market approach following accurate customer segmentation, and sharing expertise within the organization.
- the SME segment, which ranges from small businesses to

high-spending clients with local and specialized service needs, is overseen by nine Regional Divisions containing 74 branches (SEAT Media Agencies) managed by employee field managers, two sales management areas dedicated to Top Customers, and a telephone sales channel that also manages customer care and retention. Each structure provides the network with support with planning, training coordination, sales operations and couponing sales. Customers are served by a network of 1,265 agents, who cover the SME communication market, 46 Top Customer agents, and around 400 telesales operators.

The restructuring of the sales model was completed in 2013, with the aim of improving support for the sales network and expanding its geographical coverage. This involved the creation of 74 SEAT Media Agencies, regional limited-liability companies wholly owned by Seat Pagine Gialle Italia S.p.A. which use a workforce of over 470 people to provide back office and website creation services, technical assistance, and commercial and training support to the agents.

Organizational development

The Company's organizational structure underwent profound changes in 2013 with a view to streamlining its managerial hierarchy and responding to business needs. Firstly, in February the new organizational structure was implemented with the creation of three new divisions responsible for managing core business processes: the Sales Division, responsible for managing sales to SMEs and Top Customers; the Product Division, in charge of managing, developing, producing and providing the entire SEAT product range; and the Customer Division, tasked with overseeing the Company's commercial offering and net pricing system, defining and monitoring customer service levels, and managing credit recovery and CRM activities. In this context, the channel dedicated to sales to National Clients and the Marketing Services Department (market research, branding and advertising) merged, and now report to the CEO, the Resources & Organization Department and the Administration, Finance and Control Department.

Lastly, in October an additional step in the process of streamlining the organizational structure was formalized, with the aim of speeding up operations and harmonizing objectives at a key moment in the Company's relaunch. Specifically, four departments report directly to the CEO:

- the **Sales & Marketing Division**, which is responsible for overseeing turnover and customer/user satisfaction by developing company products/services, designing commercial products, managing, planning and supporting all sales structures (SMEs, Telesales, National Clients), and performing CRM activities;
- the **IT & Operations Department**, which is responsible for guaranteeing the quality and efficiency of central operations and IT systems by managing and planning internal and external production structures and developing and optimizing commercial, administrative and production systems, as well as through integrated management of technological infrastructure;
- the **Administration, Finance and Control Department**, which is responsible for: planning, management control and business analysis activities; management of financial, administrative, accounting and fiscal compliance; oversight of corporate affairs and investor relations; and management of credit policies and structures;
- the **Resources & Organization Department**, which is responsible for labor organization, human resources management, legal affairs, purchase management, cost management, and corporate process design.

Selection, training, sales & marketing and learning

Recruitment activities during 2013 focused on two main aspects: reinforcing the technical team at the Digital Local Services companies, and seeking sales and marketing workers, particularly those focused on the target market. The search for technical specialists has brought the number of media consultants and web masters in the various Digital Local Services companies throughout the country to 86 and 140 respectively.

The search for sales and marketing staff resulted in 563 new hires, including 515 junior employees, with the search intensifying in the last third of the year.

The Talent Factory continues to produce excellent results: the scheme has now been run 17 times, with more than 70 employees having been hired, including 58 involved in direct sales.

Last but not least, the Company continued its activities aimed at improving its positioning on the job market, including through the use of modern employer branding tools, with a special focus on the management of corporate career pages on LinkedIn and the creation of fan pages on Facebook, which received around 3,000 "likes". Alongside its

brand relaunch campaign, the Company launched a recruitment campaign on MTV which, together with social-networking activities, attracted over 40,000 applications.

We introduced training initiatives for our employees in order to improve their managerial skills – through courses on topics such as leadership, negotiation, assertiveness, finance, communication, process management, effective presentation, and resilience – and their online capabilities, through workshops on SEAT's commercial offering. The English courses launched last year for both managers and other employees were also continued.

A training course on digital and social marketing with the MIP (Politecnico di Milano business school), designed specifically for junior employees in the online and mobile division, was launched in March. In the second half of the year, a custom course on digital marketing was launched for more senior employees.

A training course was also launched for employees who provide training as part of their work, to help them to learn and use coaching methods.



The Group decided to launch an online personal and professional development service for managers that enables them to access video and audio content, as well as detailed information on managerial issues.

The field managers took part in a team training course that aimed to help them to understand their role and provide them with leadership tools and expertise for effective employee management. Sales and marketing managers and other employees took part in the "Moments of Glory" course, which taught them how to develop the capacity to identify challenges, work towards objectives and overcome moments of crisis.

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

In December, we used our questionnaire management system to distribute the compulsory course on the Privacy Law to all Company employees and those of the Digital Local Services companies, with a take-up of 95%.

Throughout 2013, the sales force (regional division managers, field managers, CAs and all agents) was involved in an intense training program aimed at developing a sales techniques plan based on the value sales method, using the "Sales Game" module.

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

The training initiatives planned and carried out related to the development of telemarketing skills and proficiency in programs such as Access and Excel for staff, knowledge of proprietary web platforms and products and technical and graphics training (Photoshop/CSS, HTML) for web masters, and training management for media consultants, whose role was transformed and developed in 2013.

Activities also included the design, planning and launch of new procedures and products across the entire sales force. More specifically, the following were introduced: the Caring project and support tools for all sales staff (field managers, agents, web masters, media consultants, branch and regional-division staff); Evaluation, the agent assessment process carried out by field managers; web product innovations for all sales staff; the new Credit

Solutions product to be rolled out for all sales staff; the new Life Time sales products for the entire sales network; and all updates to offers on other products (updates to the combined directories and OneBook products, and to the cinema and BTL offers). With regard to tools, the introduction of the Track.it application for branch and regional-division staff is in the process of being completed, and sales preparation activities are being monitored and supported through Ready2Go.

New multimedia tools were designed and created and new sections were developed and updated on the Company's intranet, Yellow Friend, to facilitate the provision of training and information for the sales network. All online promotion relating to the regional branches was reviewed and updated via the creation of a new national WebPoint site and 74 local WebPoints with company fact sheets on both paginegialle.it and paginebianche.it. A keyword advertising campaign was also launched on the national site, with a view to facilitating contact with potential clients interested in SEAT's products or services. All local fan pages with the same editorial plan are also being reviewed and recreated in addition to local contributions.

Newly hired agents and back-office staff were offered training courses on the front-end order entry system and the CLIMAN after-sales management system.

The new version of Ready2Go, the customer sales preparation program, completed the range of application-oriented products. The program is also applicable to Paginegialle, Paginebianche, Europages and Social ADV.

New front-end functions were made available for the entire sales force, making it possible to delay visiting existing and prospective clients and allowing sales managers at various levels (team leaders, field managers, regional division managers) to oversee their agents' activities.

The regional division Sales Operation units were issued with the Track.it application, which allows users to monitor whether the process of creating the product range on offer is being carried out correctly (primarily online). The Sales Operation units are therefore now able to analyze production errors and request that appropriate measures be taken by the Digital Local Services companies or the Product Division.

People services

The SEAT4PEOPLE program continued its work in 2013 by signing agreements (of which there are now more than 300) and creating initiatives for SEAT employees and agents, e.g. employee service desks located at Company offices, conventions, travel events and English courses at SEAT's offices.

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

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

SEAT4PEOPLE organized holiday camps for employees' children aged between 6 and 12 for the sixth year running, as well as corporate events such as the Loyalty Award for seniority with the Company, which was held in October, 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 receiving group discounts on orders for 10 or 20 vehicles at a time.

The Company continues to provide health cover through Cassa Mutua, which insures over 4,000 members

Industrial relations

On February 1, 2013, the agreement signed by ministers on March 21, 2012 became operational. The agreement, which provides for the implementation of a two-year restructuring plan involving a maximum of 150 employees covered by the special wage guarantee fund (Cassa Integrazione Guadagni Straordinaria, or CIGS), spread throughout the Company's various sites, is proceeding according to plan. In this context, the Company is using the tools provided for by the aforementioned agreement to manage lay-offs and CIGS coverage as well as structural redundancies, for the latter making considerable use of early retirement pursuant to Law 416/81 et seq. for publishing jobs. Although the plan is gradually being implemented, it was necessary to reopen talks with unions to identify new, urgent measures to supplement the current plan and thereby deal with a negative market situation that is not allowing the Company to bring its transformation process to a successful conclusion. To that end, a memorandum of agreement was drawn up

and signed at the Ministry of Rome on February 28, 2014, providing for a review of and supplement to the reorganization plan currently under way. It covers all employees, broken down as follows:

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

Trade union relations were also managed in 2013 in accordance with the guidelines set out in the corporate restructuring plan. Agreements were signed with unions with a view to waiving tax on "productivity pay" and defining a system of shared rules intended to improve work-life balance (covering issues such as holiday planning, company closures and welfare).

Property and facilities management

Throughout 2013, the Property and Facilities Management Department provided ordinary and extraordinary maintenance and internal and external logistics services for all SEAT offices, as well as everyday services such as catering (where applicable), reception, access control and cleaning. The department was also responsible for workplace safety and health monitoring via the Health and Safety unit.

The Company's Cagliari office was relocated.

Throughout the year, the department was heavily involved in implementing the New Sales Model, providing property, logistics and security services to the individual Digital Local Services companies (operational management, reviewing, maintenance, compliance, relocation and opening of new offices).

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 lira, plus appreciation and interest.

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

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

At the hearing on January 28, 2014, the proceedings were suspended following the announcement of the bankruptcy of Media Holding.

On April 6, 2011, Fallimento Cecchi Gori Group Fin.Ma.Vi. S.p.A. in liquidation and Cecchi Gori Group Media Holding S.r.l. in liquidation served the Spun-Off Company with an injunction to pay € 387,342,672.32, corresponding to the value of 11,500 shares with a nominal value of 1 million lire, representing the entire share capital of Cecchi Gori Communications S.p.A.

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

The request is part of the dispute mentioned earlier pending before the Court of Appeal of Milan, where the

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

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

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

This refers to the legal proceedings brought by Finmavi and Media against HMC concerning the decisions taken on August 11, 2000 by the Extraordinary Shareholders' Meeting of Cecchi Gori Communications S.p.A., which introduced changes to the company's Articles of Association aimed at awarding special rights to category B shareholders.

After losing the case at the first two levels, Finmavi and Media filed an appeal with the Court of Cassation, and the Spun-Off Company appeared at the hearing with a counter-appeal and cross-appeal on October 16, 2007.

To date, the hearing for debate has not been scheduled.

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

On June 10, 2013, Rotosud S.p.A. and Industria Libreria Tipografica Editrice S.p.A. (ILTE), the 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. The Company believes the claims of Rotosud/ILTE to be wholly unfounded and will contest them as it sees fit.

The Arbitration Board was established at the first hearing on September 10, 2013. The Board gave the parties deadlines for the submission of pleadings and scheduled the next hearing for May 26, 2014. By submitting an additional arbitration request, of which Seat Pagine Gialle Italia S.p.A. received notice in the first week of October, the Rotosud/ILTE group has extended the proceedings to the operating company. The first hearing of the new proceedings was scheduled for November 26, 2013.

At the hearing on November 26, 2013, the Arbitration Board for the new proceedings was established. It gave the parties deadlines for the submission of pleadings and scheduled the next hearing for May 26, 2014, the date that was set under the first arbitration proceedings.
The Arbitration Board subsequently combined the two

proceedings through a decree dated December 6, 2013. Following the postponement of the deadlines given to the parties for the submission of pleadings, the hearing of May 26, 2014 was deferred until a date to be set through a subsequent order.

Corporate Governance \

Introduction

Firstly, it should be pointed out that the third quarter of 2012 saw the completion of SEAT's financial restructuring, which was begun in the first half of 2011 (the "Restructuring"). As a result, on October 22, 2012, the Shareholders' Meeting, which was attended for the first time by holders of shares issued following the Restructuring, appointed the Board of Directors currently in office.

On April 24, 2013, the Company's Board of Directors resolved to adhere to the Corporate Governance Code for Listed Companies, as subsequently amended at the end of 2011 (the "Code"), identifying the necessary steps to be taken to adopt the recommendations set out therein.

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 No. 58/98 and available on the Company's website, www.seat.it).

Management and coordination activities

SEAT is not subject to the management and coordination of other companies or entities. Pursuant to Article 2497-bis of the Italian Civil Code, as a result of the Transfer, Seat Pagine Gialle Italia S.p.A. identified SEAT 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.

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 composition with

creditors procedure) and is structured and operates in such a way as to ensure the effective and efficient performance of its duties.

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

Board of Directors

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

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

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

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

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

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

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

Furthermore, the Issuers' Regulation requires listed companies, *inter alia*, to set out rules in their articles of association governing the compilation of lists and the replacement of board members whose terms come to an

end, in order to guarantee compliance with the gender balance criteria.

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

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

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

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, I C 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 occupy the position and, where applicable, that they qualify as independent pursuant to Article 147-ter, IV C of Legislative Decree 58/1998. Lists that contain three or more candidates must also include candidates of both genders, in accordance with the provisions of the notice of convocation of the Shareholders' Meeting, so as to allow the composition of the Board of Directors to comply with the regulations in force on gender balance.

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

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

Therefore, on the basis of information received, the following applies to SEAT directors' roles as directors or

statutory auditors of other companies pursuant to Article 1C2 of the Code:

Guido de Vivo	Director of BRT S.p.A. and Cimbali Faema S.p.A.
Vincenzo Santelia	-
Chiara Burberi	Director of Meridiana Fly S.p.A.
Michaela Castelli	Supervisory Board member at A2A S.p.A.
Mauro Pretolani	-
Luca Rossetto	-
Francesca Fiore	-
Harald Rösch	Director of Sky Deutschland
Mauro Del Rio	-

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

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

Chairman and CEO

The Company's two most senior posts are split between two directors: the Chairman and the CEO. Pursuant to application criterion 2C1, only the CEO, Vincenzo Santelia, is considered an executive director. The other, non-executive, directors are sufficient in number, competence and independence to ensure that their opinion carries significant weight in the Board's decision-making process. 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, Francesca Fiore, Mauro Del Rio, Mauro Pretolani, Luca Rossetto and Harald Rösch qualify as independent directors. These directors also meet the independence requirements pursuant to Article 148, paragraph 3 of the Consolidated Finance Act.

Internal committees of the Board of Directors

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

- the **Appointments and Remuneration Committee**; and
- the **Control and Risk Committee**, to make suggestions and provide advice.

In accordance with the note to Article 4 of the Code, as a result of the new organizational structure of the Group and the skills of the appointed members, the Board has resolved that the functions pursuant to Articles 5 and 6 of the Code shall be performed by a single committee (the

Appointments and Remuneration Committee) composed of three members with suitable professional skills.

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.

In accordance with Articles 5P1 and 6P3 of the Code, the Committee in question is composed entirely of non-executive directors, the majority of whom are independent, in the persons of Mauro Pretolani (Chairman), Francesca Fiore and Michaela Castelli. The latter was appointed by the Board of Directors on August 6, 2013 to replace Paul Douek,

who resigned as a director and Committee member with effect from April 29, 2013.

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

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

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

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

With regard to Article 5C2 of the Code, during its meeting of April 24, 2014, the Board, *inter alia*, resolved that it was not necessary at the time to adopt a succession plan for the executive directors.

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

Since the Company is currently involved in a composition with creditors procedure, as described in more detail above, the Company Remuneration Policy is limited to offering a reference framework for 2013.

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 note to Article 6 of the Code, the Appointments and Remuneration Committee:

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

The Committee met six times in 2013.

General remuneration policy

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

to Article 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 from 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.

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

1. works with the Chief Financial Officer, and in consultation with the Independent Auditors and the Board of Statutory Auditors, to assess the correct use of accounting principles and, in group cases, their consistency for the purposes of preparing the consolidated financial statements;
2. expresses opinions on specific aspects concerning the identification of the main risks facing the Company;
3. examines the periodic reports on the assessment of the internal control and risk management system, as well as the reports of particular importance prepared by the Internal Audit Department;
4. monitors the autonomy, adequacy, effectiveness and efficiency of the Internal Audit Department;
5. may request that the Internal Audit Department perform checks on specific operational areas, simultaneously informing the Chairman of the Board of Statutory Auditors;
6. reports to the Board, at least every six months, upon the approval of the annual and half-year financial report, on the activities it performs and on the adequacy of the internal control and risk management system.

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

The Control and Risk Committee met 10 times in 2013, with meetings lasting around two hours on average. It met three times between January 1, 2014 and the date of approval of this Report. The work carried out during the Committee meetings included the following:

- monitoring the development of the organizational and operational model of the Internal Audit Department;
- examining and assessing the progress of the activities set out in the audit plan prepared by the Internal Audit Department for 2013 and the results of measures carried out;
- meeting with the Chief Financial Officer, senior figures from the Administration, Finance and Control Department, the Board of Statutory Auditors and the representatives of the Independent Auditors to examine the main points of the separate financial statements at December 31, 2013, the correct use of accounting principles and their consistency for the purposes of preparing the consolidated financial statements;
- meeting with the representatives of the Independent Auditors to examine the issues dealt with during auditing;
- meeting with Company management to examine the main corporate processes and analyze certain accounting issues;
- meeting with an external consultant hired to illustrate the methodology used to carry out impairment tests, already examined by the Independent Auditors;
- examining and assessing the results of the enterprise risk management (ERM) process aimed at defining an integrated approach to identifying, assessing, managing and monitoring corporate risk;
- examining the "document on the organizational, administrative and accounting structure" prepared by the competent corporate departments in order to assist the assessment of the Company's corporate-governance system, the Group structure and the organizational, administrative and accounting structure of SEAT pursuant to Article 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 Head of the Internal Audit Department).

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

2.1.) Board of Directors

The Board of Directors is responsible for guiding and assessing 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 adequate, efficient and effective;
- approves, at least once a year, the work schedule prepared by the Head of the Internal Audit Department;

- assesses, in consultation with the Board of Statutory Auditors, the results set forth by the Independent Auditors in their suggestion letter (where applicable) and in the report on the fundamental issues arising from the audit.

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

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. following the Restructuring and Transfer, 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 Appointments and Remuneration Committee a mandate to check that the remuneration of the Head of the Internal Audit Department is in line with corporate policy and to inform the Board of the outcome of its checks. Furthermore, the Board: (i) acknowledged that the Head of the Internal Audit Department is not responsible for any 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 assessing the main risks;
- b) is not responsible for any operational areas and reports directly to the Board of Directors;
- c) has direct access to all information that may be useful to him in performing his duties;
- d) prepares periodic reports containing adequate information on his activities, the methods he uses to manage risks, and compliance with the plans defined to contain said risks; these reports contain an evaluation of the suitability of the internal control and risk

- management system;
- e) promptly prepares reports on events of particular importance;
- f) submits the reports mentioned in points d) and e) to the Chairmen of the Board of Statutory Auditors, the Control and Risk Committee and the Board of Directors, as well as to the director in charge of the internal control and risk management system;
- g) verifies the reliability of the accounting systems and other IT systems used, within the context of the audit plan.

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

In 2013, the Head of the Internal Audit Department:

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

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

2.4.1) Introduction

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

Management implements ERM in order to:

- identify events that may prevent the Company from reaching its goals, measure the risk that these events pose and set a level of acceptability;
- provide the Board of Directors and management with useful information for defining the Company's operating

and organizational strategies;

- provide reasonable confidence that the processes and major controls drawn up are effective and designed to ensure the Company achieves its targets.

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

The annual process, coordinated by the Internal Audit Department, uses self-assessment across the various departments to identify the key activities and controls that can reduce the manifestation of identified risks and/or mitigate their impact. A calculation algorithm, which considers the initial measurement of risk and the effectiveness of the control system in place, gives a residual rating to each risk. The identified risks with a high residual rating are brought to the attention of the 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, accuracy, reliability and timeliness of financial disclosure pursuant to Law 262/05. This process involves:

- *defining the scope*, i.e. a quantitative analysis of the importance of the companies included in the scope of consolidation. This analysis is carried out in the event of significant changes to the Group structure or to the core business of each subsidiary. This "scoping" has revealed that, in quantitative terms (as indicated by the Board), the subsidiary Seat Pagine Gialle Italia S.p.A. is currently of strategic importance within the Group. The other subsidiaries are not of a significant size (see above with regard to the Board's assessment of the adequacy of the organizational, administrative and accounting structure pursuant to Article 1 of the Code);
- *identifying the major corporate processes* and the risks arising from failing to meet control objectives. This involves quantitative and qualitative analysis of the processes in place and subsequent identification of the

most significant ones;

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

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

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

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

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

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

Supervisory Board

(pursuant to Legislative Decree 231/2001)

Following the resignations of Marco Reboa and Marco Beatrice on January 16 and 17, 2013 respectively and of Francesco Nigri on February 20, 2013, the Board of Directors on February 20, 2013 resolved to appoint as members of the Supervisory Board Marco Rigotti (an adjunct professor of commercial law at Bocconi University), in the role of Chairman, Chiara Burberi (an independent director of the Company) and Michaela Castelli, setting their term of office until the Shareholders' Meeting called to approve the 2014 separate financial statements. This composition complies with the indications set out 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.

The Supervisory Board is tasked with the following activities:

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

The Supervisory Board is supported by the Internal Audit Department in the performance of the aforementioned activities.

When carrying out its duties, the Supervisory Board has unlimited access to Company information for investigations, analysis and control. All Company departments, employees and/or members of corporate bodies are obliged to provide

information in response to requests by the Supervisory Board or upon the occurrence of events or circumstances that are significant for the purposes of the activities of the Supervisory Board.

The Supervisory Board continued its usual activities in 2013 and found that, following the Transfer mentioned in paragraph 1 of this Report, it was necessary (partly pursuant to and for the purposes of Article 7, c. iv, a) of Legislative Decree 231/2001) to adjust and update the documents pertaining to regulations pursuant to Legislative Decree 231/2001 (the Organizational Model, the Principles and Guidelines of the Organizational Model, and the Code of Ethics). The Supervisory Board therefore updated the aforementioned documentation by incorporating all the adjustments it considered appropriate following an in-depth assessment, including in relation to the new cases recently classified as crimes pursuant to the legislation in question. The process of adapting to regulations pursuant to Legislative Decree 231/2001 following the Transfer involved developing two different Organizational Models for Seat PG S.p.A. and Seat PG Italia S.p.A., which reflect the different significant activities pursuant to Legislative Decree 231 carried out by the two companies. The Code of Ethics and the Principles and Guidelines of Organizational Model 231, on the other hand, were considered to be "unique" documents that are valid for the entire Seat Group.

Consequently, on August 6, 2013, the Board of Directors resolved to approve the updates to the Code of Ethics, the Principles and Guidelines of Model 231 and the Organizational Model.



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 Rispargio" (Savings Law), the Extraordinary Shareholders' Meeting of April 19, 2007 resolved to modify Article 19 of the Articles of Association to give the Board of Directors (subject to the approval of the Board of Statutory Auditors) the power to appoint and revoke the mandate of the Chief Financial Officer (the "CFO") and to determine his term of office. CFOs must have at least three years' experience in a position of sufficient administrative and/or financial responsibility at the Company or at another company that is comparable in size or organizational structure.

During the meeting of the Board of Directors held on October 29, 2013, Andrea Servo (who was also appointed Head of the Company's Administration, Finance and Control Department) was appointed to the role of CFO, since his position complies fully with the technical and professional requirements pursuant to Article 154-*bis* no. 3 of the Consolidated Finance Act and to Article 19 of the Articles of Association. The Board of Statutory Auditors

approved Mr. 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, 2013.

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 acting 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 Shareholders' Meeting of June 12, 2012 appointed the Board of Statutory Auditors for 2012-2014, re-electing all previous members.

On July 25, 2013, the Shareholders' Meeting appointed Marco Benvenuto Lovati and Maurizio Michele Eugenio Gili as alternate auditors to replace Guido Vasapolli and Guido Costa, who resigned on April 24, 2013 and May 2, 2013 respectively.

The Boards of Statutory Auditors of SEAT and of SEAT Italia are identical.

Lists may be presented only by shareholders who individually or jointly hold shares with voting rights representing at least 2% of the voting capital in the Ordinary Shareholders' Meeting, which is the minimum established by Consob pursuant to Article 147-ter, I C of Legislative Decree 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 elected from the list of the replaced candidate shall be the replacement. If the application of the above procedures does not allow for compliance with the regulations in force on gender balance, the Shareholders' Meeting must be called as soon as possible to ensure compliance with the provisions of said regulations.

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

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

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

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

The Company promptly made information on the presented list available to the public on its website,
http://www.seat.it/seat/download_galleries/governance/assemblee_2012/Lista_Sterling_CS.pdf

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

http://www.seat.it/seat/it/press/press_releases/2012/financial/Cos_18052012.html

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 timeframes¹. 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' Meeting², 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

¹ According to the provisions in force, persons that hold shares as at the end of the seventh trading day prior to the date set for the Shareholders' Meeting may vote at said meeting. Since ownership of the shares may change in the seven days leading up to the Shareholders' Meeting, it is not necessarily correct to speak of "shareholders"; such persons should therefore be referred to as "those with voting rights".

² 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.

notice published under the terms and conditions provided for by the applicable regulations. The Ordinary Shareholders' Meeting for the approval of the financial statements must be called within 180 days of the end of the financial year, in compliance with the applicable provisions of law, with the Company being required to prepare consolidated financial statements, or, in any case, when specific requirements relating to the Company's structure and purpose require that it be called.

The Shareholders' Meeting is also called whenever the Board deems it appropriate or when convocation is required by law.

The Extraordinary Shareholders' Meeting held on October 22, 2012 amended Article 10 of the Articles of Association, stipulating that Ordinary and Extraordinary Shareholders' Meetings for which the notice of convocation is published after January 1, 2013 should be held in a single session, pursuant to law.

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

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

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

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

With reference to application criterion 9C3 of the Code, to date it has not been proposed that the Company adopt Shareholders' Meeting regulations, in light of the efficient management of its Shareholders' Meetings and the absence of any critical issues. Moreover, 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 2013

The following meetings were held in 2013:

1) Savings Shareholders' Meeting

On May 2, 2013, the Special Meeting of Savings Shareholders appointed Stella D'Atri as their common representative for 2013, 2014 and 2015, and approved the statement for the fund set up to cover the expenses required to protect their common interests.

2) Ordinary and Extraordinary Shareholders' Meetings

As mentioned previously, on July 25, 2013, the Ordinary Shareholders' Meeting approved the separate financial statements as at December 31, 2012 of the Parent Company, SEAT, the draft version of which had been approved by the Board of Directors on June 27, 2013. Having examined the report drawn up by the Board of Directors pursuant to Article 2446 of the Italian Civil Code and Article 74 of the Issuers' Regulation and taken into account the provisions of Article 182-sexies of Royal Decree 267/1942, the Shareholders' Meeting resolved to

approve the results and financial position of Seat Pagine Gialle S.p.A. as at April 30, 2013, which included total losses (including losses for the period), net of net reserves, of € 432,885,844.60 and, consequently, equity of € 17,379,948.98, also resolving not to pass the resolutions pursuant to Article 2446, paragraph 1 of the Italian Civil Code.

The Shareholders' Meeting also resolved to:

- appoint Michaela Castelli, who had been co-opted on July 10, 2013, to the Board of Directors to replace Paul Douek, who resigned with effect from April 29, 2013;
- appoint Marco Benvenuto Lovati and Maurizio Michele Eugenio Gili as alternate statutory auditors to replace Guido Vasapolli and Guido Costa, who resigned on April 24, 2013 and May 2, 2013 respectively;
- approve Section I of the Remuneration Report pursuant to Article 123-ter of Legislative Decree 58 of February 24, 1998.

Relations with shareholders

In accordance with the principles of Article 9 of the Code, pursuant to which the Board of Directors promotes initiatives to encourage the maximum possible participation of shareholders at Shareholders' Meetings and to facilitate the exercise of shareholders' rights, the Shareholders' Meetings are usually held at the Company's 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 2013 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).

In order to encourage dialogue with financial-market operators (analysts, institutional investors and representatives of the financial community), the Company put the following on its website in 2013: 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 is not aware of any significant agreements pursuant to Article 122 of the Consolidated Finance Act.

Environmental sustainability \

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

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

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

- 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, etc.);
- 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.
- At the beginning of 2013 the second phase of the project was launched, with its main initiatives including:
- a new Print Power direct marketing campaign aimed at 300 creative directors of advertising agencies;
 - the "Print Power special prize" as part of the Grand Prix Advertising Strategies, which on May 29 was awarded to North Sails for its TIGERS marketing campaign, which sees paper take a starring role whilst working in synergy with other media.

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

- 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 in the 2011/12 Modena and Cuneo editions of PAGINEBIANCHE®. The Company is also planning to advertise the new Two Sides campaign in three volumes of the 2013/2014 edition of PAGINEBIANCHE®.

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

Social responsibility \

In the first half of 2013, Seat Pagine Gialle's focus was increasingly on effective, targeted measures aimed at raising awareness and fostering a culture of marketing, whilst also promoting multichannel packages (with a special focus on online and mobile) as the best way to boost business for SMEs and effectively face the effects of the crisis, in the hope of ushering in a new phase of economic and social development for the country. The Company assumed the role of main partner for the third edition of the Digital Festival.

To that end, Seat Pagine Gialle assumed the role of main partner for the fourth edition of the Digital Festival (<http://2013.digitalfestival.net/>), one of the most popular events in Italy dedicated to all aspects of the relationship between man and digital technology. Its activities are broken down into four categories: 'Digital for Business', 'Digital for Job', 'Digital for Creativity' and 'Digital for People'. One of the most important aspects of the Digital for Business activities in terms of training and cultural significance was the organization, in collaboration with the Turin branch of the National Confederation of Craftsmanship and Small and Medium-Sized Businesses, of workshops and case history presentations on topics such as "The internet for craftsmanship and small businesses: the potential of online business" and "Web and business: using online marketing to boost visibility and increase business opportunities".

As part of the Digital for Creativity activities, Seat Pagine Gialle again used its Turin site to host the CREATE24 event, a non-stop 24-hour competition dedicated to creative and design development using applied digital arts, based on a different theme each year. This year, the focus was on the development of the world of publishing, from print to digital. To make the event more attractive and competitive, Seat Pagine Gialle, in partnership with the Polytechnic University of Turin's I3P (Italy's leading university incubator dedicated to digital technology and one of the largest in Europe), introduced a special prize involving the provision of start-up services to the two projects (one junior and one professional) that showed the greatest business potential.

The Digital Festival 2013 also included the SEAT Connection Game, another activity dedicated entirely to fostering a digital culture throughout society. This fun game involved a mobile treasure hunt that covered the entire country. A total of 50 cities and 340 municipalities in Italy battled it out to try and win the interactive game that has taken the internet by storm: 1,500 users and 435 teams competed in the game using the free PagineBianche, PagineGialle,

TuttoCittà and Glamoo apps, as well as the websites, print directories and telephone services of Seat Pagine Gialle to complete the game's 50 challenges, contacting some 2,000 businesses. The key to the game's success lies in its interactive nature and the fact that it appealed to people's inquisitiveness whilst also being fun. The game's popularity with the community is reflected in the high number of participants: we received more than 4,000 photos showing the teams tackling challenges and solving problems, as well as 15,000 visits to the SEAT Connection Game website and 70,000 page views. Teamwork, communication, and freely available and reliable information proved to be the watchwords of this all-virtual initiative.

The method used to award the prizes was particularly interesting, involving the effective use of Glamoo couponing as a way of assessing, selecting and rewarding successful competitors.

This innovative and well-structured gamification initiative also provided the perfect opportunity to help a worthy cause: the prizes that were not given out were donated to the non-profit association CasaOz Onlus, a voluntary organization that provides crucial support and assistance to families with a sick child, helping them to find a way back to a normal life.

There was considerable interest in the research conducted by Doxa Duepuntozero, in collaboration with the Digital Festival and Seat Pagine Gialle Italia, on the topic of "SoLoMo" (social, local and mobile). The study aimed to provide the first snapshot of the extent to which Italians have embraced the new methods of communication offered by web 2.0 platforms by exploring new ways of interacting and relating to brands and companies. The research revealed that 48% of users access social networks from mobile devices, while 42% of people use their mobile phones to look for nearby locations and 38% use them to find shops in their area. A sample of 700 SMEs with internet access showed that 40% have already successfully launched SoLoMo initiatives, but that measurement of the effectiveness of the various initiatives needs to be improved. A large number of those surveyed proved to be open to and interested in adopting SoLoMo initiatives in the near future.

The promotion of digital culture among SMEs and young people is at the heart of the collaboration between Seat Pagine Gialle and Microsoft Italia named "Together for the Country", a traveling program that aims to boost and develop the country's economy through a series of training and information initiatives on the opportunities offered by the web, both in terms of promoting and supporting

businesses and for the purposes of stimulating employment and career development. The initiative also had the honor of working with local chambers of commerce, trade associations and partners from the banking sector in the various regions it visited.

The Company also took part in the inaugural edition of B com, Italy's first event dedicated to business matching for the web marketing and e-commerce sectors. The event aimed to match demand and supply in the digital world, organizing meetings between decision-makers from the sales and marketing departments of both Italian and foreign companies and web marketing and e-commerce professionals, as well as conferences, workshops and presentations.

One particularly important aspect of Seat Pagine Gialle Italia's work in the community and its commitment to the topic of "smart cities" and "smart communities" was its involvement in developing the strategic project known as Smile (Smart Mobility Inclusion, Life and Health, and Energy), along with Turin Wireless and the Turin Smart City Foundation. The project aims to help design a master plan for the construction of an organizational model capable of boosting companies' and strategic entities' engagement and of quickly developing operating plans that can be rolled out for all aspects of a complex urban community such as Turin.

The first half of the year also saw Seat Pagine Gialle Italia promote and actively participate in the "INNOVATION STORIES" project launched by the HUMAN PLUS Foundation, in collaboration with the Turin Chamber of Commerce.

The project involved researching the open innovation pioneered by many SMEs, observing the good practices they use, their organizational skills and the results they achieve. The research methodology used was itself an innovation as far as Italy is concerned: the project was based on storytelling. The result was around 100 innovative stories told spontaneously by their protagonists (entrepreneurs, management and ordinary employees), as well as a rich insight into open innovation management within the country's SMEs. The material collected was compiled into a single volume of stories by 12 famous writers, and formed the basis for a research report on the companies involved.

Following the success of the first edition, the BookCity Milano festival (which involved 650 events attended by 130,000 people) hosted a special version of the SEAT Connection Game, the digital treasure hunt, dedicated entirely to books and reading. Over 100 teams and 350 people competed in the game, using their tablets and smartphones to solve clues posed by a mysterious bookseller in the hope of winning Glamoo coupons worth € 8,000 and 60kg of Zaini chocolate.

In the second half of the year, the Company's Marketing and Web Departments joined forces to launch a project to use Seat Pagine Gialle's resources to research the history and origin of Italian names. Prof. Enzo Caffarelli, director of the journal *Rivista Italiana di Onomastica* (RION) and scientific coordinator of the International Onomastics Laboratory at the University of Rome Tor Vergata, was commissioned to carry out several studies. These involved researching the "brothers of Italy", after whom many streets and squares are named, analyzing the name Francesco and its distribution (in light of the current Pope having taken the name), streets named after dates (such as XX September), and places given the name Kennedy. In just a few months, over 150 articles were published by outlets including TGcom24, RDS, *Corriere della Sera*, *La Repubblica* and ANSA, the news agency. Based on the research into places named Kennedy, in collaboration with ANCI (the National Association of Italian Municipalities) and the Italy-USA Foundation, the Company published a book entitled "John Fitzgerald Kennedy e l'Italia. Da Roma a Dallas" ("John Fitzgerald Kennedy and Italy: From Rome to Dallas"). The book was presented in Rome in the presence of former senator Lucio D'Ubaldo, the chairman of the Italy-USA Foundation, Pierciro Galeone, the secretary-general of IFEL (ANCI's publishing house), journalist and essayist Sergio Lepri, the former director of ANSA, and Prof. Caffarelli. Please see the separate text and collection of articles on the subject.

Finally, in 2013 Seat Pagine Gialle again 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.

In 2013 Sardinia was hit by Cyclone Cleopatra, which caused severe damage and several deaths, particularly in the provinces of Olbia and Nuoro, as well as in Ogliastra, Oristano and Medio Campidano. As on previous occasions (when earthquakes affected first Haiti and later the Italian region of Emilia-Romagna), Seat Pagine Gialle's employees, managers and trade union representatives showed their willingness to help those affected by the disaster, launching the internal "SEAT for Sardinia" initiative, which raised nearly € 5,000 to support the Italian Red Cross in their rescue work. Seat Pagine Gialle also appealed to the wider public as part of its commitment to the Italian Red Cross, incorporating banners on its seat.it and seatconvoi sites and product portals with a view to raising funds for the organization.

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.

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

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

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.

European funds \

In order to promote the use of digital technology in its Member States, the European Union has created a budget dedicated to two important tools:

- the European structural funds, within the broader European Regional Policy, under which European regions may compete for individual tranches of funding to support local innovation;
- the European Union direct-access programs, through which the EU directly (without going via funding for individual Member States) finances projects or activities related to EU policies, such as research, innovation and education.

In light of the above, and since Italy has finally managed (with difficulty) to grant the funds available locally, in October 2012 Seat Pagine Gialle began to explore the opportunities available in relation to the European

structural funds in terms of providing consultancy and support for its SME clients.

More specifically, the Company carried out two tests in Lombardy and Lazio, incorporating consultancy on access to the funds into its overall multimedia marketing support services. The initial results of the tests were positive in terms of interest and potential, and the Company is therefore considering how best to develop this experiment in the near future.

With regard to the direct-access programs (which require multi-national companies to come together to form pools), SEAT has launched an EU networking initiative with relevant associations and institutions, focusing on projects that the Company, together with other EU partners, may wish to develop in future.

" il Giallo è professionalità "



Pictured above extracted from the last spot of SEAT PG

Nuova generazione di opportunità

tutti gli strumenti più evoluti per il business

SeatPG
pagineGialle

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Consolidated
Financial Statements
of the Seat
Pagine Gialle Group





Introduction \

The Company tackled its problems with courage and determination in 2013, in terms of both its operations and its debt. The situation at the beginning of the year was unimaginably difficult, with the sharp downturn in business in 2012 and the inability to meet debt servicing commitments resulting in the need for the Company and its subsidiary Seat Pagine Gialle Italia S.p.A. to file for a composition with creditors procedure on a going-concern basis.

It is worth remembering that the Company's core business had suffered a heavy and uninterrupted decline since 2008, with revenues falling from €1,090 million at the end of 2007 to € 627 million at the end of 2012 in a continually downward market (-2.8% year on year in 2008 to -14.3% year on year in 2012). This made it increasingly difficult to pay down debt (available cash flows were around 2x the amount needed to service debt in 2008, but had fallen to around 0.9x in 2012, despite two restructuring processes during that period), forcing the Company to adopt cost-cutting measures that were effective in the short term but weighed on the business in the long term, as demonstrated by the sudden drop in the sales force between 2010 (1,510 agents) and 2012 (1,158 agents).

It should be stressed that this persistent decline starting in 2008-09 was common to all our international peers, whose turnover in 2012 was considerably lower than in 2008 (by 40-45% on average, although Solocal, which has a very different history than all the other directories companies, restricted the fall to around 10%).

These figures show what a hugely difficult operating situation the Company found itself in at the start of 2013.

In light of this, 2013 was a year of transition for the business, with the necessary measures adopted to relaunch operations and draw up a path for returning to sustainable growth and satisfactory profits in the medium term. By abandoning commercial policies that in the previous two years had negatively impacted customer relations (advance orders as a percentage of total orders brought back to a normal level), reducing indirect costs, appointing a completely new senior management team, overhauling the sales model, and renewing investment in marketing (+58%), we were able to improve a string of major indicators. Specifically, after several years in decline, the number of agents rose by 13% in 2013. The customer acquisition rate (+19.6%) and the customer satisfaction index (NPS, up sixfold from 0.8 to 4.9 out of 10) improved. SEAT mobile application and website usage rose sharply (+18%), as did application downloads (+58%).

These actions are part of the operating plan that forms the basis of the plan and proposals for the composition with creditors of the Company and its subsidiary Seat Pagine Gialle Italia S.p.A. This plan, the guidelines of which were released in December 2013, is based on three pillars – “Restoring the commercial offering to full capacity”, “Seeking out new growth opportunities”, and “Simplifying things considerably” – as described in more detail in the Outlook section on page 50 of this Report.

On February 4, 2013, the Boards of Directors at the Company and at SEAT PG Italia resolved to file for a composition with creditors procedure in order to guarantee business continuity pursuant to Article 160 of Royal Decree No. 267 of March 16, 1942, as amended (the “Bankruptcy Act”).

On February 6, 2013, the Company and Seat PG Italia both presented blank filings, pursuant to Article 161, paragraph 6 of the Bankruptcy Act, for admission to the composition with creditors procedure at the Court of Turin.

Following submission of the respective proposals, plans and additional documents by the Company and Seat PG Italia pursuant to Article 161, paragraphs 2 and 3 of the Bankruptcy Act, the Court of Turin, by way of an order dated July 8-10, 2013, declared both composition with creditors procedures open (the “Admission Ruling”). With the two procedures joined, the same order of the Court of Turin appointed Giovanna Dominici as delegated judge and Enrico Laghi of Rome as commissioner.

The Seat and Seat PG Italia creditors’ meetings, initially scheduled for January 30, 2014, are currently set for July 15, 2014.

On December 20, 2013, pursuant to Article 171 of the Bankruptcy Act, the receivers sent to Seat and Seat PG Italia’s creditors a notice containing the date of the meetings and a document containing the key elements of the respective composition procedure proposals as well as the joint plan on which said proposals are based. The original proposals were modified and updated by Seat and Seat PG Italia in light of the outcome of checks performed after the Admission Ruling on the Seat Group’s current performance and outlook, taking into account the observations of the Court in its Admission Ruling. Creditors were advised that they could access the relevant documentation from the Company’s website.

Consequently, as stated in a press release issued on December 20, 2013, Seat and Seat PG Italia’s proposals for a composition with creditors and the related financial plan, as modified and updated, as well as the Admission Ruling, as authorized by the delegated judge, were published on the Governance/Composition with



Creditors section of the Company's website (<http://www.seat.it/seat/it/governance/concordato/index.html>). For more information on the reasons for the Board of Directors filing for a composition with creditors procedure, the methods outlined in the proposals for repaying the creditors, and the joint plan on which these proposals are based, please see the aforementioned documents and the press releases issued by SEAT on February 5, 2013, December 16, 2013 and December 20, 2013.

The composition with creditors procedure provides for the merger of wholly owned subsidiary Seat PG Italia S.p.A. into Seat Pagine Gialle S.p.A. (the "Merger") and is dependent upon the post-Merger entity continuing its business in accordance with Article 186-bis, paragraph 1 of the Bankruptcy Act. The composition with creditors proposals formulated by Seat Pagine Gialle S.p.A. and Seat PG Italia S.p.A. also entail a series of extraordinary transactions which, like the Merger, are necessary for the procedure to be successful. These include:

- the paid capital increase, in a single tranche, from € 120,000.00 to € 20,000,000.00, excluding option rights pursuant to Article 2441, paragraphs 5 and 6, via the issue of 6,410,695,320,951 new ordinary shares without par value and with the same characteristics as existing ordinary shares, to be issued against the clearance of the debts of Seat PG and Seat PG Italia to financial creditors in Classes B and C, as categorized in the respective composition procedure proposals, with the new shares allocated in accordance with said proposals ("Reserved Capital Increase"); and
- the issue of warrants (the "Warrants") enabling paid subscription of ordinary shares representing around 5% of the post-Reserved Capital Increase fully diluted share capital, to be allocated free of charge, fully and exclusively to ordinary shareholders of the Company who took part, either directly or through a proxy, in the Extraordinary Shareholders' Meeting of March 4, 2014, as well as to the savings shareholders, following a paid capital increase, in several tranches, excluding option rights pursuant to Article 2441, paragraphs 5 and 6, in the total amount of € 100,000.00 to service the issue of the Warrants.

The effectiveness of these resolutions is conditional upon the definitive approval of the composition with creditors procedures of the Company and of Seat Pagine Gialle Italia S.p.A.; if such approval does not arrive by December 31, 2018, the resolutions shall remain permanently invalid.

For more information on the Merger and on the resolution of the Extraordinary Shareholders' Meeting

on March 4, 2014, please see the documents published on the respective *"Governance/SeatPG-SeatPGItalia Merger"* and *"Governance/Extraordinary Shareholders' Meeting"* sections of the SEAT PG website.

The results for 2013 are in line with the forecasts given by the Board of Directors on November 11, 2013 when it approved the Interim Report on Operations as at September 30, 2013. Seat Pagine Gialle S.p.A. recorded a loss of € 30,416 thousand in 2013, and it ended the year with negative equity of € 11,827 thousand. The Company is into the situation provided for by Article 2447 of the Italian Civil Code, i.e. making it non-operational pursuant to Article 182-sexies of the Bankruptcy Act. On March 4, 2013, the Extraordinary Shareholders' Meeting approved the suitable remedial measures which formed part of the proposal for the composition with creditors and were subject to definitive approval.

Presentation of accounting data

Following the 2012 cross-border merger of Lighthouse International Company S.A. into Seat Pagine Gialle S.p.A., which qualified as a reverse acquisition pursuant to IFRS 3, in order to ensure that disclosure is both compliant with IFRS financial statement preparation criteria and conducive to sufficient analysis of the Group's performance, this Annual Report was prepared as follows:

- in the "Financial performance of the Group" section, the comparative data relate to the Seat Group and were prepared on the basis of comparable consolidated statements of operations and cash flows, showing the performance of the Seat Group for the whole of 2012; the consolidated statements of operations and cash flows therefore show the result and the cash generated during the whole of 2012;
- in the "Consolidated financial statements of the Seat Pagine Gialle Group" section, the comparable data were prepared from the perspective of the acquirer, Lighthouse, and therefore include the result for the period (the first eight months of 2012) attributable to the activities of Lighthouse as well as to the SEAT Group as of the acquisition date (August 31, 2012).

Moreover, the data for 2012 have been restated following the decision, taken in accordance with the New Strategic Guidelines on which the plan and proposal for the composition with creditors procedure were based, to dispose of, in accordance with the time frames and methods established by the composition with creditors procedure in order to honor debts to creditors in the best

way possible, the equity investments in the TDL Infomedia Group, the Telegate Group and Cipi S.p.A., which are no longer considered to be compatible with the Seat Group's business.

As such, in accordance with IFRS 5:

- the results, assets and liabilities and cash flows of the **Telegate Group** for 2013 are presented under "Non-current assets held for sale and discontinued operations", and the items on the statements of operations and cash flows relating to 2012 have been *restated*;
- given the immateriality of its figures compared with those for the SEAT Group, **Cipi S.p.A.** has been classified under "Non-current assets held for sale", therefore only the assets and liabilities of Cipi S.p.A. as at December 31, 2013 have been recorded

separately in the statement of financial position, without the need to reclassify or resubmit the comparable data at December 31, 2012. On March 13, 2014, Seat Pagine Gialle Italia S.p.A. sold its entire stake in Cipi S.p.A. to CIFIN S.r.l., a transaction authorized by the competent bodies involved in the ongoing composition with creditors procedure;

- following the appointment on August 14, 2013 of an administrator under UK law, the assets and liabilities of the **TDL Group** were deconsolidated as of August 2013, resulting in substantial loss of control for Seat Pagine Gialle Italia S.p.A.. The results up to this date are shown under "Non-current assets held for sale and discontinued operations", and the items on the statements of operations and cash flows for 2012 have been *restated*.

Consolidated statement of financial position at December 31, 2013 \

Assets \

(euro/thousand)	As at 12.21.2013	As at 12.31.2012	Note
Non-current assets			
Intangible assets with indefinite useful life	-	91,068	(5)
Intangible assets with finite useful life	130,338	325,707	(7)
Property, plant and equipment	12,744	29,641	(8)
Leased assets	27,303	38,124	(9)
Other non-current financial assets	1,015	2,037	(10)
Deferred tax assets, net	696	16,503	(28)
Other non-current assets	5,862	5,530	(13)
Total non-current assets	(A)	508,610	
Current assets			
Inventories	4,458	9,862	(11)
Trade receivables	229,815	360,528	(12)
Current tax assets	21,786	23,758	(28)
Other current assets	39,056	57,104	(13)
Current financial assets	2,039	2,387	(17)
Cash and cash equivalents	196,426	199,659	(17)
Total current assets	(B)	653,298	
Non-current assets held for sale and discontinued operations	(C)	-	(29)
Total assets	(A+B+C)	1,161,908	

Liabilities

(euro/thousand)	As at 12.31.2013	As at 12.31.2012	Note
Equity of the Group			
Share capital	450,266	450,266	(14)
Additional paid-in capital	466,847	466,847	(14)
Reserve for foreign exchange adjustments	1	43	(14)
Reserve for actuarial gains (losses)	(322)	(1,096)	(14)
Other reserves	(1,912,096)	(869,799)	(14)
Profit (loss) for the year	(347,603)	(1,042,721)	
Total equity of the Group	(A)	(1,342,907)	(996,460) (14)
Non-controlling interests			
Share capital and reserves	19,676	25,532	
Profit (loss) for the year	(197)	2,777	
Total non-controlling interests	(B)	19,479	28,309 (14)
Total equity	(A+B)	(1,323,428)	(968,151)
Non-current liabilities			
Non-current financial debts	35,216	1,328,338	(17)
Non-current reserves to employees	15,210	32,511	(20)
Deferred tax liabilities and non-current tax payables	10,545	60,598	(28)
Other non-current liabilities	30,018	32,405	(21)
Total non-current liabilities	(C)	90,989	1,453,852
Current liabilities			
Current financial debts	1,623,178	201,653	(17)
Trade payables	149,796	177,938	(23)
Payables for services to be rendered and other current liabilities	151,898	212,304	(23)
Reserve for current risks and charges	71,705	55,392	(22)
Current tax payables	26,062	28,670	(28)
Total current liabilities	(D)	2,022,639	675,957
Liabilities directly associated with non-current assets held for sale and discontinued operations	(E)	50,353	250 (29)
Total liabilities	(C+D+E)	2,163,981	2,130,059
Total liabilities and equity	(A+B+C+D+E)	840,553	1,161,908

Consolidated income statement for 2013 \

<i>(euro/thousand)</i>	Year 2013	Year 2012 <i>restated</i>	Note
Sales of goods	11,193	5,810	(25)
Rendering of services	492,127	187,502	(25)
Revenues from sales and services	503,320	193,312	(25)
Other income	4,611	835	(26)
Total revenues	507,931	194,147	
Costs of materials	(22,419)	(8,641)	(26)
Costs of external services	(244,745)	(88,308)	(26)
Salaries, wages and employee benefits	(105,922)	(30,383)	(26)
Valuation adjustments	(41,501)	(27,280)	(12)
Provisions to reserves for risks and charges, net	(231)	(4,164)	(21;22)
Other operating expenses	(3,622)	(1,242)	
Operating income before amortisation, depreciation, non-recurring and restructuring costs, net	89,491	(34,129)	
Amortization, depreciation and write-down	(277,896)	(1,856,032)	(5-9)
Non-recurring costs, net	(43,078)	(15,972)	(26)
Restructuring costs, net	(2,973)	(22,438)	(26)
Operating result	(234,456)	(1,860,313)	
Interest expense	(132,910)	(45,098)	(27)
Interest income	2,659	670,151	(27)
Profit (loss) before income taxes	(364,707)	(1,235,260)	
Income taxes for the year	13.174	198.377	(28)
Profit (loss) on continuing operations	(351,533)	(1,036,883)	
Profit (loss) from non-current assets held for sale and discontinued operations	3,733	(3,061)	(29)
Profit (loss) for the year	(347,800)	(1,039,944)	
- of which pertaining to the Group	(347,603)	(1,042,721)	
- of which non-controlling interests	(197)	2,777	
	As at 12.31.2013	As at 12.31.2012	
Number of Seat Pagine Gialle S.p.A. shares	16,066,893,331	16,066,893,331	
- <i>ordinary shares</i>	<i>n.</i> 16,066,212,958	16,066,212,958	
- <i>savings shares</i>	<i>n.</i> 680,373	680,373	
<i>weighted average shares outstanding</i>	16,066,893,331 (*)	5,627,475,803 (**)	
Profit (loss) on continuing operations of the Group	€/thousand (351,495)	(1,036,862)	
Profit (loss) from non-current assets held for sale and discontinued operations of the Group	€/thousand 3,892	(5,859)	
Profit (loss) par share from continuing operations of the Group	€ (0.022)	(0.184)	
Profit (loss) par share from non-current assets held for sale and discontinued operations of the Group	€ 0.002	(0.001)	

(*) The figure has been calculated as the average of shares outstanding from January 1, 2013 to December 31, 2013.

(**) The weighted average number of shares outstanding as at December 31, 2012 was calculated by multiplying the number of outstanding ordinary shares of Lighthouse SA for by the exchange ratio established in the prospectus relating to its merger with Seat Pagine Gialle S.p.A.

Consolidated statement of comprehensive income for 2013 \

		Year 2013	Year 2012	Note
<i>(euro/thousand)</i>				
Profit (loss) for the year		(347,800)	(1,039,944)	
<i>Other comprehensive income (expense) that will not be reclassified subsequently to profit (loss) for the year:</i>	(A)	-	-	
Actuarial gain (loss)		769	(876)	
Total other comprehensive income (expense) that will not be reclassified subsequently to profit (loss) for the year	(B1)	769	(876)	
<i>Other comprehensive income (expense) that will be reclassified subsequently to profit (loss) for the year:</i>		-	-	
Profit (loss) from fair-value measurement of AFS securities		101	-	15
Profit (loss) from translation of accounts of foreign subsidiaries		(42)	43	15
Other movements		-	-	
Total other comprehensive income (expense) that will be reclassified subsequently to profit (loss) for the year	(B2)	59	43	
Total other comprehensive income (loss), net of tax effect	B=(B1+B2)	828	(833)	
Total comprehensive income (loss) for the year	(A+B)	(346,972)	(1,040,777)	
- of which pertaining to the Group		(346,775)	(1,043,554)	
- of which non-controlling interests		(197)	2,777	

Consolidated statement of cash flows for 2013 \

	Year 2013	Year 2012 <i>restated</i>	Note
<i>(euro/thousand)</i>			
Cash inflow (outflow) from operating activities			
Operating result	(234,456)	(1,860,313)	
Amortization, depreciation and write-down	277,896	1,856,032	(5)-(7)-(8)-(9)
(Gain) loss on disposal of non-current assets	6	-	
Change in working capital	94,412	7,429	
Income taxes paid	(3,514)	(372)	
Change in non-current liabilities	(2,370)	6,289	
Foreign exchange adjustments and other movements	(363)	11,000	
Cash inflow (outflow) from operating activities	(A) 131,599	20,065	
Cash inflow (outflow) for investments			
Purchase of intangible assets with finite useful life	(29,484)	(12,605)	(7)
Purchase of property, plant and equipment	(4,265)	(2,747)	(8)
Other investments	27	33	
Proceeds from disposal of non-current assets	36	52	
Cash inflow (outflow) for investments	(B) (33,686)	(15,267)	
Cash inflow (outflow) for financing			
Repayment of non-current loans	(3,257)	(26,775)	
Paid interest expense, net	1,879	(17,848)	
Change in financial asset and liabilities	(292)	(149,587)	
Cash of the Group as at August 31, 2012	-	366,441	
Cash inflow (outflow) for financing	(C) (1,670)	172,231	
Cash inflow (outflow) from non-current assets held for sale and discontinued operations	(D) (88,026)	22,271	(29)
Increase (decrease) in cash and cash equivalents in the year (*)	(A+B+C+D) 8,217	199,300	
Cash as at December 31, 2013 relating to subsidiaries reclassified into non-current assets held for sale and discontinued operations	(11,450)		
Cash and cash equivalents at beginning of the year	199,659	359	(17)
Cash and cash equivalents at end of the year	196,426	199,659	(17)

(*) The Group's cash inflow (outflow) for the year prior to the reclassification under "Non-current assets held for sale and discontinued operations" of cash belonging to the Telegate group and Cipi S.p.A. at December 31.

Consolidated statement of changes in equity for 2013

	Share capital	Additional paid-in capital	Reserve for foreign exchange adjustments	Reserve for actuarial gains and (losses)	Purchase Price Allocation Reserve	Other capital reserves	Other reserves	Profit (loss) for the year	Total	Non-controlling interests	Total
<i>(euro/thousand)</i>											
As at 31.12.2012	450,266	466,847	43	(1,096)	669,572	20,196	(1,559,567)	(1,042,721)	(996,460)	28,309	(968,151)
Allocation of previous year profit (loss)	-	-	-	-	-	-	(1,042,721)	1,042,721	-	-	-
Dividend distributions	-	-	-	-	-	-	-	-	-	(8,650)	(8,650)
Total other comprehensive profit (loss) for the year	-	-	(42)	774	-	-	78	(347,603)	(346,793)	(179)	(346,972)
Other movements	-	-	-	-	257	-	89	-	346	(1)	345
As at 31.12.2013	450,266	466,847	1	(322)	669,829	20,196	(2,602,121)	(347,603)	(1,342,907)	19,479	(1,323,428)

Consolidated statement of changes in equity for 2012

	Share capital	Additional paid-in capital	Reserve for foreign exchange adjustments	Reserve for actuarial gains and (losses)	Purchase Price Allocation Reserve	Other capital reserves	Other reserves	Profit (loss) for the year	Total	Non-controlling interests	Total
<i>(euro/thousand)</i>											
As at 31.12.2011	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 year	-	-	43	(876)	-	-	-	(1,042,721)	(1,043,554)	2,777	(1,040,777)
Effects due to Purchasing Price Allocation' valuation	-	-	-	-	721,434	-	-	-	721,434	-	721,434
Other movements	450,235	466,847	-	(220)	(51,862)	20,193	(892,660)	-	(7,467)	25,532	18,065
As at 31.12.2012	450,266	466,847	43	(1,096)	669,572	20,196	(1,599,567)	(1,042,721)	(996,460)	28,309	(968,151)

Accounting standards and explanatory notes \

1. Company information

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

The Parent Company, Seat Pagine Gialle S.p.A., has its registered office in 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 (notwithstanding the resolutions passed by the Extraordinary Shareholders' Meeting of March 4, 2014, as described in the Introduction). The Group's main activities are described in the report on operations, under the heading "Financial performance by Business Area".

2. Basis of presentation

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

The Seat Pagine Gialle Group adopted IAS/IFRS in compliance with Regulation (EC) No. 1606 of July 19, 2002. The consolidated financial statements were drawn up based on the historical cost principle, except for pension fund assets and financial assets held for sale, which were recorded at fair value, where possible.

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 No. 15519 of July 27, 2006, income and expense from non-recurring operations were specifically identified in the statement of operations classified by type, showing their effect on the operating

result. Non-recurring income and expense include cases which, by their nature, do not occur continuously in the normal course of operations, such as:

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

- Company and the subsidiaries to minority interests;
- the breakdown of the total profit/(loss);
- the effect of any errors or changes in accounting standards.

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

On April 1, 2014, the Board of Directors authorized publication of the Seat Pagine Gialle Group's consolidated financial statements at December 31, 2013.

2.1 Going concern evaluation

Seat Pagine Gialle S.p.A. ended 2013 with a loss of € 30,416 thousand and negative equity of € 11,827 thousand.

The Company is into the situation provided for by Article 2447 of the Italian Civil Code, however, pursuant to art. 182-sexies of the Bankruptcy Act is not applicable from the date of the filing for admission to composition with creditors procedure and until the composition with creditors' procedures is approved.

As already specified in the Board of Directors' report, also pursuant to art. 2446 and 2447 of the Italian Civil Code, for the Extraordinary Shareholders' Meeting of March 4, 2014 (which should be consulted for further information), these losses, together with any recorded in 2014 and with the deficit expected to arise from the merger of subsidiary Seat Pagine Gialle Italia S.p.A. into the Company (resolved upon on March 4, 2014), should be offset by sufficient reserves and profits deriving from the full implementation of the transactions provided for by the composition with creditors proposals, in accordance with the relevant resolution made by said Extraordinary Shareholders' Meeting, the effectiveness of which is conditional upon the aforementioned merger and the definitive approval of the composition with creditors proposals of both companies.

In accordance with the provisions of Banca d'Italia – Consob – Isvap joint document no. 2 of February 6, 2009, when it approved this Annual Report, as it did for the 2012 Annual Report, 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, 2015).

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 2012 Annual Report, 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 this Annual Report, the directors, when assessing the Company's ability to continue as a going concern, again recognized 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 composition with creditors procedure that are yet to be completed, bearing in mind that the notice of admission to the composition with creditors procedure published on July 10, 2013, and the necessary resolutions made by the Shareholders' Meeting on March 4, 2014 to execute the proposal for said procedure, removed the uncertainty surrounding such specific aspects:

- **the positive outcome of the creditors' meeting:** it is uncertain whether the creditors' meeting 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;
- **the proposal re-establishing positive equity** that is sufficient to bring the Company and its main operating subsidiary out of the situation pursuant to Articles 2446 and 2447 of the Italian Civil Code, and to sustain business for the period covered by the plan drawn up as part of 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 underpinning 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 proposal for the composition with creditors must be executed and the procedure must be successful. Specifically, the proposed restructuring is essential to make the Company's debt structure 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 composition with creditors procedure will be successful removes the situation pursuant to Article 2447 of the Italian Civil Code and restores the positive assessment of business continuity, thereby enabling approval, as things stand, of the 2013 Annual Report on the assumption of the Company's ability to continue as a going concern.

2.2 Consolidation principles

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

The subsidiaries are consolidated fully as of the date of acquisition, or the date on which the Group acquires control, and cease to be consolidated on the date on which control is transferred outside of the Group or if they are held for sale.

The following principles of consolidation were also used:

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

Non-controlling interests represent the portion of the profit or loss and equity of the subsidiaries not held by the Group. These are presented separately from the portions pertaining to the Group in the consolidated statements of operations and equity.

2.3 Accounting estimates and assumptions

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

The estimates are used to measure provisions for risks on receivables and errors, amortization and depreciation, asset write-downs, employee benefits, taxes, restructuring reserves, and other provisions and reserves. The estimates and assumptions are reviewed periodically, and the effects of each change are immediately reflected in the statement of operations.

These valuations and estimates must be considered together with the measurement criteria described in more detail in Note 4.

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

3.1 Accounting principles, amendments and interpretations issued by the IASB/IFRIC applicable from January 1, 2013

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 adoption of this principle did not have any significant effects on the consolidated financial statements for 2013.

On December 11, 2012, Regulation (EC) No. 1255/2012 was issued, transposing into EU law the amendments made to IAS 12, which stipulates that an entity may determine deferred taxes relating to a given asset provided that it plans to recover the book value of the asset through the use or sale of the same. The adoption of these amendments did not have any significant effects on the consolidated financial statements for 2013.

On June 5, 2012, Regulation (EC) No. 475/2012 was issued, transposing into EU law certain amendments made by the IASB to IAS 1, which require companies to group together all components recorded under "Other comprehensive income/(expense)" depending on whether or not they can subsequently be reclassified in the statement of operations. The adoption of these amendments did not have any effect in terms of the valuation of financial statement items, and had limited effects on the information provided in these consolidated financial statements for 2013.

On March 27, 2013, Regulation (EC) No. 301/2013 was issued, transposing into EU law certain improvements to the IFRS for the 2009-2011 period.

Specifically, the improvements involved the following aspects:

- IAS 1 – clarifications on the presentation of comparative information;
- IAS 16 – classification of spare parts and servicing equipment;
- IAS 32 – tax effect of distribution to holders of equity instruments;
- IAS 34 – additional disclosure in interim financial statements relating to total assets and liabilities for the sector.

The adoption of these improvements did not have any effect on the valuation of items in the consolidated financial statements for 2013.


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 change to 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. The adoption of this amendment did not have any significant effects on the consolidated financial statements for 2013.

On December 13, 2012, Regulation (EC) No. 1256/2012 was issued, transposing into EU law certain amendments made by the IASB 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 adoption of these amendments did not have any significant effects on the consolidated financial statements for 2013.

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 arrangement with regard to the underlying rights and obligations, rather than the legal form, and stipulates that the equity method is the only accounting method that may be used for investments in jointly controlled companies in the consolidated financial statements. The principle is



applicable retroactively for financial years beginning on or after January 1, 2014 at the latest. Regulation (EC) No. 1254/2012 transposed into EU law the amended IAS 28, which aimed to define the accounting principles applicable to equity investments in associates, as well as the requirements for the application of the equity method in accounting for equity investments in associates and joint ventures. The principle is applicable retroactively for financial years beginning on or after January 1, 2014 at the latest. The Seat Group does not expect the application of this principle to have a significant impact.

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. Assessments of the potential impacts of its application are under way.

On April 4, 2013, Regulation (EC) No. 313/2013 was issued, transposing into EU law the "Transition Guidance". This document amended IFRS 10, clarifying that an investor must retrospectively adjust the comparative period if the consolidation conclusions are not the same in accordance with IAS 27/SIC 12 and with IFRS 10 as at the date of initial application. The document also amended "IFRS 11 – Joint Arrangements" and "IFRS 12 – Disclosure of Interests in Other Entities", making it easier to present or amend comparative information relating to periods prior to the immediately preceding period.

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.

4. Measurement criteria

Non-current assets held for sale and discontinued operations – disposal groups (IFRS 5)

“Non-current assets held for sale and discontinued operations – disposal groups” refers to business and assets (or groups of assets) sold or being disposed of whose carrying value has been or will be recovered mainly through the sale thereof, rather than through continued use. Non-current assets held for sale and discontinued operations are measured at the lower of its carrying amount and fair value, less costs to sell.

A discontinued operation is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- represents a separate major line of business or geographical area of operations,
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations or
- is a subsidiary acquired exclusively with a view to resale.

In accordance with IFRS, the data related to significant line of business (Discontinued Operation) are presented as follows:

- in two specific statement of financial position items: “Non-current assets held for sale and discontinued operations” and “Liabilities directly related to non-current assets held for sale and discontinued operations”;
- in a specific consolidated income statement item: “Net gain/(loss) on non-current assets held for sale and discontinued operations”;
- in a specific consolidated statement of cash flow item: “Cash inflow (outflow) from non-current assets held for sale and discontinued operations”.

The corresponding values of the income statement and cash flow statement for the previous year, if any, are reclassified and presented separately for comparative purposes.

With regard to the business lines considered not significant (Assets held for sale) are shown separately in the balance sheet only two specific items (“ Non-current assets held for sale ” and “ Liabilities directly associated with non-current assets sold / held be sold) without the need to restate the comparative data.

Business combinations

Pursuant to “IFRS 3 – Business Combinations”, goodwill is recognized in the consolidated financial statements as at the date of acquisition of control of a business, and represents the excess of a) over b), where:

a) is the sum of:

- the amount paid (measured in accordance with IFRS 3, generally calculated based on fair value as at the acquisition date);
 - the value of any minority interest in the acquired entity, valued in proportion to the minority interest in the identifiable net assets of the acquired entity, recognized at fair value;
 - in the case of a business combination carried out in several stages, the fair value as at the date of acquisition of control of the equity interest already held in the acquired company;
- b) is the fair value of the identifiable assets acquired, net of the identifiable liabilities assumed, measured as at the date of acquisition of control.

IFRS 3 also stipulates that:

- accessory costs associated with the business combination must be recognized in a separate consolidated statement of operations;
- in the case of a business combination carried out in several stages, the acquirer must remeasure the value of the equity interest it previously held in the acquired entity at fair value as at the date of acquisition of control, recognizing the difference in a separate consolidated statement of operations.

Goodwill is classified as an intangible asset with an indefinite useful life.

The goodwill initially recognized is subsequently reduced only for accumulated impairment losses (for further details, please see the “Impairment of intangible assets and property, plant and equipment – goodwill” section below). In the event of the loss of control of a previously acquired company, the calculation of the capital gain or loss on the transaction takes account of the corresponding value of goodwill.

Intangible assets

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

Intangible assets with a finite useful life are amortized over their useful life and are subject to impairment tests whenever there are signs of possible impairment.

The amortization period and method applied are reviewed at the end of each financial year, or as often as necessary.



The amortization methods applied are as follows:

- *marketing-related intangible assets*: customer relationship assets and databases, amortized on a straight-line basis over a period of four to 10 years, taking into account their useful life;
- *industrial patents and intellectual property rights*: amortized in relation to their expected useful life;
- *concessions, licenses, trademarks and similar rights*: amortized in relation to their expected useful life;
- *acquisition costs of software applications*: amortized over a three-year period;
- *other capitalized costs*: amortized over a period of three to five years.

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

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

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

The carrying value of development costs is reviewed annually for the purposes of recording any impairment losses when the asset is not yet in use, or more frequently whenever there are signs of possible impairment in the financial year.

Intangible assets with an indefinite useful life refer to goodwill. Goodwill resulting from an acquisition or merger is initially valued as described in the "Business combinations" section.

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

On the date of its initial recognition, goodwill is allocated to each of the cash-generating units (CGUs) expected to benefit from the synergies of the acquisition. Any impairment losses are identified through assessments based on the ability of

each unit to generate sufficient cash to recover the portion of goodwill allocated to it.

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

Property, plant and equipment

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

Costs incurred after the acquisition are capitalized only if they increase the future economic benefits of the asset to which they are related. All other costs are recognized in the statement of operations at the time they are incurred. Costs incurred to maintain the efficiency of an asset are recorded in the financial year they are incurred.

Land, including that pertaining to company buildings, is not depreciated.

Depreciation is calculated systematically based on rates considered to represent an appropriate distribution of the book value of property, plant and equipment, according to their residual useful life.

With regard to assets disposed of during the financial year, depreciation is calculated for the portion relating to the period of availability of the assets in question, except for assets acquired during the financial year.

Leased assets

Assets held via finance leases, pursuant to which all risks and benefits related to ownership of the asset are essentially transferred to the Group, are recorded as assets at their fair value or, if lower, the current value of all minimum payments due pursuant to the lease, including any sums to be paid for exercising a call option. The corresponding liability due to the lessor is recorded in the financial statements under financial liabilities. The financial expense is allocated directly to the statement of operations.

With regard to the Turin real-estate complex, the assets under financial leasing are 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, it is depreciated over the term of the leasing contract or its useful life, 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 statement of operations on a straight-line basis for each financial year of the term of the lease.

Asset impairment

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

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 statement of operations reflects the share of the associate's or joint venture's profit for the financial year pertaining to the Group. If an associate or joint venture records adjustments directly attributable to equity, the Group records the share of the adjustments that pertains to it and, where applicable, recognizes this in the statement of changes in equity.

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 statement of operations items. Translation differences arising from the conversion of opening equity and closing profit/loss are recognized in the statement of comprehensive income until disposal of the equity investment concerned. The consolidated statement of cash flows applies year-average exchange rates to the conversion of the cash flows of foreign subsidiaries.

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

Non-monetary items recorded at fair value in foreign currency are converted using the exchange rate in force on the date this value is determined.

The exchange rates used are as follows:

<i>currency/euro</i>	Average exchange rate Jan-Aug 2013 (*)	Exchange rate as at August 31, 2013 (*)	Average exchange rate year 2012	Exchange rate as at December 31, 2012
Pounding sterling	1.1718	1.1710	1.23332	1.2253

(*) the equity investment in UK group TDL Infomedia was deconsolidated in August 2013

Financial assets

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

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

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

Financial assets include:

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

Tests are frequently carried out to find objective evidence of impairment of a financial asset or group of assets. If there

is objective evidence, the impairment is recorded as a cost in the statement of operations for the financial year.

Cash and cash equivalents

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

Financial debts

Financial debts are recorded at amortized cost.

Medium- and long-term loans are recorded net of additional transaction costs incurred.

Derivatives

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

Inventories

Inventories are valued at the lesser of the acquisition or production cost and the value inferred from market trends. To be more specific, they include:

- *raw materials*, which are valued at acquisition cost,

including additional costs, calculated using the progressive weighted average cost method;

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

Trade and other receivables

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

Reserves for risks and charges

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

Changes in the estimate are reflected in the statement of operations in the financial year in which they take place.

In the case of reserves for future risks (beyond 12 months), the liability, if significant, is discounted at a pre-tax discount rate that reflects the current market valuation of the time cost of money. The increase in the reserves due to the passage of time is recognized as financial expense.

They can be broken down into:

- *reserve for taxes*: this includes a provision that corresponds to an assessment of fiscal risks;
- *reserve for sales agents' termination indemnities*: this represents the debt due at the end of the financial year to active sales agents for the indemnities owed to them in the event of termination of the agency contract, based on the Collective Economic Agreement;
- *reserve for commercial and contractual risks and other charges*: this is designed to cover risks associated with the execution of contractual commitments and legal disputes in progress, as well as any other liabilities;
- *reserve for risks and charges related to equity*

investments: this is designed to cover balance sheet deficits incurred by subsidiaries, associates and joint ventures in excess of the direct write-down recorded in relation to these companies; the reserve also covers the risks and liabilities arising from the restructuring of equity investments held for sale or liquidation;

- *reserve for restructuring*: this is designed to cover risks associated with the execution of a program planned and controlled by management to significantly change the scope of an activity undertaken by a company or the way in which the company is run.

Employee benefits

Pension plans

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

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

Actuarial gains and losses are immediately recognized in the year in which they occur, being recorded on the statement of comprehensive income and in a dedicated "Reserve for actuarial gains (losses)" under equity.

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

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

Severance indemnities

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

Share-based payment

Pursuant to the provisions of "IFRS 2 – Share-based Payment", the total amount of the fair value of the stock options on the grant date is recognized in the statement of operations as a cost during the vesting period in equal monthly installments, with a counter-entry made in the statement of comprehensive income in a dedicated



reserve under equity. The fair value is calculated by an external valuer using a lattice model, which does not take into account conditions relating to the achievement of objectives (*performance*), but does consider conditions that influence the Seat Pagine Gialle Group's share price (*market conditions*). Changes in the fair value after the grant date do not have an impact on the initial valuation. The accumulated costs recorded on the closing date of each financial year are based on the best available estimate of the number of equity instruments that will actually come to maturity. The cost in the statement of operations for the financial year represents the change in the accumulated cost recorded at the beginning and end of the year. The dilutive effect of options not yet exercised is reflected in the calculation of diluted earnings per share.

The Seat Pagine Gialle Group does not currently grant additional benefits to specific categories of employees considered to be "key", due to their responsibilities and/or skills, through stock option plans.

Recognition of revenues

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

- *sale of assets*: the revenue is recognized when the Company has transferred all significant risks and benefits associated with ownership of the asset to the acquirer;
- *provision of services*: print revenues, which relate to the publication of paper directories, are recorded in full at the time of publication, whereas online and voice revenues are recorded on a straight-line basis throughout the duration of the contract. Consequently, the amount relating to advertising services already invoiced that will be executed after the closing date of the financial year is recorded under liabilities in the statement of financial position, under the item "Payables for services to be rendered".

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 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 has been applied as of 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 statement of operations, are accounted for based on the rates in force on the reporting date in the various countries in which the Seat Pagine Gialle Group operates.

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

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

Deferred taxes

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

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

Deferred tax assets are recorded for all deductible temporary differences and for tax assets and liabilities carried forward to the extent that they are likely to be able

to be recovered against future taxable income. An exception is made for the following:

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

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

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

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

Value-added tax

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

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

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

Profit/(loss) per share

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



5. Intangible assets with an indefinite useful life

Intangible assets with an indefinite useful life were zero as at December 31, 2013.

Following impairment tests, the value of the residual goodwill arising from the merger of Lighthouse International Company S.A. into Seat Pagine Gialle S.p.A., which was completed in 2012, was written down in full (€ 88,947 thousand).

During 2013, the goodwill of € 2,121 thousand allocated to the Telegate Group CGU was reclassified to "Non-current assets held for sale and discontinued operations".

6. Impairment tests

In this section we describe the criteria by which they were performed impairment tests of intangible assets in accordance with IAS 36 and its aftermath.

It is assumed that you are considering, to this end, and for the preparation of these financial statements have been adopted on a going concern basis, as described in

paragraph 2.1 above; therefore, it was considered the only scenario represented by the successful conclusion of the composition with creditor procedure on the basis of the provisions of its plan.

6.1 Impairment tests on goodwill

The impairment test on goodwill provided for by IAS 36 involves verifying whether the recoverable value of the CGU to which the goodwill is allocated is higher than its book value. Following the recognition of the Telegate Group under "Non-current assets held for sale and discontinued operations", the goodwill of € 88,947 thousand as at December 31, 2013 was allocated in full to the SEAT Pagine Gialle Italia legal entity, which represents a CGU.

The Company made use of expert consultancy services in order to perform the impairment test.

In this case, since the goodwill is not an asset that can be separated from the rest of the business, the impairment test consists of verifying whether the value of the entire business is greater than the total book value. This means checking whether the estimated value of the operating net assets (the core enterprise value) is greater than the book value (the carrying amount of the operating net invested capital). The impairment test on goodwill was carried out following an impairment test on all assets (property, plant and equipment and intangible assets other than goodwill, i.e. intangible assets for which trigger events were identified). This meant that the operating net invested capital used in the impairment test had already been subject to write-downs of property, plant and equipment and intangible assets.

The impairment test is governed by IAS 36, which provides for two different forms of recoverable amount: value in use and fair value. IAS 36, paragraph 18 defines "Recoverable Value" as *"the fair value of an asset or CGU, less sale costs, or the value in use thereof, whichever is the greater"*. In this case, the estimate of SEAT Pagine Gialle Italia's recoverable value as at December 31, 2013 was made using amounts based on both fair value and value in use, calculated based on the cash flows from the 2014 budget and the 2015-2018 plan. With regard to the cash flows used for valuation purposes, during the course of the year, following the deterioration of advertising market conditions and the resulting decline in its customer portfolio, the Company revised its targets downward in terms of both acquiring new customers and spending by existing ones. This resulted in a downward revision of turnover targets, which in turn meant the Company needed to prepare a reorganization/restructuring plan aimed at cutting costs.

The fair value estimate is based on the income approach. In fact, for the reasons stated in the Report of the Board of Directors of the Company at the Extraordinary Shareholders' Meeting held on March 4, 2014, published on the website www.seat.it, Governance Section stock prices cannot be considered usable data for contribute, in the present case, the determination of the value of the Company. The implied value in multiples of comparable

companies cannot be calculated, since asset-side multiples in the sector are a false indicator of value. The enterprise value (the numerator of the multiple) can be determined only by using the book value of the debt (at amortized cost), not the market value of the debt, which is usually considerably lower than the book value for all companies in the sector. The market value cannot be estimated due to the lack of listed debt instruments for comparable companies. Lastly, there are insufficient comparable transactions to adopt a strong value-based approach for the purposes of measuring the value of Seat Pagine Gialle's net assets.

Pursuant to IAS 36, the estimate of the value in use excludes benefits from new initiatives and from corporate restructurings where the Company is not yet involved or has not yet recognized the relevant reserves pursuant to IAS 37. The Company is currently involved in a corporate restructuring approved by the Board of Directors with a view to cutting costs. The reserves relating to the restructuring had not been recognized as at December 31, 2013 (pursuant to IAS 37).

Two different values have been used for the purposes of estimating fair value based on the income approach:

1. one takes into account only the benefits of the restructuring and uses an opportunity cost of capital in line with the one used to estimate the value in use. The underlying assumption is that these cash flows (including the restructuring) are those that could be generated by a third party on the market. This assumption was verified by checking whether the turnover growth rates and changes in future margins (partly as a result of the restructuring plan aimed at cutting costs) were in line with those formulated by equity analysts for companies that are closely comparable to Seat Pagine Gialle and are also involved in a corporate restructuring;
2. the other takes into account all cash flows under the plan, including both benefits resulting from the restructuring and those resulting from new initiatives in which the Company is not yet involved or is involved to a limited extent. The cash flows that take into account new initiatives were naturally discounted at a higher rate than the rate used to estimate the value in use. The higher discount rate includes an additional risk premium of 6.5%. The logic behind this is that a market operator would require a higher internal rate of return on investment if new start-up initiatives were included.

The impairment test on goodwill is based on the proposal for the composition with creditors procedure (and the related proposals for converting debt instruments to

equity), which has been deemed fully sustainable by the certifying official.

Pursuant to Article 161, paragraph 3 of the Bankruptcy Act, the certifying official confirmed that the plan is financially sustainable and the cash flows set out therein are representative.

The recoverable value was estimated using the unlevered financial criterion. This criterion is based on the discounting of the annual available cash flows (free cash flow) at a rate that is representative of the weighted average cost of capital (WACC), based on the existing information at the reference date of the estimate.

In particular, the available flows are estimated by adjusting the operating result (EBITDA) expected 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 of each CGU (EBITDA, capex, investments/divestments in net working capital, and 'operating' taxes) were inferred from the plan drawn up for the purposes of formulating the proposal for the composition with creditors procedure, which was approved by the Board and authorized by the certifying official pursuant to Article 161, paragraph 3 of the Bankruptcy Act.

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 -2.50% inferred from the analysis of long-term correlation between the revenues of the Seat Pagine Gialle Italia CGU and GDP. The discount rate (WACC) is calculated on the assumption of a zero debt ratio, partly in view of the repeated refinancing by comparable companies operating in the directories sector. The cost of share capital was estimated based on an equity risk premium of 5% and the one-year average of 10-year Italian government bonds.

The estimate of opportunity cost of capital thus takes into account the greater rigidity of costs compared with revenues than in the estimates used for the valuations as at December 31, 2012. It therefore varied according to the degree of operating leverage. Since the different value estimates (value in use, fair value including only the benefits of the restructuring, and fair value including the benefits of new initiatives) present different degrees of operating leverage, the cost of capital varied according to the different degrees of operating leverage implicit in the cash flows considered for valuation purposes. The discount rate used for the estimate of value in use is

estimated at 10.92%, compared with rates of 10.44% (pre-tax=12.20%) and 10.14% respectively for the estimates of fair value including only the benefits of the restructuring and of fair value including both the benefits of the restructuring and the benefits of new initiatives (the rate of 10.14% is increased by an additional risk premium of 6.5%; the pre-tax including additional premium risk is 19.00%). For the purposes of the valuations as at

December 31, 2012, the rate used was 9.74%, while the growth rate was -2.11%. The estimates made resulted in fair value measurements aligned and in a difference of € 91,494 thousand between the recoverable value and invested capital. Consequently, goodwill of € 88,947 thousand was written down in full, and the residual write-down of € 2,547 thousand was allocated to software.

6.2 Impairment tests on other intangible assets

The intangible assets subject to impairment tests were recorded during the Purchase Price Allocation of August 2012. Specifically, following the reclassification of the Telegate Group to "Non-current assets held for sale and discontinued operations" and the write-downs recorded in the previous year, intangible assets

as at December 31, 2013 refer to:

- trademarks, databases and customer relationship assets for Seat Pagine Gialle Italia;
- the Europages trademark;
- customer relationship assets for Consodata.

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

	Customer Relationship	Database	Brands	Total
<i>(euro/thousand)</i>				
Value before impairment test results	80,063	31,621	75,308	186,992
<i>Seat Pagine Gialle Italia S.p.A.</i>	78,530	31,621	74,984	185,135
<i>Consodata</i>	1,533	-	-	1,533
<i>Europages</i>	-	-	324	324
Write-downs performed as a result of impairment test	51,002	31,621	22,757	105,380
<i>Seat Pagine Gialle Italia S.p.A.</i>	51,002	31,621	22,433	105,056
<i>Consodata</i>	-	-	-	-
<i>Europages</i>	-	-	324	324
As at December 31, 2013	29,061	-	52,551	81,612
<i>Seat Pagine Gialle Italia S.p.A.</i>	27,528	-	52,551	80,079
<i>Consodata</i>	1,533	-	-	1,533
<i>Europages</i>	-	-	-	-

The intangible assets of Seat Pagine Gialle Italia were estimated using the same method as at December 31, 2012, based on the following criteria:

- a) the royalty relief method was used to value the Pagine Bianche and Pagine Gialle trademarks, with royalty rates in line with those used during the impairment tests as at December 31, 2012. The royalty rate used for the impairment tests was 3%, which was checked against the royalty rates used for impairment tests by comparable companies, and against the royalty rates implicit in the valuation of trademarks during purchase price allocation following acquisitions/mergers;
- 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 database value estimates, since this asset category should guarantee 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) since Europages recorded a negative difference between its 2013 budget and the preliminary figures for the year, and the new plan is expected to generate a loss, the Company decided to write down the Europages trademark in full;
- b) since the difference in turnover between Consodata’s budget and preliminary figures for the year is lower than the rate of amortization of intangible assets (25%, corresponding to four years of amortization), the Company decided not to value this category of assets, in the absence of triggers.

Write-downs of intangible assets with a finite useful life pertaining to the Seat Italia CGU as at December 31, 2013 totaled € 105,056 thousand. Net of deferred taxes, these write-downs amounted to € 72,068 thousand.

7. Intangible assets with a finite useful life

Intangible assets with a finite useful life totaled € 130,338 thousand as at December 31, 2013 and can be broken down as follows:

(euro/thousand)	Year 2013					Year 2012
	Marketing related intangibles assets	Software	Patents, concessions, brands and licences	Other intangible assets	Total	Total
<i>Cost</i>	215,385	299,595	144,544	28,193	687,717	-
<i>Accrued amortization</i>	(54,248)	(247,301)	(41,568)	(18,893)	(362,010)	-
Balance at beginning of the year	161,137	52,294	102,976	9,300	325,707	-
- Investments	-	21,422	304	7,758	29,484	12,605
▪ Purchases	-	17,140	264	5,081	22,485	9,725
▪ Capitalized costs	-	4,282	40	2,677	6,999	2,880
- Amortization	(21,494)	(29,333)	(6,014)	(1,224)	(58,065)	(45,603)
- Write-downs	(82,623)	(2,618)	(22,781)	(133)	(108,155)	(489,211)
- Accouting to D.O. / Held for sale	(27,957)	(3,629)	(21,474)	(1,698)	(54,758)	-
- Change in consolidation scope (*)	-	(3,555)	-	(319)	(3,874)	872,311
- Other movements	0	3,905	49	(3,955)	(1)	(24,395)
<i>Cost</i>	81,495	288,246	74,833	24,679	469,253	687,717
<i>Accrued amortization</i>	(52,432)	(249,760)	(21,773)	(14,950)	(338,915)	(362,010)
Balance at end of the year	29,063	38,486	53,060	9,729	130,338	325,707

(*) In 2013, it includes the deconsolidation of the TDL Group and of the Spanish companies of the Telegate Group; in 2012, it includes the effect of the acquisition of the Seat Group, including the measurement at fair value (pursuant to IFRS 3).

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

- *marketing-related intangible assets* totaled € 29,063 thousand as at December 31, 2013 and related to customer relationship assets and databases.

Following impairment tests (as described in more detail in Note 6.2), the marketing-related assets of Seat Pagine Gialle Italia S.p.A. were written down in the amount of € 82,623, reducing the value of the databases to zero. As at December 31, 2013, therefore, this item consisted exclusively of customer relationship assets worth € 29,063 thousand, of which € 27,530 related to Seat Pagine Gialle Italia S.p.A. and € 1,533 thousand to Consodata.

The item decreased during 2013 due to the recording of Telegate Group customer relationship assets worth € 27,957 thousand under "Non-current assets held for sale and discontinued operations" and to amortization for the period, which stood at € 21,494 thousand.

- *Software* totaled € 38,486 thousand as at December 31,

2013, and includes costs relating to acquisitions from third parties and the internal creation of proprietary programs and programs under license, used mainly to improve the algorithms used by search engines to support the new online&mobile commercial offering. The item decreased in 2013 due to the deconsolidation of TDL Group assets in the amount of € 3,555 thousand, the recording of € 3,629 thousand relating to the Telegate Group under "Non-current assets held for sale and discontinued operations", the write-down of Seat Pagine Gialle Italia S.p.A. software in the amount of € 2,547 thousand following impairment tests, as described in Note 6.2, and amortization of € 29,333 thousand. Furthermore, € 21,422 thousand was invested to support the new online&mobile product range and to improve Seat Pagine Gialle Italia S.p.A.'s SAP/front-end CRM platforms;

- *patents, concessions, trademarks and licenses* totaled € 53,060 thousand as at December 31, 2013. During the

course of the year, these assets were amortized in the amount of € 6,014 thousand and written down in the amount of € 22,781 thousand, of which € 22,757 thousand pertained to impairment test results (as described in more detail in Note 6.2). This item was also reduced following the recording of assets belonging mainly to the Telegate Group, in the amount of € 21,474 thousand, under "Non-current assets held for sale and discontinued operations";

- *other intangible assets* totaled € 9,729 thousand as at December 31, 2013, referring mainly to software designs in progress.

Capital expenditure of € 29,484 thousand (€ 12,605 thousand in 2012 *restated*) related to the following areas of business:

- in the SEAT Business Area (€ 25,655 thousand in 2013; € 11,459 thousand in the period from August 31 to December 31, 2012):
 - improvements to the online and mobile platforms. Specifically, online focused on content enrichment (acquisition of corporate and private free listings for self-provisioning activities, database management

and acquisition of new content), identity management and improvements to platforms and research activities;

- improvements to commercial online products, relating mainly to the release of functional improvements on Glamoo, to product development (e.g. PG Click, Social ADV, new PG Banner services), and to the comprehensive repositioning of the web agency range with a view to responding more quickly and flexibly to customers' needs;
- commercial and publishing improvements to upgrade the systems and adapt them to new product ranges;
- the acquisition of infrastructure for the disaster recovery program.
- in Consodata S.p.A. (€ 3,564 thousand; € 901 thousand in the period from August 31 to December 31, 2012), investments in credit and commercial information databases, developing software platforms, expanding databases, and upgrading the production and service provision IT platforms.

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

	Year 2013	Year 2012
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 € 12,744 thousand as at December 31, 2013. This item was recorded net of reserves for depreciation totaling € 48,714 thousand as

at the end of the year, which as a proportion of the gross value was 79.26%.

These break down as follows:

(euro/thousand)	Year 2013				Year 2012
	Property	Plant and equipment	Other fixed assets	Total	Total
<i>Cost</i>	19,101	45,837	74,643	139,581	3
<i>Accrued amortization</i>	(10,933)	(38,779)	(60,228)	(109,940)	(3)
Balance at beginning of the year	8,168	7,058	14,415	29,641	-
- Investments	933	199	3,133	4,265	2,747
- Amortization and write downs	(6,492)	(1,020)	(4,397)	(11,909)	(1,977)
- Accounting to D.O. / Held for sale	-	(4,502)	(1,129)	(5,631)	-
- Change in consolidation scope (*)	(1,461)	(48)	(2,091)	(3,600)	27,681
- Disposal and other movements	(1)	92	(113)	(22)	1,190
<i>Cost</i>	2,653	7,173	51,632	61,458	139,581
<i>Accrued amortization</i>	(1,506)	(5,394)	(41,814)	(48,714)	(109,940)
Balance at end of the year	1,147	1,779	9,818	12,744	29,641

(*) In 2013, it includes the deconsolidation of the TDL Group and of the Spanish companies of the Telegate Group; in 2012, it includes the effect of the acquisition of the Seat Group, including the measurement at fair value (pursuant to IFRS 3).

This item includes:

- *property* worth € 1,147 thousand as at December 31, 2013. The item includes the adjustment of the book value of the Milan and Catania properties of Cipi S.p.A. in the amount of € 5,894 thousand, to reflect the impairment of the assets being divested, and their subsequent reclassification to "Assets held for sale". The item also includes the deconsolidation of TDL Group assets in the amount of € 1,461 thousand;
- *plant and equipment* worth € 1,779 thousand as at December 31, 2013. This item fell by € 4,502 thousand due to the recording under "Non-current assets held for sale and discontinued operations" of the technological infrastructure at the Telegate Group's call centers;
- *other fixed assets* worth € 9,818 thousand as at December 31, 2013, of which € 8,073 thousand related to computer systems and equipment. Investments in the

financial year amounted to € 3,133 thousand, of which € 2,763 thousand mainly related to the purchase of centralized hardware for the data center, pertaining 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 (€ 48,714 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 2013	Year 2012
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 € 27,303 thousand as at December 31, 2013, relating to the real-estate complex where Seat Pagine Gialle Italia S.p.A. has its offices in Turin.

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

(euro/thousand)	Year 2013					Year 2012
	Leased land	Leased property	Leased plant	Other leased assets	Total	Total
<i>Cost</i>	5,900	33,076	16,524	3,739	59,239	-
<i>Accrued amortization</i>	-	(10,421)	(8,815)	(1,879)	(21,115)	-
Balance at beginning of the year	5,900	22,655	7,709	1,860	38,124	-
- Amortization and write downs	(730)	(7,453)	(2,211)	(427)	(10,821)	(1,213)
- Change in consolidation scope (*)	-	-	-	-	-	39,337
<i>Cost</i>	5,170	33,076	16,524	3,739	58,509	59,239
<i>Accrued amortization</i>	-	(17,874)	(11,026)	(2,306)	(31,206)	(21,115)
Balance at end of the year	5,170	15,202	5,498	1,433	27,303	38,124

(*) In 2012, it includes the effect of the acquisition of the Seat Group, including measurement at fair value (pursuant to IFRS 3).

In 2013, Seat Pagine Gialle Italia S.p.A.'s Turin real-estate complex was written down in the amount of € 7,191 thousand to align it with its recoverable value. Real-

estate assets were also amortized in the amount of € 3,630 thousand during the year.

10. Other non-current financial assets

Other non-current financial assets amounted to € 1,015 thousand as at December 31, 2013, and refer mainly to:

- loans to employees worth € 904 thousand, issued at market rates for transactions of this kind;

- assets held for sale worth € 111 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:

	Year 2013					Year 2012
	Raw material, suppliers and consumables	Merchandising products	Work in progress and semi-finished goods	Finished goods	Total	Total
<i>(euro/thousand)</i>						
Balance at beginning of the year	5,704	2,015	2,003	140	9,862	-
Increase (decrease)	(2,536)	(230)	(646)	8	(3,404)	37
(Provision) Release in the income statement	-	(1,231)	-	-	(1,231)	-
Accounting to D.O. / Held for sale	-	(554)	-	-	(554)	-
Change in consolidation scope (*)	(178)	-	-	-	(178)	9,823
Other movements	(37)	-	-	-	(37)	2
Balance at end of the year	2,953	-	1,357	148	4,458	9,862

(*) In 2013, it includes the deconsolidation of the TDL Group; in 2012, it includes the effect of the acquisition of the Seat Group

As at December, 31 2013, inventories amounted to € 4,458 thousand (€ 9,862 thousand as at December 31, 2012). Raw materials and consumables refer to inventories relating to Seat Pagine Gialle Italia S.p.A. print products. Products for resale, which refer to the

merchandising of products acquired for resale by Cipi, were recorded under "Non-current assets held for sale and discontinued operations" (in the amount of € 554 thousand) following the realignment of their book value with a view to disposal (€ 1,231 thousand).

12. Trade receivables

	Year 2013			Year 2012
	Trade receivables	Allowance for doubtful trade receivables	Net value	Net value
<i>(euro/thousand)</i>				
Balance at beginning of the year	449,889	(89,361)	360,528	131
Provision in the income statement	-	(41,396)	(41,396)	(27,206)
Utilization	-	26,728	26,728	30,102
Accounting to D.O. / Held for sale	(34,646)	4,974	(29,672)	-
Other movements	(72,523)	566	(71,957)	(46,874)
Change in consolidation scope (*)	(17,046)	2,630	(14,416)	404,375
Balance at end of the year	325,674	(95,859)	229,815	360,528

(*) In 2013, it includes the deconsolidation of the TDL Group and of the Spanish companies of the Telegate Group; in 2012, it includes the effect of the acquisition of the Seat Group, including the measurement at fair value (pursuant to IFRS 3).

Trade receivables, net of provisions for doubtful receivables, totaled € 229,815 thousand as at December 31, 2013.

The *allowance for doubtful trade receivables* totaled € 95,859 thousand as at December 31, 2013 (€ 89,361 thousand as at December 31, 2012), including € 95,612 thousand relating to Seat Pagine Gialle Italia, and is considered to be adequate to cover expected losses.

During the course of 2013, € 26,728 thousand was drawn down from the allowance (of which € 26,556 thousand related to Seat Pagine Gialle Italia S.p.A.), and a provision of € 41,396 thousand was added to it, meaning that the coverage of overdue receivables remained adequate.

Trade receivables also decreased during the year due to

the deconsolidation of TDL Group assets (€ 13,075 thousand) and of the Spanish companies belonging to the Telegate Group (€ 1,341 thousand), and due to the recording under "Non-current assets held for sale and discontinued operations" of Telegate Group assets in the amount of € 27,272 thousand and of Cipi assets worth € 2,400 thousand (prior to being recorded under "Assets held for sale", Cipi's receivables were written down in the amount of € 360 thousand to reflect the impairment of the assets being divested).

For a more detailed analysis of the Group's credit risk, see Note 19.

13. Other assets (current and non-current)

Other current and non-current assets totaled € 44,918 thousand as at December 31, 2013, against € 62,634 thousand as at December 31, 2012, and can be broken down as follows:

	As at 12.31.2013	As at 12.31.2012	Change
<i>(euro/thousand)</i>			
Advances on sales commissions and other receivables from agents	18,343	24,140	(5,797)
Prepaid expenses	9,456	14,805	(5,349)
Advances to suppliers	6,200	7,786	(1,586)
Other receivables	5,057	10,373	(5,316)
Total other current assets	39,056	57,104	(18,048)
Other non-current assets	5,862	5,530	332
Total other current assets and non-current assets	44,918	62,634	(17,716)

To be more specific:

- *advances on sales commission and other receivables from agents* totaled € 18,343 thousand as at December 31, 2013 (€ 24,140 thousand as at December 31, 2012) and were recorded net of reserves for write-downs, which totaled € 1,510 thousand as at December 31, 2013 (€ 2,033 thousand as at December 31, 2012). This includes € 39 thousand of receivables with a maturity of over 12 months, which are classified under "Other current assets" since they fall within the normal Company operating cycle. These receivables were discounted using an average

market rate for receivables with the same maturity;

- *prepaid expenses* as at December 31, 2013 totaled € 9,456 thousand (€ 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 revenue is recorded in the statement of operations;
- *advances to suppliers*, which totaled € 6,200 thousand as at December 31, 2013 (€ 7,786 thousand as at December 31, 2012) include € 1,923 thousand relating to advances paid to Rotosud S.p.A., the printing company (€ 5,536 thousand as at December 31, 2012).

14. Equity

Equity can be broken down as follows:

<i>(euro/thousand)</i>	As at 12.31.2013	As at 12.31.2012	Change
Share capital	450,266	450,266	-
- <i>ordinary shares</i>	450,247	450,247	-
- <i>savings shares</i>	19	19	-
Additional paid-in capital	466,847	466,847	-
Reserve for foreign exchange adjustments	1	43	(42)
Reserve for actuarial gains (losses)	(322)	(1,096)	774
Other reserves	(1,912,096)	(869,799)	(1,042,297)
- <i>Reserve for transition to IAS/IFRS</i>	161,656	161,651	5
- <i>Reserve for Purchase Price Allocation</i>	669,829	669,572	257
- <i>Retained earnings (losses)</i>	(2,743,581)	(1,701,022)	(1,042,559)
Profit (loss) for the year	(347,603)	(1,042,721)	695,118
Total equity of the Group	(1,342,907)	(996,460)	(346,447)
Share capital and reserves	19,676	25,532	(5,856)
Profit (loss) for the year	(197)	2,777	(2,974)
Total non-controlling interests	19,479	28,309	(8,830)
Total equity	(1,323,428)	(968,151)	(355,277)

Share capital

Share capital totaled € 450,266 thousand as at December 31, 2013, unchanged from a year earlier.

As at December 31, 2013, 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 taxation in case of distribution. Deferred tax liabilities were not calculated on this amount, since Seat Pagine Gialle S.p.A. is not planning to pay it out.

Additional paid-in capital

Additional paid-in capital totaled € 466,847 thousand as at December 31, 2013, unchanged from a year earlier.

Of this amount, € 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

Following the deconsolidation of TDL Group assets, the reserve for foreign-exchange adjustments, which referred mainly to translation differences concerning sterling, was essentially reduced to zero as at December 31, 2013 (€ 43 thousand as at December 31, 2012).

Reserve for actuarial gains (losses)

The reserve for actuarial gains (losses) was -€ 322 thousand (€ 1,096 thousand as at December 31, 2012) and included the effect of recording actuarial gains (losses) on defined-benefit pension plans (pertaining to the Telegate Group and, for Italian companies, the reserve for severance indemnities) due to their recognition in the financial statements pursuant to IAS 19, paragraph 93A.

For more details on how these amounts were determined, see Note 20.

Other reserves

Other reserves totaled -€ 1,912,096 thousand as at December 31, 2013 (€ 869,799 thousand as at December 31, 2012) and refer to:

- *the reserve for adoption of IAS/IFRS*, which totaled € 161,656 thousand as at December 31, 2013;
- *the purchase price allocation reserve*, which totaled € 669,829 thousand as at December 31, 2013 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 -€ 2,743,581 (€ 1,701,022 thousand as at December 31, 2012) and included the Seat Pagine Gialle S.p.A. legal reserve (€ 50,070 thousand).

15. Other comprehensive income/(expense)

(euro/thousand)		Year 2013	Year 2012
<i>Other comprehensive income (expense) that will not be reclassified subsequently to profit (loss) for the year:</i>			
Actuarial gains (loss)		1,239	(1,303)
Tax effect of actuarial gain (loss)		(470)	427
Total other comprehensive income (expense) that will not be reclassified subsequently to profit (loss) for the year	(B1)	769	(876)
<i>Other comprehensive income (expense) that will be reclassified subsequently to profit (loss) for the year:</i>			
Profit (loss) for foreign exchange adjustments		(42)	43
Loss (profit) for foreign exchange adjustments reclassified to income statement		-	-
Profit (loss) from fair-value measurement of AFS securities		101	-
Other movements in the year			
Total other comprehensive income (expense) that will be reclassified subsequently to profit (loss) for the year	(B2)	59	43
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.

Pursuant to IAS 33, the diluted profit per share was not calculated, since there are no outstanding options.

		As at 12.31.2013	As at 12.31.2012
Number of Seat Pagine Gialle S.p.A. shares		16,066,893,331	16,066,893,331
- ordinary shares	n,	16,066,212,958	16,066,212,958
- savings shares	n,	680,373	680,373
weighted average shares outstanding		16,066,893,331 (*)	5,627,475,803 (**)
Profit (loss) on continuing operations of the Group	€/thousand	(351,495)	(1,036,862)
Profit (loss) from non-current assets held for sale and discontinued operations of the Group	€/thousand	3,892	(5,859)
Profit (loss) par share from continuing operations of the Group	€	(0.022)	(0.184)
Profit (loss) par share from non-current assets held for sale and discontinued operations of the Group	€	0.0002	(0.001)

(*) The figure has been calculated as the average of shares outstanding from January 1, 2013 to December 31, 2013.

(**) The weighted average number of shares outstanding as at December 31, 2012 was calculated by multiplying the number of outstanding ordinary shares of Lighthouse SA for by the exchange ratio established in the prospectus relating to its merger.

17. Net financial debt

Net financial debt totaled € 1,459,929 thousand as at December 31, 2013 (€ 1,327,945 thousand as at December 31, 2012), and can be broken down as follows:

(euro/thousand)		As at 12.31.2013	As at 12.31.2012	Change
A	Cash	196,426	199,659	(3,233)
B	Cash equivalent	-	-	-
C	Trading securities	-	-	-
D=(A+B+C) Liquidity		196,426	199,659	(3,233)
E.1	Current financial receivables from third parties	2,039	2,387	(348)
E.2	Current financial receivables from related parties	-	-	-
F	Current bank debt	703,435	92,757	610,678
G	Current portion of non-current debt	4,250	73,685	(69,435)
H.1	Other current financial debt to third parties	915,493	35,211	880,282
H.2	Other current financial debt to related parties	-	-	-
I=(F+G+H) Current financial debt		1,623,178	201,653	1,421,525
J=(I-E-D) Net current financial debt		1,424,713	(393)	1,425,106
K	Non-current bank debt	-	501,116	(501,116)
L	Bonds issued	-	789,405	(789,405)
M.1	Other non-current financial debt to third parties	35,216	37,817	(2,601)
M.2	Other non-current financial debt to related parties	-	-	-
N=(K+L+M) Non-current financial debt		35,216	1,328,338	(1,293,122)
O=(J+N) Net financial debt (ESMA)		1,459,929	1,327,945	131,984

As described at the beginning of the "Reclassified consolidated statement of financial position at December 31, 2013" section of the Report on Operations, the effect of the deconsolidation of TDL Group assets and of recognition under "Non-current assets held for sale and discontinued operations", pursuant to IFRS 5, on net

financial debt as at December 31, 2013 was approximately € 68 million.

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

Non-current financial debt

This item amounted to € 35,216 thousand as at December 31, 2013 (€ 1,328,338 thousand as at December 31, 2012) and can be broken down as follows:

(euro/thousand)		As at 12.31.2013	As at 12.31.2012	Change
Non current Bank loans			501,116	(501,116)
Bonds Issued		-	789,405	(789,405)
Other non current loans to third parties		35,216	37,817	(2,601)
Non Current Financial Debt		35,216	1,328,338	(1,293,122)

Other non-current financial payables relate 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 40 remaining installments on the contracts with

effect from December 2008 and 44 remaining installments on the contract with effect from October 2009. All installments are quarterly deferred installments subject to a floating interest rate equal to three-month Euribor plus a spread of around 65 basis points p.a. The residual value is fixed at around 1% of the value of the property complex.

Current financial debt

This item amounted to € 1,623,178 thousand as at December 31, 2013 (€ 201,653 thousand as at December 31, 2012) and can be broken down as follows:

(euro/thousand)	As at 12.31.2013	As at 12.31.2012	Change
Current financial debt to bank	703,435	92,757	610,678
Current portion of non-current debt	4,250	73,685	(69,435)
Other current financial debt to third parties	915,493	35,211	880,282
Current Financial Debt	1,623,178	201,653	1,421,525

It includes mainly:

- *Current bank debts*: these totaled € 703,435 thousand as at December 31, 2013 (€ 92,757 thousand as at December 31, 2012) and related to the senior debt with The Royal Bank of Scotland, broken down as follows:
 - a) € 571,116 thousand relating to the term facility, which bears a floating interest rate equal to Euribor plus a spread of 5.4% p.a.;
 - b) € 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 bears a floating interest rate equal to Euribor plus the same spread used for the term facility;
 - c) € 32,771 thousand relating to accrued and unpaid interest expense on the term facility and the revolving facility with The Royal Bank of Scotland.
- *Current portion of non-current debt*: totaling € 4,250 thousand as at December 31, 2013 (€ 73,685 thousand as at December 31, 2012), this refers to the current portion of the seven finance leases raised for the purchase of Seat Pagine Gialle Italia S.p.A.'s Turin property complex; this figure includes the unpaid capital amount accrued prior to February 6, 2013, the date on which the blank filing for admission to the composition with creditors procedure was made pursuant to Article 161, paragraph 6 of the Bankruptcy Act.
- *Other current financial debt to third parties*: this totaled € 915,493 thousand as at December 31, 2013 (€ 35,211 thousand at December 31, 2012), referring

mainly to € 794,513 thousand of senior secured bonds (€ 779,445 thousand corresponding to the net issue value plus € 15,068 thousand relating to the total issue discount accrued as at December 31, 2013) and to € 85,006 thousand of accrued and unpaid interest on these bonds, of which € 42,219 thousand fell due on January 31, 2013 and € 42,788 thousand fell due on July 31, 2013. 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.

Changes to current and non-current financial debt between December 31, 2012 and December 31, 2013 are due to the reclassification under "Current financial debt" of the senior secured bonds and of the senior debt with The Royal Bank of Scotland, an operation rendered necessary by the payment default at the start of 2013, when the composition with creditors procedure was launched. The loan agreements contain an immediately and fully enforceable acceleration clause in the event of payment default. The aforementioned debts were thus reclassified as current in accordance with paragraph 74 of IAS 1.

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

Current financial assets

Current financial assets totaled € 2,039 thousand at December 31, 2013 (€ 2,387 thousand at December 31, 2012), referring to financial receivables of € 1,298 thousand (€ 1,981 thousand as at December 31, 2012) and to loans to employees of € 741 thousand (€ 406 thousand as at December 31, 2012).

Cash and cash equivalents

Cash and cash equivalents totaled € 196,426 thousand as at December 31, 2013 (€ 199,659 thousand as at December 31, 2012) and refer mainly to Seat Pagine Gialle Italia S.p.A., in the amount of € 194,900.

18. Guarantees provided, main commitments and contractual rights

As part of the financial restructuring of the Seat Pagine Gialle Group implemented 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"*. 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 Transfer, 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 Transfer 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, inter alia, by pledges granted by the Company on shares in Seat Pagine Gialle Italia S.p.A. and other Seat Pagine Gialle Group companies, a pledge on the main proprietary trademarks of Seat Pagine Gialle Italia S.p.A., a special lien pursuant to Article 46 of Legislative Decree 385/1993 on fixed assets of Seat Pagine Gialle Italia S.p.A., a pledge on current-account credit balances of Seat Pagine Gialle Italia S.p.A., a fixed and floating charge under UK law on assets of TDL Infomedia and

TDL 2013 Realisations Limited (formerly Thomson Directories Ltd.), and a legal charge on a property belonging to TDL 2013 Realisations Limited (without prejudice, with regard to the latter guarantees, to the application of the appropriate rules for the administration procedure to which TDL Infomedia Ltd and TDL 2013 Realisations Limited are currently subject). These same guarantees, with the exception of the special lien and the legal charge, were also given equally in relation to 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; 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.

With 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 Royal Decree 267/1942, 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. Specifically, this risk relates to the debt owed to The Royal Bank of Scotland and to Leasint S.p.A..

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 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 previous 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.

As regards the 2013-2015 period, 60% of the total debt is fixed-rate debt.

Risk from high levels of financial debt

Whereas the debt on the senior secured bonds and the senior facilities agreement was reclassified as current debt for presentation in the financial statements, as mentioned above, the contractual maturities of the outstanding financial instruments are shown below:

(euro/thousand)	Due date - by						Total
	12.31.2014	12.31.2015	12.31.2016	12.31.2017	12.31.2018	Beyond five years	
Senior Secured Bond (*)	-	-	-	815,000	-	-	815,000
The Royal Bank of Scotland (**)	150,000	185,000	326,116	-	-	-	661,116
Leasint S.p.A. (***)	4,250	3,966	4,115	4,270	4,430	25,491	46,522
Total financial debt (gross value)	154,250	188,966	330,231	819,270	4,430	25,491	1,522,638

(*) In the financial statements, the item is shown net of the issue discount and amounts to € 749,513 thousand.

(**) The Termination Date of the Revolving Facility is 12.28.2015 and the repayment is shown as at this date.

(***) In the financial statements, the item amounts to € 34,966 thousand following alignment of the book value with the fair value.

The table above shows an overall average life of debt outstanding at December 31, 2013 of 2.64 years. This figure does not take into account the changes that will take place in the average life of debt due to the implementation of the proposed composition with creditors following its approval.

Liquidity and financing risk

The predicted financial shortfall that came about in January 2013, shortly after the appointment of the new Board of Directors, and at the end of fiscal 2012, along with the evident impossibility of securing alternative sources of finance, obliged the Board to file for a composition with creditors procedure on a going-concern basis pursuant to Article 186-bis of the Bankruptcy Act, as described in the "Introduction" section of this Report

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, 2013 are summarized below.

1. *Indentures relating to the bonds issued by SEAT and entitled "€ 550,000,000 10 1/2% Senior Secured Notes Due 2017", "€ 200,000,000 10.5% Senior Secured Notes Due 2017" and "€ 65,000,000 10 1/2% 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 (iii) all or substantially all of Seat PG S.p.A.'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: (i) the Lender's commitment to disburse new sums pursuant to the aforementioned facilities agreement shall immediately be considered null and void, and (ii) 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 PG S.p.A. 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 PG S.p.A. 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 PG S.p.A. or Seat Pagine Gialle Italia S.p.A. (shares which do not bear any ownership rights beyond a share of profits or dividends up to a certain amount are excluded from this calculation).

It should be remembered that Seat PG S.p.A.'s and Seat Pagine Gialle Italia S.p.A.'s proposals for a composition with creditors involve the same creditors, i.e. the Lender in

the Term and Revolving Facilities Agreement and the senior secured bondholders. As such, the effectiveness of the indentures, the Term and Revolving Facilities Agreement and the related contractual provisions, including the change-of-control clauses, will depend on the outcome of the ongoing composition with creditors procedure.

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, 2013, 97% of the Group's trade receivables (85% at December 31, 2012) related to Seat Pagine Gialle Italia S.p.A., which has around 321,000 customers spread throughout Italy, consisting mainly of small and medium-sized businesses. Each year, SEAT alone issues some 444,000 invoices, each providing on average for payment in 2.5 installments of around € 524 each, meaning more than € 1.1 million of receipts.

There is, therefore, no concentration of credit risk. The type of business and customer base are, however, the elements that have always guided SEAT in putting together an effective credit management system. Over time, SEAT has introduced a widespread and continually strengthened team that is able to efficiently manage all phases of the payment request process. The in-house team, call centers, collection agencies and legal experts constitute a total of around 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 € 95,859 thousand at December 31, 2013, an increase on December 31, 2012 (€ 89,361 thousand), maintaining sufficient coverage of overdue receivables. As a percentage of total trade receivables, the coverage of the allowance was 29.4%.

20. Non-current reserves for employees

Seat Pagine Gialle Group companies provide post-employment benefits to active and retired former employees, both directly and through contributions to external funds. The terms under which these benefits are provided vary depending on the legislative, fiscal and economic conditions in each country in which the Group operates. Employee benefits are usually based on remuneration and length of service.

Group companies provide post-employment benefits through defined-contribution and/or defined-benefit plans.

Under defined-contribution plans, the Group pays

contributions to public or private insurers pursuant to a statutory or contractual obligation, or on a voluntary basis. The Group fulfills all its obligations by paying these contributions. The cost for the year is accrued based on the employee's service and is recorded in the statement of operations (€ 4,014 thousand in 2013).

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 the year:

	Year 2013					Year 2012
	Net liabilities for defined benefit pension plans	Reserve for severance indemnities	Reserve for defined contribution pension plans	Net liabilities for termination indemnities	Total	Total
<i>(euro/thousand)</i>						
Balance at beginning of the year	15,765	15,353	980	413	32,511	-
Provisions	(10)	512	4,014	-	4,516	1,525
Contributions	-	-	1,098	-	1,098	770
Benefits paid/received	-	(1,363)	(4,624)	(413)	(6,400)	(1,603)
Discounting losses	-	474	-	-	474	208
Actuarial losses (gains) recognised to equity	-	(598)	-	-	(598)	1,806
Accounting to D.O. / Held for sale	-	(562)	(42)	(184)	(788)	224
Change in consolidation scope (*)	(15,501)	-	-	-	(15,501)	29,188
Foreign exchange adjustments and other movements	8	(285)	(9)	184	(102)	393
Balance at end of the year	262	13,531	1,417	-	15,210	32,511

(*) In 2013 it includes the deconsolidation of the TDL Group; in 2012, it includes the effect of the acquisition of the SEAT Group.

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

Net liabilities for defined-benefit pension plans

Net liabilities for defined-benefit pension plans totaled € 262 thousand as at December 31, 2013 (€ 15,765 thousand as at December 31, 2012). They are recorded net of assets intended to finance these plans.

This item decreased by € 15,501 thousand due to the deconsolidation of TDL Group assets.

<i>(euro/thousand)</i>	As at 12.31.2013	As at 12.31.2012 <i>restated</i>
A. Change in benefit obligation		
1. Benefit obligation at the beginning of the year	66,193	-
2. Current service cost	-	-
3. Interest expense	-	-
4. Plan participants' contributions	-	-
5. Changes recognised to equity (*)	-	694
a. Effects due to changes of demographic events	-	-
b. Effects due to changes of financial events	-	-
c. Effects due to changes of actuarial events	-	-
6. Benefits paid from plan/company	-	(2,339)
7. Curtailment	-	-
8. Settlement	-	-
9. Exchange rate adjustments and change in consolidation scope	(65,931)	67,838
Benefit obligation at the end of the year	(A) 262	66,193
B. Change in plan assets		
1. Fair value of plan assets at the beginning of the year	(50,428)	-
2. Expected return on plan assets	-	-
3. Changes recognised to equity (*)	-	399
a. Effects due to changes of demographic events	-	-
b. Effects due to changes of financial events	-	-
c. Effects due to changes of actuarial events	-	-
4. Employer contributions	-	-
5. Member contributions	-	-
6. Benefits paid from plan/company	-	2,339
7. Exchange rate adjustments and change in consolidation scope	50,428	(53,166)
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	262	66,193
2. Fair value on plan assets	-	(50,428)
Net liability (asset) recognised in the statement of financial position	(A+B) 262	15,765
D. Component of pension cost		
<i>Amount recognised in the income statement</i>		
1. Current service cost	-	-
2.a Interest expense	-	-
2.b Expected return on plan assets	-	-
2. Interest expense (income)	-	-
<i>Actual return on plan assets</i>		
Actual return on plan assets	-	399
E. Principal actuarial assumptions		
<i>Weighted-average assumptions to determine benefit obligation</i>		
1. Discount rate	-	4.30%
2. Rate of compensation increase	-	-
3. Rate of price inflation	-	2.15%
4. Rate of pension increase	-	2.90%
<i>Weighted-average assumptions to determine net pension cost</i>		
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%

(*) More information regarding the changes recognized fully in equity in 2012 is not provided because they refer to the short period August 31 - December 31.

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<i>(euro/thousand)</i>	As at 12.31.2013	As at 12.31.2012 <i>restated</i>
F. Plan assets		
<i>Asset categories (*)</i>	<i>% of plan asset categories</i>	<i>% of plan asset categories</i>
1. Shares	-	40.0%
2. Government securities	-	35.0%
3. Bonds	-	20.0%
4. Other	-	5.0%
Total	-	100.0%

Reserve for severance indemnities

The *reserve for severance indemnities*, which totaled € 13,531 thousand as at December 31, 2013 (€ 15,353 thousand as at December 31, 2012), is considered a defined-benefit plan and was valued in accordance with the revised provisions of IAS 19.

Following the reform of the supplementary pensions system introduced by Legislative Decree No. 252 of December 5, 2005, the reserve for severance indemnities was converted from a defined-benefit plan into a defined-

contribution plan from January 1, 2007. Consequently, the debt recorded in the financial statements represents liabilities for defined-benefit plans (valued using IAS 19 criteria) for employees relating to service given up to December 31, 2006.

Changes in equity were recorded in 2013 in the amount of € 598 thousand, of which € 584 thousand related to Seat Pagine Gialle Italia S.p.A. Pursuant to IAS 19, paragraph 93A, the losses were recognized directly in the statement of comprehensive income, net of tax effect.

<i>(euro/thousand)</i>	As at 12.31.2013	As at 12.31.2012
A. Change in benefit obligation		
1. Benefit obligation at the beginning of the year	15,353	
2. Current service cost	512	73
3. Interest expense	474	208
4. Benefits paid from plan/company	(1,363)	(211)
5. Other movements and change in consolidation scope	(847)	14,570
6. Changes recognised to equity (OIC effect)	(598)	713
a. Effects due to changes of demographic events		
b. Effects due to changes of financial events	(389)	
c. Effects due to changes of actuarial events	(209)	
7. Curtailment		
Benefit obligation at the end of the year	13,531	15,353
B. Account recognised in the statement of financial position		
<i>Plants that are wholly unfunded and plants that are wholly or partly funded</i>		
1. Present value of defined-benefit unfunded obligations at the end of the year	13,531	15,353
Net liability recognised in the statement of financial position	13,531	15,353
<i>Amounts in the statement of financial position</i>		
1. Liabilities		
2. Assets	13,531	15,353
C. Components of pension costs		
<i>Amounts recognised in the income statement:</i>		
1. Current service costs	512	73
2. Interest expense	474	208
Total pension cost recognised in the income statement		
D. Principal actuarial assumptions		
<i>Weighted-average assumptions to determine benefit obligation</i>		
1. Discount rate	3.50%	3.20%
2. Rate of price inflation	2.00%	2.00%
<i>Weighted-average assumptions to determine net pension cost</i>		
1. Discount rate	3.20%	4.60%
2. Rate of price inflation	2.00%	2.00%
E. Past experience of actuarial (profits) and losses		
a. Amount (*)	n.s.	n.s.
b. Percentage of plan liabilities at the closing data	n.s.	n.s.

(*) This is the amount of actuarial gains/(losses) from applying the previous year's actuarial assumptions to the current workforce.

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(euro/thousand)	As at 12.31.2013	As at 12.31.2012
F. Sensitivity analysis - benefit obligations valuations base on events below		
1. Discount rate		
a. Discount rate - xx basis points	13,047	
Events	3.25%	3.20%
Weighted-average duration of benefit obligation (years)		
- SEAT PG S.p.A.	10.86	
- SEAT PG ITALIA S.p.A.	9.89	
b. Discount rate + xx basis points	12,421	
Events	2.00%	2.00%
Weighted-average duration of benefit obligation (years)		
- SEAT PG S.p.A.	10.77	
- SEAT PG ITALIA S.p.A.	9.75	
2. Rate of price inflation		
a. Rate of price inflation - xx basis points		
Events	2.00%	2.00%
b. Rate of price inflation + xx basis points		
Events	2.00%	2.00%
F. Expected cash flows for next year		
1. Member contributions	1,461	-
2. Contributions forecasted to reimbursements	-	-
3. Expected payments of total performances		
Year 1	1,461	-
Year 2	1,533	-
Year 3	456	-
Year 4	382	-
Year 5	409	-
Next 5 years	2,338	-
F. Statistics		
1. Census date	31/12/2013	31/12/2012
2. Assets		
Numbers	846	1,177
b. Total annual payable pension	-	-
c. Annual average payable pension		
d. Average age		
- SEAT PG S.p.A.	49.4	
- SEAT PG ITALIA S.p.A.	45.8	
e. Average age of service		
- SEAT PG S.p.A.	16.1	
- SEAT PG ITALIA S.p.A.	18.1	

21. Other non-current liabilities

Other non-current liabilities totaled € 30,018 thousand as at December 31, 2013 (€ 32,405 thousand as at December 31, 2012) and can be broken down as follows:

(euro/thousand)	Year 2013					Year 2012	
	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	24,571	262	1,009	6,185	378	32,405	-
Provisions	1,352	-	-	-	-	1,352	6,430
Utilization/repayment	(2,595)	-	-	-	-	(2,595)	(1,279)
Discount losses (gains)	(22)	-	-	121	28	127	256
Accounting to D.O. / Held for sale	-	(262)	-	-	-	(262)	-
Change in consolidation scope (*)	-	-	-	-	-	-	26,847
Other movements	(470)	-	1,275	(1,571)	(243)	(1,009)	151
Balance at end of the year	22,836	-	2,284	4,735	163	30,018	32,405

(*) In 2012, it includes the effect of the acquisition of the SEAT Group, including measurement at fair value (pursuant to IFRS 3).

As at December 31, 2013, 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 (€ 127 thousand).

The *reserve for sales agents' termination indemnities*, which totaled € 22,836 thousand as at December 31, 2013 (€ 24,571 thousand as at December 31, 2012), represents

the debt due to active sales agents for the indemnities owed to them in the event of termination of the agency contract, as provided for by current legislation.

The *restructuring reserve* (non-current portion) amounted to € 4,735 thousand as at December 31, 2013 (€ 6,185 thousand as at December 31, 2012). This reserve should be considered in conjunction with the current portion of the restructuring reserve.

22. Reserves for (operating and non-operating) current risks and charges

These break down as follows:

	Year 2013				Year 2012
	Reserve for commercial risks	Reserves for contractual and other operating risks	Non-operating reserves	Total	Total
<i>(euro/thousand)</i>					
Balance at beginning of the year	8,970	14,243	32,179	55,392	
Provisions	1,452	452	36,320	38,224	20,476
Utilizations	(4,178)	(799)	(11,870)	(16,847)	(37,588)
Extinction revised	-	(1,673)	(3,193)	(4,866)	(1,547)
Accounting to D.O. / Held for sale	-	(977)		(977)	-
Change in consolidation scope (*)	-	-	(40)	(40)	66,391
Other movements		(28)	847	819	7,660
Balance at end of the year	6,244	11,218	54,243	71,705	55,392

(*) In 2013, it includes the deconsolidation of the Spanish companies of the Telegate Group; in 2012, it includes the effect of the acquisition of the SEAT Group.

Reserves for current risks and charges totaled € 71,705 thousand as at December 31, 2013 (€ 55,392 thousand as at December 31, 2012) and can be broken down as follows:

- *the reserve for commercial risks*, which totaled € 6,244 thousand as at December 31, 2013 (€ 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 € 11,218 thousand (€ 14,243 thousand as at December 31, 2012), include € 7,275 thousand relating to legal disputes (€ 8,473 thousand as at December 31, 2012) and € 3,113 thousand relating to pending litigation with agents and employees (€ 3,723 thousand as at December 31, 2012);
- *non-operating reserves* (current portion) totaled € 54,243 thousand as at December 31, 2013 (€ 32,179

thousand as at December 31, 2012). This item includes: (i) € 37,096 thousand pertaining to *reserves for non-operating risks and charges*, which increased in 2013 by € 18,000 thousand in relation to Seat Pagine Gialle Italia S.p.A and by € 15,000 thousand in relation to Seat Pagine Gialle S.p.A., to cover estimated liabilities connected with implementing the transactions provided for by the plan for the composition with creditors; (ii) € 10,416 thousand pertaining to *reserves for restructuring expenses* (current portion) relating to Seat Pagine Gialle Italia S.p.A., of which € 8,192 thousand was drawn down in 2013. This reserve should be considered in conjunction with the non-current portion of the restructuring reserves; and (iii) *reserves for the restructuring of the sales network*, in the amount of € 6,731 thousand, of which € 1,877 thousand was drawn down in 2013.

23. Trade payables and other current liabilities

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

(euro/thousand)	As at 12.31.2013	As at 12.31.2012	Change
Payables to suppliers	106,617	135,363	(28,746)
Payables due to sales agents	14,523	15,673	(1,150)
Payables due to employees	16,450	18,406	(1,956)
Payables due to social security institutions	10,814	7,844	2,970
Payables due to other	1,392	652	740
Total trade payables	149,796	177,938	(28,142)
Payables for services to be rendered	136,779	187,472	(50,693)
Advances from customers	1,795	2,979	(1,184)
Other current liabilities	13,324	21,853	(8,529)
Total payables for services to be rendered and other current liabilities	151,898	212,304	(60,406)

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

- *payables to suppliers* totaled € 106,617 thousand at December 31, 2013 (€ 135,363 thousand at December 31, 2012), of which € 99,015 thousand related to Seat Pagine Gialle Italia S.p.A. This item decreased by € 28,746 thousand, due mainly to the deconsolidation of TDL Group assets (€ 5,623 thousand) and the recording under "Non-current liabilities held for sale and discontinued operations" of payables worth € 14,557 thousand (attributable to the Telegate Group in the amount of € 13,343 thousand and to Cipi S.p.A. in the amount of € 1,214 thousand);
- *payables to sales agents*, which totaled € 14,523 thousand (€ 15,673 thousand as at December 31, 2012), should be considered in conjunction with the item

"Advances on sales commissions", recorded under "Other current assets", which amounted to € 18,343 thousand (€ 24,140 thousand as at December 31, 2012);

- *payables for services to be rendered* totaled € 136,779 thousand (€ 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. Payables for services to be rendered fell by € 50,693 thousand, due mainly to the deconsolidation of TDL Group assets (€ 2,224 thousand), the recording of payables worth € 14,258 thousand (pertaining to the Telegate Group) under "Non-current liabilities held for sale and discontinued operations", and the reduction in revenue.

24. Information by Business Area

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

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

Prices of intercompany transfers between areas are

defined using the same conditions that apply to transactions with third parties.

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

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

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

(euro/thousand)		Italian Directories	Other Activities	Aggregate Total	Eliminations and other adjustments	Consolidated Total
Revenues from sales and services	Year 2013	475,060	36,576	511,636	(8,316)	503,320
	Year 2012 <i>restated</i>	179,513	18,394	197,907	(4,595)	193,312
GOP	Year 2013	133,016	(928)	132,088	160	132,248
	Year 2012 <i>restated</i>	62,517	3,975	66,492	(145)	66,347
EBITDA	Year 2013	91,499	(2,007)	89,492	(1)	89,491
	Year 2012 <i>restated</i>	30,405	3,747	34,152	(23)	34,129
EBIT	Year 2013	(217,541)	(17,029)	(234,570)	114	(234,456)
	Year 2012 <i>restated</i>	(1,859,425)	392	(1,859,033)	(1,280)	(1,860,313)
Total assets	December 31, 2013	674,271	31,421	705,692	134,861 (*)	840,553
	December 31, 2012	907,983	40,125	948,108	213,800 (**)	1,161,908
Total liabilities	December 31, 2013	2,115,327	30,781	2,146,108	17,873 (*)	2,163,981
	December 31, 2012	2,018,152	24,465	2,042,617	87,442 (**)	2,130,059
Net invested capital	December 31, 2013	9,466	10,047	19,513	116,988 (*)	136,501
	December 31, 2012	322,224	15,976	338,200	21,594 (**)	359,794
Capital expenditure	Year 2013	29,928	4,256	34,184	(435)	33,749
	Year 2012 <i>restated</i>	14,056	1,296	15,352	-	15,352

(*) This includes the assets and liabilities of the Telegate Group following reclassification to "Non-current assets held for sale and discontinued operations", as described in the "Presentation of accounting data" section of these Notes.

(**) This includes the assets and liabilities of the TDL Group and of the Telegate Group following reclassification to "Non-current assets held for sale and discontinued operations", as described in the "Presentation of accounting data" section of these Notes.

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; the restated 2012 financial data above refer only to the period between August 31 and

December 31 of that year, and therefore do not provide complete information on the Group's performance for the year for comparative purposes.

25. Revenues from sales and services

Revenues from sales and services totaled € 503,320 thousand in 2013 (€ 193,312 thousand between August 31 and December 31, 2012). Before eliminations between the Group's different Business Areas, revenues from sales and services were as follows::

- revenues from the Italian Directories Business Area (Seat Pagine Gialle S.p.A., Seat Pagine Gialle Italia S.p.A., the Digital Local Services companies and Prontoseat)

amounted to € 475,060 thousand, of which € 474,877 thousand pertained to SEAT (Seat Pagine Gialle S.p.A., Seat Pagine Gialle Italia S.p.A. and the Digital Local Services companies);

- revenues from the Other Activities Business Area (Europages, Consodata and Cipi) totaled € 36,576 thousand.

26. Other operating costs and revenue

26.1 Other revenue and income

Other revenue and income totaled € 4,611 thousand (€ 835 thousand in 2012 *restated*). The item includes € 1,555 thousand relating to the recovery of postal, legal and administrative costs from third parties and € 2,513 thousand from other revenue and income.

26.2 Cost of materials

Materials cost a total of € 22,419 thousand in 2013 (€ 8,641 thousand in 2012 *restated*). The item referred mainly to € 13,893 thousand for paper consumption and € 7,727 thousand for consumption of products for resale, which concerned the acquisition of promotional personalized items, of which € 1,231 thousand related to a write-down made to Cipi's stock in order to realign the company's assets with their presumed realizable value.

26.3 Costs of external services

Costs for external services amounted to € 244,745 thousand in 2013 (€ 88,308 thousand in the previous year *restated*). This item includes:

- *manufacturing costs*, totaling € 92,932 thousand in 2013, of which (i) € 27,819 thousand related to production costs, (ii) € 11,415 thousand related to distribution and storage costs, (iii) € 14,378 thousand related to costs for digital services associated with the creation of online products, (iv) € 10,255 thousand related to inbound call center costs,

and (v) € 25,643 thousand related to commissions paid to web publishers as part of the management of new online offers intended to boost web traffic;

- *advertising costs*, totaling € 22,677 increased by € 8,098 thousand 2012 *restated*, following new SEAT campaigns relating mainly to corporate and online products;
- *commissions and other agent costs*, which totaled € 60,852 thousand in 2013, in direct relation to revenue figures;
- *consultancy and professional service costs*, which totaled € 18,230 thousand in 2013;
- *outbound call center service costs*, which totaled € 9,742 thousand in 2013.

26.4 Salaries, wages and employee benefits

Salaries, wages and employee benefits totaled € 105,922 thousand in 2013 (€ 30,383 thousand in the previous year *restated*).

The Group's workforce, including directors, project workers and trainees, consisted of 2,029 employees as at December 31, 2013 (3,997 as at December 31, 2012); this figure does not include the period-end workforce of the TDL Infomedia Group (which has been deconsolidated), the Telegate Group or Cipi S.p.A., which were recorded under "Non-current net assets held for sale and discontinued operations".

The average salaried workforce in 2013 was 1,898 employees.

26.5 Net non-recurring costs

Net non-recurring costs totaled € 43,078 thousand (€ 15,972 thousand in 2012 *restated*) and can be broken down as follows:

(euro/thousand)	Year 2013	Year 2012 <i>restated</i>	Absolute	Change %
Other non-recurring costs	43,098	15,972	27,126	n.s.
Non-recurring income	(20)	-	(20)	n.s.
Total non-recurring costs, net	43,078	15,972	27,106	n.s.

Non-recurring costs include:

- € 33,000 thousand relating to the provisions set aside by Seat Pagine Gialle S.p.A. (€ 15,000 thousand) and by Seat Pagine Gialle Italia S.p.A. (€ 18,000 thousand) to cover estimated liabilities connected with implementing the transactions provided for by the plan for the composition with creditors
- € 6,085 thousand of consultancy costs relating to the composition with creditors procedure.

In 2012 *restated*, non-recurring costs related to the period from August 31 to December 31, and included € 10,135 thousand of costs relating to the acquisition of the Seat Group.

26.6 Net restructuring costs

Net restructuring costs amounted to € 2,973 thousand in 2013 (€ 22,438 in 2012 *restated*), of which € 2,681 thousand

related to the costs incurred by Cipi to restructure its workforce.

In 2012 *restated*, net restructuring costs amounted to € 22,438 thousand and related to the period from August 31 to December 31, of which € 21,785 thousand pertained to SEAT Pagine Gialle Italia S.p.A. Of that amount, € 7,400 thousand related to the restructuring of the sales force and € 14,385 thousand related to the employee reorganization plan for the period between February 1, 2013 and January 31, 2015.

The effect of non-recurring events and transactions on equity, profit, net financial debt and cash flows of Seat Group is set out below in accordance with Consob Communication DEM/6064293 of July 28, 2006.

The impact of non-recurring events and transactions at December 31, 2013 was as follows:

(euro thousand)	Equity	Profit (loss) for the year	Net financial debt	Cash flows (*)
Amount - financial statements	(1,323,428)	(347,800)	(1,459,929)	(3,233)
Net non-recurring and restructuring costs of which	(46,051)	(46,051)	(22,475)	(22,475)
- Provision set aside to cover estimated liabilities connected with implementing the transactions provided for by the plan for the composition with creditors	(33,000)	(33,000)	-	-
- Procedural and legal costs relating to the composition with creditors procedure	(6,085)	(6,085)	(3,421)	(3,421)
- Net restructuring costs	(2,973)	(2,973)	(11,866)	(11,866)
incidence %	3.5%	13.2%	1.5%	n.s.

(*) Cash flows refer to the increase (decrease) in cash and cash equivalent during the year

27. Financial income and expense

27.1 Financial expense

Financial expense, which totaled € 132,910 thousand (€ 45,098 thousand in 2012 *restated*), can be broken down as follows:

(euro/thousand)	Year	Year	Absolute	Change
	2013	2012 <i>restated</i>		%
Interest expense on the loan with The Royal Bank of Scotland Plc.	39,378	13,521	25,857	n,s,
Interest expense on Bonds	90,684	30,334	60,350	n,s,
Interest expense on leasing debt	1,679	504	1,175	n,s,
Foreign exchange losses	52	114	(62)	(54.4)
Other financial expenses	1,117	625	492	78.7
Total interest expense	132,910	45,098	87,812	n,s,

As at December 31, 2013, interest expense on the Senior Credit Agreement with The Royal Bank of Scotland and on the senior secured bonds was calculated at the contractually agreed rates on the total amount of the debt (not taking into account the provisions of the proposal for the composition with creditors and of applicable legislation, with regard to the aforementioned debts and associated interest), despite this interest being earmarked only for partial payment, as described in more detail in the proposals for the composition with creditors. Such accounting treatment conforms to IAS 39 AG57, under which financial liabilities must be counted until the debt is extinguished (i.e., in this instance, until the composition with creditors procedure is formally authorized).

Financial expense in 2013 included:

- € 39,378 thousand of interest expense on the Senior Credit Agreement between Seat Pagine Gialle Italia S.p.A. and The Royal Bank of Scotland;

- € 90,684 thousand of interest expense on the senior secured bonds. This amount includes € 2,221 thousand pertaining to the share of the issue discount;
- € 1,679 thousand of interest expense on debts due to Leasint S.p.A. in relation to the finance leases raised for the purchase of the Corso Mortara real-estate complex in Turin, where SEAT has its offices;
- € 1,117 thousand of other financial expense, including € 846 thousand of interest expense from discounting non-current assets and liabilities.

27.2 Financial income

Financial income for the year totaled € 2,659 thousand, including € 2,373 thousand of interest income from the investment of short-term liquidity in the banking system at market rates.

28. Income taxes

Income taxes for the year totaled € 13,174 thousand, against € 198,377 thousand in 2012 restated, and can be broken down as follows:

(euro/thousand)	Year 2013	Year 2012 restated	Change Absolute	%
Current income taxes	(8,342)	10,821	(19,163)	n.s.
Provision (reversal) of deferred tax assets	(44,060)	4,321	(48,381)	n.s.
(Provision) reversal of deferred tax liabilities	65,484	178,038	(112,554)	(63.2)
Income taxes referred to previous years	92	5,197	(5,105)	(98.2)
Total income taxes for the year	13,174	198,377	(185,203)	(93.4)

Current income taxes totaled € 8,342 thousand in 2013. The reversal of deferred tax assets of € 44,060 thousand refers mainly to the release of tax assets on account of it no longer being probable that taxable profit within the plan horizon will be sufficient to recover them.

The release of deferred income tax liabilities totaled € 65,484 thousand (€ 178,038 thousand in 2012 restated) and related mainly to the impact of impairment tests on deferred taxes.

In 2012, income taxes for previous years included 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.

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, 2013 and December 31, 2012 restated respectively is as follows:

(euro/thousand)	Year 2013	Year 2012 restated
Profit (loss) before income taxes	(364,707)	(1,235,260)
Current income taxes calculated with the theoretical tax rate (31,40%)	114,518	387,872
Fiscal effect on non-deductible expenses for IRAP purposes (personnel expenses, interest income and expenses, ecc.)	(19,813)	(75,261)
Effects of different tax rates in foreign countries	47	30
Income taxes referred to previous year	92	5,197
Deferred tax assets not entered	(49,077)	
Release of deferred tax assets into fiscal losses	(8,945)	
Permanent differences and other movements	(23,648)	(119,461)
Total income taxes for the year	13,174	198,377

The permanent differences (€ 27,967 thousand in 2013, against € 119,461 thousand in 2012) are attributable mainly to the non-deductibility of components related to impairment losses. Permanent differences also include non-deductible interest expense pursuant to Article 96 of the Consolidated Income Tax Law, insofar as it is not certain that gross operating revenues pursuant to Article 96 of the aforementioned law within the available business plan

horizon will be sufficient to deduct interest expense not deducted in the current financial year in the future. As a result, deferred tax assets totaling € 28,414 thousand were not recorded. Deferred tax assets of € 49,077 thousand were released on account of it not being deemed probable that taxable profit within the available business plan horizon will be sufficient to recover them.

Net deferred tax assets and liabilities

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

	As at 12.31.2012	Changes during the year			As at 12.31.2013
		Income taxes accounted for in the income statement	Income taxes accounted for equity	Foreign exchange adjustments and other movements	
<i>(euro/thousand)</i>					
Tax losses	10,790	(8,945)	-	(1,472)	373
Allowacne for doubtful trade receivables	22,344	3,607	-	51	26,002
Reserves for contractual risks	25,048	3,828	-	(88)	28,788
Deferred tax assets not entered	-	(49,077)	-	-	(49,077)
Reserves to employees	2,262	(77)	-	(2,109)	76
Goodwill	237	4,319		-	4,556
Other	5,104	2,285	-	(456)	6,933
<i>Total deferred tax assets</i>	<i>65,785</i>	<i>(44,060)</i>	<i>-</i>	<i>(4,074)</i>	<i>17,651</i>
Deferred tax liabilities					
Data Base	(13,143)	13,832	-	(569)	120
Customer Relationship	(37,207)	18,860		8,981	(9,366)
Brands	(36,306)	8,882		9,183	(18,241)
Goodwill amortization	(21,954)	22,033	-	-	79
Property	(1,317)	-	-	-	(1,317)
Reserves to employees	(753)	332	(164)	160	(424)
Goodwill	23	-		-	23
Other	777	1,545	-	(695)	1,627
<i>Total deferred tax liabilities</i>	<i>(109,880)</i>	<i>65,484</i>	<i>(164)</i>	<i>(17,060)</i>	<i>(27,500)</i>
<i>Total</i>	<i>(44,095)</i>	<i>21,424</i>	<i>(164)</i>	<i>12,986</i>	<i>(9,849)</i>
Shown in the statement of financial position:					
<i>Deferred tax assets</i>	<i>16,503</i>				<i>696</i>
<i>Deferred tax liabilities</i>	<i>(60,598)</i>				<i>(10,545)</i>

Current tax assets

Current tax assets totaled € 21,786 thousand as at December 31, 2013 (€ 23,758 thousand as at December 31, 2012) and can be broken down as follows:

<i>(euro/thousand)</i>	As at 12.31.2013	As at 12.31.2012	Change
Income tax receivables	21,202	22,691	(1,489)
Other tax receivables	584	1,067	(483)
Total current tax assets	21,786	23,758	(1,972)

The amount of € 21,202 thousand as at December 31, 2013 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 € 26,062 thousand as at December 31, 2013 (€ 28,670 thousand as at December 31, 2012) and can be broken down as follows:

<i>(euro/thousand)</i>	As at 12.31.2013	As at 12.31.2012	Change
Income tax payables	5,996	15,145	(9,149)
Other tax payables	20,066	13,525	6,541
Total current tax payables	26,062	28,670	(2,608)

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

In accordance with the provisions of IFRS 5, the results of the Telegate Group and the TDL Group were recorded under "Non-current assets held for sale and discontinued operations", and the items on their statements of operations and cash flows for 2012 were *restated*.

Given the immateriality of its figures compared with those for the Seat Group, Cipi S.p.A. was classified under "Non-current assets held for sale", and therefore its assets and liabilities as at December 31, 2013 were recorded separately in the statement of financial position.

In accordance with the provisions of IFRS 5, the assets and liabilities of the companies no longer considered

compatible with the Group have been measured at the lower of their book value and fair value. There was no need to adjust the book values for the Telegate Group. However, an adjustment of around € 7 million was required for the assets and liabilities of Cipi S.p.A., essentially to reflect the impairment of assets held for sale. Specifically, adjustments were made to its inventories (in the amount of € 1.2 million), property, plant and equipment (€ 5.9 million) and intangible assets with a finite useful life (€ 0.1 million).

Income statement

(euro/thousand)	Year 2013 Telegate Group	Year 2013 TDL Group	Year 2013	Year 2012 <i>restated</i>
Revenues from sales and services	74,208	20,535	94,743	52,472
Other income	566	-	566	34,589
Total revenues	74,774	20,535	95,309	87,061
Costs of materials	-	(880)	(880)	(716)
Costs of external services	(25,588)	(8,553)	(34,141)	(19,769)
Salaries, wages and employee benefits	(38,331)	(13,518)	(51,849)	(26,280)
Valuation adjustments	(1,692)	(1,894)	(3,586)	(1,717)
Provisions to reserves for risks and charges, net	352	-	352	(61)
Other operating expenses	(330)	(13)	(343)	(8,209)
Operating income before amortisation, depreciation, non-recurring and restructuring costs, net	9,185	(4,323)	4,862	30,309
Amortization, depreciation and write-down	(6,512)	(1,396)	(7,908)	(38,194)
Non-recurring costs, net	(2,961)	(594)	(3,555)	(2,655)
Restructuring costs, net	-	(389)	(389)	(786)
Operating result	(288)	(6,702)	(6,990)	(11,326)
Interest expense	(3)	(1,335)	(1,338)	(946)
Interest income	175	1,025	1,200	15,469
Gain (loss) on investments accounted for at equity	(152)	-	(152)	-
Operating result	(268)	(7,012)	(7,280)	3,197
Income taxes for the year	448	680	1,128	(6,258)
Profit (loss) from non-current assets held for sale and discontinued operations	180	(6,332)	(6,152)	(3,061)
Profit (Loss) on disposal of subsidiaries and other sale expenses	(710)	10,595	9,885	-
Profit (loss) for the year	(530)	4,263	3,733	(3,061)

Statement of financial position

As at December 31, 2013, the statement of financial position items "Non-current assets held for sale and discontinued operations" and "Liabilities directly related to non-current assets held for sale and discontinued operations" included figures relating to the equity

investments of the Telegate Group, Cipi S.p.A. and Turkish joint venture Katalog Yayın ve Tanitim Hizmetleri A.S., which was included in the figures as at December 31, 2012. The Cipi S.p.A. figures include a value adjustment of approximately € 7 million, essentially to reflect the impairment of the assets being divested.

(euro/thousand)	As at 12.31.2013	As at 12.31.2013	As at 12.31.2013	As at 12.31.2013	As at 12.31.2012
	<i>Telegate Group</i>	<i>Cipi</i>	<i>Katalog</i>		
Goodwill and "marketing related" intangible assets	2,121	-	-	2,121	-
Intangible assets with finite useful life	56,144		-	56,144	-
Property, plant and equipment	6,842		-	6,842	-
Other non-current financial assets	15	-	-	15	-
Deferred tax assets, net	240	-	-	240	-
Inventories	-	554	-	554	-
Trade receivables	26,394	2,400	-	28,794	-
Current tax assets	5,911	17	-	5,928	-
Other current assets	2,075	154	-	2,229	-
Current financial assets	54,698	-	-	54,698	-
Cash and cash equivalents	11,029	421	-	11,450	-
Non-current assets held for sale and discontinued operations	165,469	3,546	-	169,015	-
Non-current reserves to employees	18	788	-	806	-
Deferred tax liabilities	16,926	34	-	16,960	-
Other non-current liabilities	374	-	-	374	-
Current financial debts	18	-	-	18	-
Trade payables	11,566	2,543	-	14,109	-
Payables for services to be rendered and other current liabilities	15,282	50	-	15,332	-
Current tax payables	1,318	603	-	1,921	-
Reserve for current risks and charges	583	-	250	833	250
Liabilities directly associated with non-current assets held for sale and discontinued operations	46,085	4,018	250	50,353	250

Statement of cash flows

	Year 2013 <i>Telegate Group</i>	Year 2013 <i>TDL Group</i>	Year 2013	Year 2012 <i>restated</i>
<i>(euro/thousand)</i>				
Cash inflow (outflow) from operating activities	(7,708)	(3,552)	(11,260)	13,198
Cash inflow (outflow) for investments	(7,703)	(733)	(8,436)	(5,726)
Cash inflow (outflow) for financing (*)	(67,909)	(1,430)	(69,339)	14,799
Net proceeds on disposal of consolidated subsidiaries	1,009	-	1,009	-
Cash inflow (outflow) from non-current assets held for sale and discontinued operations	(82,311)	(5,715)	(88,026)	22,271

(*) Cash inflow/(outflow) from financing activities includes short-term investment in liquidable securities by the Telegate Group.

30. Related-party transactions

With reference to the provisions of IAS 24 and pursuant to Consob Regulation No. 17221 of March 12, 2010, the effects on the consolidated financial statements of transactions with parties related to the Seat Pagine Gialle Group as at December 31, 2013 are listed below.

The effects of intra-group transactions between consolidated companies have been eliminated in the consolidated financial statements.

Transactions carried out by Group companies with related

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

Income statement

	Year 2013	Associates	Companies with significant influence	Other related parties (*)	Total related parties Year 2013
<i>(euro/thousand)</i>					
Revenues from sales and services	503,320	-	-	23,332	23,332
Cost of material and external services	(267,164)	-	-	(6,438)	(6,438)
Salaries, wages and employee benefits	(105,922)	-	-	(5,004)	(5,004)
Other operating expenses	(3,622)	-	-	(121)	(121)
Non-recurring and restructuring costs	(46,051)	-	-	(5,219)	(5,219)

(*) Directors, statutory auditors, managers with strategic responsibilities and related companies though directors, statutory auditors and managers with strategic responsibilities and other related parties.

	Year 2012 <i>restated</i>	Associates	Companies with significant influence	Other related parties (*)	Total related parties Year 2012 <i>restated</i>
<i>(euro/thousand)</i>					
Cost of material and external services	(96,949)	-	-	(1,429)	(1,429)
Salaries, wages and employee benefits	(30,383)	-	-	(776)	(776)
Non-recurring and restructuring costs	(38,410)	-	-	(3,897)	(3,897)

(*) Directors, statutory auditors, managers with strategic responsibilities and related companies though directors, statutory auditors and managers with strategic responsibilities and other related parties.

Statement of financial position

	As at 12.31.2013	Associates	Companies with significant influence	Other related parties (*)	Total related parties as at 12.31.2013
<i>(euro/thousand)</i>					
Current operating assets	273,897	-	-	9,434	9,434
Current operating liabilities	(330,395)	-	-	(3,532)	(3,532)
Current non-operating liabilities	(69,066)	-	-	(4,013)	(4,013)

(*) Directors, statutory auditors, managers with strategic responsibilities and related companies though directors, statutory auditors and managers with strategic responsibilities and other related parties.

	As at 12.31.2012	Associates	Companies with significant influence	Other related parties (*)	Total related parties as at 12.31.2012
<i>(euro/thousand)</i>					
Current operating liabilities	(417,975)	-	-	(426)	(426)
Current non-operating liabilities	(56,329)	-	-	(1,370)	(1,370)

(*) Directors, statutory auditors, managers with strategic responsibilities and related companies though directors, statutory auditors and managers with strategic responsibilities and other related parties.

Statement of cash flows

	Year 2013	Associates	Companies with significant influence	Other related parties (*)	Total related parties Year 2013
<i>(euro/thousand)</i>					
Cash inflow (outflow) from operating activities	131,599	-	-	2,865	2,865
Cash inflow (outflow) for investments	(33,686)	-	-	-	-
Cash inflow (outflow) for financing	(1,670)	-	-	-	-
Cash inflow (outflow) from non-current assets held for sale and discontinued operations	(88,026)	-	-	-	-
Increase (decrease) in cash and cash equivalents in the year	8,217	-	-	2,865	2,865

(*) Directors, statutory auditors, managers with strategic responsibilities and related companies though directors, statutory auditors and managers with strategic responsibilities and other related parties.

	Year 2012	Associates	Companies with significant influence	Other related parties (*)	Total related parties Year 2012
<i>(euro/thousand)</i>					
Cash inflow (outflow) from operating activities	20,065	131	-	(4,306)	(4,175)
Cash inflow (outflow) for investments	(15,267)	-	-	-	-
Cash inflow (outflow) for financing	172,231	702,000	-	-	702,000
Cash inflow (outflow) from non-current assets held for sale and discontinued operations	22,271	-	-	-	-
Increase (decrease) in cash and cash equivalents in the year	199,300	702,131	-	(4,306)	697,825

(*) Directors, statutory auditors, managers with strategic responsibilities and related companies though directors, statutory auditors and managers with strategic responsibilities and other related parties.

The merger of Seat Pagine Gialle Italia S.p.A. into Seat Pagine Gialle S.p.A., which was provided for by the proposals for a composition with creditors made by both companies and approved pursuant to Article 2505 of the Italian Civil Code by their respective Boards of Directors on March 4, 2014, should be considered to be a related-party transaction pursuant to the Procedure for Transactions with Related Parties approved by the Company's Board of Directors in December 2010, pursuant to the Regulations on Transactions with Related Parties adopted pursuant to Consob Regulation No. 17221 of March 12, 2010, as

amended by Consob Regulation No. 17389 of June 23, 2010.

More specifically, the merger is a Material Transaction that requires the consent of the Committee of Independent Directors pursuant to Article 3.2 of the Procedure for Transactions with Related Parties.

The prospectus concerning material transactions with related parties was published on February 21, 2014 pursuant to the Regulations on Transactions with Related Parties.

Remuneration paid to directors and statutory auditors

Position	As at 12.31.2013
Remuneration paid to General Manager of Seat PG S.p.A.	2,643
Remuneration due to Directors of Seat PG S.p.A. for offices held in other companies of the Group	44
Remuneration due to Statutory Auditors of Seat PG S.p.A.	143
Remuneration due to Statutory Auditors of Seat PG S.p.A. for offices held in other companies of the Group	224

31. Other information

Statement of fees paid to the Independent Auditors and related entities.

Pursuant to Article 149-*duodecies* of Consob's Issuers' Regulation (Regulation No. 11971/1999 as subsequently amended), the following table shows the fees for 2013 for auditing and other services carried out for Seat Pagine Gialle Group companies by PricewaterhouseCoopers S.p.A. and related entities.

(euro/thousand)	Year 2013	Year 2012 <i>restated</i>
PricewaterhouseCoopers Group		
SEAT Pagine Gialle S.p.A.		
- Audit	74	37
Total	74	37
Subsidiaries		
- Audit	622	249
- Other services and assignments in PricewaterhouseCoopers network	168	380
- Tax advisory services		
Total	790	628
Company in discontinued operations		
- Audit	202	214
- Other services and assignments in PricewaterhouseCoopers network	-	17
- Tax advice	-	18
Total	202	249

Fully consolidated equity investments
(Consob Communication DEM/6064293 of July 28, 2006)

Table 1

Company	Registered office	Share capital	Ordinary shares held		% held by	
				% by	Seat Pagine Gialle S.p.A.	
(business)						
PARENT COMPANY						
SEAT PAGINE GIALLE S.p.A.	Milan (Italy)	Euro	450,266,000			
SUBSIDIARIES						
SEAT PAGINE GIALLE ITALIA S.p.A. (Local Internet Company)	Turin (Italy)	Euro	200,000,000	100.00	Seat Pagine Gialle S.p.A.	100.00
CIPI S.p.A. (merchandising 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)	Rome (Italy)	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)	Paris (France)	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 (Belgium)	Euro	20,000	99.00	Europages S.A.	97.39
PRONTOSEAT S.r.l. (call center services)	Turin (Italy)	Euro	10,500	100.00	Seat Pagine Gialle Italia S.p.A.	100.00
TELEGATE HOLDING GmbH (holding)	Munich (Germany)	Euro	26,100	100.00	Seat Pagine Gialle Italia S.p.A.	100.00
TELEGATE AG (call center services)	Munich (Germany)	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)	Munich (Germany)	Euro	25,000	100.00	Telegate Media AG	77.37
11880 TELEGATE GmbH (call center services)	Vienna (Austria)	Euro	35,000	100.00	Telegate AG	77.37
TELEGATE MEDIA AG (sale of on-line directories)	Essen (Germany)	Euro	4,050,000	100.00	Telegate AG	77.37
TELEGATE LLC (internet services)	Yerevan (Armenia)	Dram Armeno	50,000	100.00	Telegate AG	77.37
Digital Local Services ROMA 1 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100.00	Seat Pagine Gialle Italia S.p.A.	100.00
Digital Local Services ROMA 2 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100.00	Seat Pagine Gialle Italia S.p.A.	100.00
Digital Local Services ROMA 3 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100.00	Seat Pagine Gialle Italia S.p.A.	100.00
Digital Local Services MILANO 1 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100.00	Seat Pagine Gialle Italia S.p.A.	100.00
Digital Local Services MILANO 2 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100.00	Seat Pagine Gialle Italia S.p.A.	100.00
Digital Local Services MILANO 3 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100.00	Seat Pagine Gialle Italia S.p.A.	100.00
Digital Local Services BERGAMO 1 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100.00	Seat Pagine Gialle Italia S.p.A.	100.00
Digital Local Services BERGAMO 2 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100.00	Seat Pagine Gialle Italia S.p.A.	100.00
Digital Local Services BRESCIA 1 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100.00	Seat Pagine Gialle Italia S.p.A.	100.00
Digital Local Services BRESCIA 2 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100.00	Seat Pagine Gialle Italia S.p.A.	100.00
Digital Local Services VARESE 1 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100.00	Seat Pagine Gialle Italia S.p.A.	100.00
Digital Local Services COMO 1 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100.00	Seat Pagine Gialle Italia S.p.A.	100.00
Digital Local Services BOLZANO 1 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100.00	Seat Pagine Gialle Italia S.p.A.	100.00

Fully consolidated equity investments
(Consob Communication DEM/6064293 of July 28, 2006)

Table 1

Company (business)	Registered office	Share capital	Ordinary shares held		% held by SEAT Pagine Gialle S.p.A.	
			% by			
SUBSIDIARIES						
Digital Local Services VENEZIA 1 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100.00	Seat Pagine Gialle Italia S.p.A.	100.00
Digital Local Services SONDRIO LECCO 1 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100.00	Seat Pagine Gialle Italia S.p.A.	100.00
Digital Local Services LOMBARDIA 1 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100.00	Seat Pagine Gialle Italia S.p.A.	100.00
Digital Local Services LOMBARDIA 2 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100.00	Seat Pagine Gialle Italia S.p.A.	100.00
Digital Local Services LOMBARDIA 3 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100.00	Seat Pagine Gialle Italia S.p.A.	100.00
Digital Local Services SARDEGNA 1 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100.00	Seat Pagine Gialle Italia S.p.A.	100.00
Digital Local Services SARDEGNA 2 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100.00	Seat Pagine Gialle Italia S.p.A.	100.00
Digital Local Services FRIULI 1 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100.00	Seat Pagine Gialle Italia S.p.A.	100.00
Digital Local Services VENETO 1 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100.00	Seat Pagine Gialle Italia S.p.A.	100.00
Digital Local Services VENETO 2 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100.00	Seat Pagine Gialle Italia S.p.A.	100.00
Digital Local Services VENETO 3 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100.00	Seat Pagine Gialle Italia S.p.A.	100.00
Digital Local Services VENETO 4 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100.00	Seat Pagine Gialle Italia S.p.A.	100.00
Digital Local Services VENETO 5 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100.00	Seat Pagine Gialle Italia S.p.A.	100.00
Digital Local Services EMILIA 1 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100.00	Seat Pagine Gialle Italia S.p.A.	100.00
Digital Local Services EMILIA 2 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100.00	Seat Pagine Gialle Italia S.p.A.	100.00
Digital Local Services EMILIA 3 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100.00	Seat Pagine Gialle Italia S.p.A.	100.00
Digital Local Services PIEMONTE 1 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100.00	Seat Pagine Gialle Italia S.p.A.	100.00
Digital Local Services PIEMONTE 2 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100.00	Seat Pagine Gialle Italia S.p.A.	100.00
Digital Local Services CUNEO 1 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100.00	Seat Pagine Gialle Italia S.p.A.	100.00
Digital Local Services LAZIO 1 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100.00	Seat Pagine Gialle Italia S.p.A.	100.00
Digital Local Services LAZIO 2 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100.00	Seat Pagine Gialle Italia S.p.A.	100.00
Digital Local Services LAZIO 3 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100.00	Seat Pagine Gialle Italia S.p.A.	100.00
Digital Local Services SICILIA 1 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100.00	Seat Pagine Gialle Italia S.p.A.	100.00
Digital Local Services SICILIA 2 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100.00	Seat Pagine Gialle Italia S.p.A.	100.00
Digital Local Services SICILIA 3 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100.00	Seat Pagine Gialle Italia S.p.A.	100.00
Digital Local Services SICILIA 4 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100.00	Seat Pagine Gialle Italia S.p.A.	100.00
Digital Local Services SICILIA 5 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100.00	Seat Pagine Gialle Italia S.p.A.	100.00
Digital Local Services SICILIA 6 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100.00	Seat Pagine Gialle Italia S.p.A.	100.00

Fully consolidated equity investments
(Consob Communication DEM/6064293 of July 28, 2006)

Table 1

Company	Registered office	Share capital	Ordinary shares held		% held by	
(business)				% by	SEAT Pagine Gialle S.p.A.	
SUBSIDIARIES						
Digital Local Services TORINO 1 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100.00	Seat Pagine Gialle Italia S.p.A.	100.00
Digital Local Services TORINO 2 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100.00	Seat Pagine Gialle Italia S.p.A.	100.00
Digital Local Services TORINO 3 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100.00	Seat Pagine Gialle Italia S.p.A.	100.00
Digital Local Services TORINO 4 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100.00	Seat Pagine Gialle Italia S.p.A.	100.00
Digital Local Services PUGLIA 1 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100.00	Seat Pagine Gialle Italia S.p.A.	100.00
Digital Local Services PUGLIA 2 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100.00	Seat Pagine Gialle Italia S.p.A.	100.00
Digital Local Services PUGLIA 3 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100.00	Seat Pagine Gialle Italia S.p.A.	100.00
Digital Local Services PUGLIA 4 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100.00	Seat Pagine Gialle Italia S.p.A.	100.00
Digital Local Services CALABRIA 1 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100.00	Seat Pagine Gialle Italia S.p.A.	100.00
Digital Local Services CALABRIA 2 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100.00	Seat Pagine Gialle Italia S.p.A.	100.00
Digital Local Services FIRENZE 1 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100.00	Seat Pagine Gialle Italia S.p.A.	100.00
Digital Local Services FIRENZE 2 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100.00	Seat Pagine Gialle Italia S.p.A.	100.00
Digital Local Services FIRENZE 3 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100.00	Seat Pagine Gialle Italia S.p.A.	100.00
Digital Local Services NAPOLI 1 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100.00	Seat Pagine Gialle Italia S.p.A.	100.00
Digital Local Services NAPOLI 2 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100.00	Seat Pagine Gialle Italia S.p.A.	100.00
Digital Local Services ROMAGNA 1 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100.00	Seat Pagine Gialle Italia S.p.A.	100.00
Digital Local Services ROMAGNA 2 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100.00	Seat Pagine Gialle Italia S.p.A.	100.00
Digital Local Services TOSCANA 1 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100.00	Seat Pagine Gialle Italia S.p.A.	100.00
Digital Local Services TOSCANA 2 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100.00	Seat Pagine Gialle Italia S.p.A.	100.00
Digital Local Services BOLOGNA 1 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100.00	Seat Pagine Gialle Italia S.p.A.	100.00
Digital Local Services BOLOGNA 2 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100.00	Seat Pagine Gialle Italia S.p.A.	100.00
Digital Local Services CAMPANIA 1 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100.00	Seat Pagine Gialle Italia S.p.A.	100.00
Digital Local Services CAMPANIA 2 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100.00	Seat Pagine Gialle Italia S.p.A.	100.00
Digital Local Services CAMPANIA 3 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100.00	Seat Pagine Gialle Italia S.p.A.	100.00
Digital Local Services VERONA 1 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100.00	Seat Pagine Gialle Italia S.p.A.	100.00
Digital Local Services TRENTO 1 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100.00	Seat Pagine Gialle Italia S.p.A.	100.00
Digital Local Services LIGURIA 1 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100.00	Seat Pagine Gialle Italia S.p.A.	100.00
Digital Local Services LIGURIA 2 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100.00	Seat Pagine Gialle Italia S.p.A.	100.00
Digital Local Services GENOVA 1 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100.00	Seat Pagine Gialle Italia S.p.A.	100.00

Fully consolidated equity investments
(Consob Communication DEM/6064293 of July 28, 2006)

Table 1

Company (business)	Registered office	Share capital	Ordinary shares held		% held by SEAT Pagine Gialle S.p.A.
			%	by	
SUBSIDIARIES					
Digital Local Services UMBRIA 1 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100.00	Seat Pagine Gialle Italia S.p.A.
Digital Local Services ADRIATICO 1 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100.00	Seat Pagine Gialle Italia S.p.A.
Digital Local Services ADRIATICO 2 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100.00	Seat Pagine Gialle Italia S.p.A.
Digital Local Services ADRIATICO 3 S.r.l. (commercial consultancy and marketing)	Turin (Italy)	Euro	10,000	100.00	Seat Pagine Gialle Italia S.p.A.

Certification of the consolidated financial statements pursuant to Article 81-ter of Consob Regulation No. 11971 of 14 May 1999, as amended

1. The undersigned, Vincenzo Santelia, in his capacity as Chief Executive Officer, and Andrea Servo, as Chief Financial Officer of SEAT Pagine Gialle S.p.A., hereby certify, taking into account the provisions of Article 154-bis, paragraphs 3 and 4 of Legislative Decree No. 58 of 24 February 1998, that the administrative and accounting procedures for the preparation of the consolidated financial statements, deemed to be adequate in relation to the characteristics of the business, were effectively applied during 2013.
2. The administrative and accounting procedures for the preparation of the consolidated financial statements as at 31 December 2013 were subjected during the year to a critical review in order to evaluate their suitability and how effectively they had been applied. No anomalies emerged as a result of this verification.
3. The following is also certified:
 - 3.1. The consolidated financial statements at 31 December 2013:
 - were prepared in compliance with the applicable international accounting standards recognised in the European Union pursuant to Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002 (International Financial Reporting Standards – IFRS), and with the implementing provisions of Article 9 of Legislative Decree No. 38 of 28 February 2005;
 - correspond to the results contained in the books and the accounting entries;
 - are able to provide a true and accurate representation of the assets and liabilities, results and cash flows of the Company and of all companies included in its consolidation scope.
 - 3.2. The report on operations includes a reliable analysis of performance and operating results, as well as of the position of the Company and all its consolidated entities, together with a description of the main uncertainties and risks to which they are exposed.

Milan, 1 April 2014

Chief Executive Officer
Vincenzo Santelia

Chief Financial Officer
Andrea Servo

**AUDITORS' REPORT IN ACCORDANCE WITH ARTICLES 14 AND 16 OF LEGISLATIVE
DECREE N° 39 OF 27 JANUARY 2010**

To the Shareholders of
SEAT Pagine Gialle SpA

- 1 We have audited the consolidated financial statements of SEAT Pagine Gialle SpA and its subsidiaries ("SEAT Pagine Gialle Group") as of 31 December 2013, 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 of the prior year are presented for comparative purposes. As described in the paragraph "Presentation of accounting data" in the "Introduction" to the consolidated financial statements as of 31 December 2013, the directors have restated certain comparative figures for the prior year, compared to the figures previously presented and audited by us, on which we issued our audit report dated 3 July 2013. The criteria used for the redetermination of the comparative figures and the related disclosure presented in the explanatory notes were examined by us for the purpose of issuing our opinion on the consolidated financial statements as of 31 December 2013.

- 3 The consolidated financial statements of the SEAT Pagine Gialle Group as of 31 December 2013 show a negative equity amounting to Euro 1,323.4 million, inclusive of the loss for the year of Euro 347.8 million influenced by an intangible assets write-down of Euro 196.9, gross 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"), communicated by the Commissioner to the creditors on 20 December 2013.

PricewaterhouseCoopers SpA

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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 article 2447 of the Italian Civil Code for the Company and its Subsidiary for the period between the application filing date and the approval of the composition with creditors’ procedure.

On 20 December 2013, pursuant to article 171 of the Bankruptcy Law, the Commissioner sent to the creditors of both the Company and its Subsidiary a notice containing the date they have been formally called for the meeting, scheduled for 15 July 2014, as well as the essential elements of the respective proposals of the composition with creditors’ procedures.

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, bearing in mind that the notice of admission to the composition with creditors’ procedure published on 10 July 2013 and the necessary resolutions made by the Extraordinary Shareholders’ Meeting on 4 March 2014 to execute the proposal for said procedure, removed the uncertainty surrounding such specific aspects. Specifically, notwithstanding the difficulties arising from a persistently very tough economic climate, the directors refer to the critical aspects related to the following key stages of the composition with creditors’ procedure that are yet to be completed:

- 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;
- the Proposal re-establishing positive equity that is sufficient to bring the Company and its Subsidiary out of the situation pursuant to article 2447 of the Italian Civil Code, 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 2013.



- 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 2013.
- 5 As described in the paragraph “Presentation of accounting data” in the “Introduction” to the consolidated financial statements as of 31 December 2013, due to the merger of Lighthouse International Company SA into SEAT Pagine Gialle SpA, effective from 31 August 2012, the comparative figures of the prior year refer to the activities of Lighthouse International Company SA for the first eight months of year 2012 and to the activities of SEAT Pagine Gialle Group for the following four months.
- 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 2013.

Turin, 17 April 2014

PricewaterhouseCoopers SpA

Signed by

Piero De Lorenzi
(Partner)

This report has been translated from the original which was issued in accordance with Italian legislation. We have not examined the translation of the consolidated financial statements referred to in this report.



" il Giallo ti è vicino "



Pictured above extracted from the last spot of SEAT PG

Nuova generazione di opportunità

tutti gli strumenti più evoluti per il business

SeatPG
pagineGialle

13

Separate financial
statements of Seat
Pagine Gialle S.p.A.





Introduction \

The Company tackled its problems with courage and determination in 2013, in terms of both its operations and its debt. The situation at the beginning of the year was unimaginably difficult, with the sharp downturn in business in 2012 and the inability to meet debt servicing commitments resulting in the need for the Company and its subsidiary Seat Pagine Gialle Italia S.p.A. to file for a composition with creditors procedure on a going-concern basis.

It is worth remembering that the Company's core business had suffered a heavy and uninterrupted decline since 2008, with revenues falling from € 1,090 million at the end of 2007 to € 627 million at the end of 2012 in a continually downward market (-2.8% year on year in 2008 to -14.3% year on year in 2012). This made it increasingly difficult to pay down debt (available cash flows were around 2x the amount needed to service debt in 2008, but had fallen to around 0.9x in 2012, despite two restructuring processes during that period), forcing the Company to adopt cost-cutting measures that were effective in the short term but weighed on the business in the long term, as demonstrated by the sudden drop in the sales force between 2010 (1,510 agents) and 2012 (1,158 agents).

It should be stressed that this persistent decline starting in 2008-09 was common to all our international peers, whose turnover in 2012 was considerably lower than in 2008 (by 40-45% on average, although Solocal, which has a very different history than all the other directories companies, restricted the fall to around 10%).

These figures show what a hugely difficult operating situation the Company found itself in at the start of 2013.

In light of this, 2013 was a year of transition for the business, with the necessary measures adopted to relaunch operations and draw up a path for returning to sustainable growth and satisfactory profits in the medium term. By abandoning commercial policies that in the previous two years had negatively impacted customer relations (advance orders as a percentage of total orders brought back to a normal level), reducing indirect costs, appointing a completely new senior management team, overhauling the sales model, and renewing investment in marketing (+58%), we were able to improve a string of major indicators. Specifically, after several years in decline, the number of agents rose by 13% in 2013. The customer acquisition rate (+19.6%) and the customer satisfaction index (NPS, up sixfold from 0.8 to 4.9 out of 10) improved. SEAT mobile application and website usage rose sharply (+18%), as did application downloads (+58%).

These actions are part of the operating plan that forms the basis of the composition with creditors plan and

proposals formulated by the Company and its subsidiary Seat Pagine Gialle Italia S.p.A. This plan, the guidelines of which were released in December 2013, is based on three pillars – “Restoring the commercial offering to full capacity”, “Seeking out new growth opportunities”, and “Simplifying things considerably” – as described in more detail in the Outlook section on page 50 of this Report.

On February 4, 2013, the Boards of Directors at the Company and at Seat PG Italia resolved to file for a composition with creditors procedure in order to guarantee business continuity pursuant to Article 160 of Royal Decree No. 267 of March 16, 1942, as amended (the “Bankruptcy Act”).

On February 6, 2013, the Company and Seat PG Italia both presented blank filings, pursuant to Article 161, paragraph 6 of the Bankruptcy Act, for admission to the composition with creditors procedure at the Court of Turin.

Following submission of the respective proposals, plans and additional documents by the Company and Seat PG Italia pursuant to Article 161, paragraphs 2 and 3 of the Bankruptcy Act, the Court of Turin, by way of an order dated July 8-10, 2013, declared both composition with creditors procedures open (the “Admission Ruling”). With the two procedures joined, the same order of the Court of Turin appointed Giovanna Dominici as delegated judge and Enrico Laghi of Rome as commissioner.

The Seat and Seat PG Italia creditors' meetings, initially scheduled for January 30, 2014, are currently set for July 15, 2014.

On December 20, 2013, pursuant to Article 171 of the Bankruptcy Act, the receivers sent to Seat and Seat PG Italia's creditors a notice containing the date of the meetings and a document containing the key elements of the respective composition procedure proposals as well as the joint plan on which said proposals are based. The original proposals were modified and updated by Seat and Seat PG Italia in light of the outcome of checks performed after the Admission Ruling on the Seat Group's current performance and outlook, taking into account the observations of the Court in its Admission Ruling. Creditors were advised that they could access the relevant documentation from the Company's website.

Consequently, as stated in a press release issued on December 20, 2013, Seat and Seat PG Italia's composition with creditors proposals and the related financial plan, as modified and updated, as well as the Admission Ruling, as authorized by the delegated judge, were published on the Governance/Composition with Creditors section of the Company's website (<http://www.seat.it/seat/it/governance/concordato/index.html>). For more



information on the reasons for the Board of Directors filing for a composition with creditors procedure, the methods outlined in the proposals for repaying the creditors, and the joint plan on which these proposals are based, please see the aforementioned documents and the press releases issued by Seat on February 5, 2013, December 16, 2013 and December 20, 2013.

The composition with creditors procedure provides for the merger of wholly owned subsidiary Seat PG Italia S.p.A. into Seat Pagine Gialle S.p.A. (the "Merger") and is dependent upon the post-Merger entity continuing its business in accordance with Article 186-bis, paragraph 1 of the Bankruptcy Act. The composition with creditors proposals formulated by Seat Pagine Gialle S.p.A. and Seat PG Italia S.p.A. also entail a series of extraordinary transactions which, like the Merger, are necessary for the procedure to be successful. These include:

- the paid capital increase, in a single tranche, from € 120,000.00 to € 20,000,000.00, excluding option rights pursuant to Article 2441, paragraphs 5 and 6, via the issue of 6,410,695,320,951 new ordinary shares without par value and with the same characteristics as existing ordinary shares, to be issued against the clearance of the debts of Seat PG and Seat PG Italia to financial creditors in Classes B and C, as categorized in the respective composition procedure proposals, with the new shares allocated in accordance with said proposals ("*Reserved Capital Increase*"); and
- the issue of warrants (the "*Warrants*") enabling paid subscription of ordinary shares representing around 5% of the post-Reserved Capital Increase fully diluted share capital, to be allocated free of charge, fully and exclusively

to ordinary shareholders of the Company who took part, either directly or through a proxy, in the Extraordinary Shareholders' Meeting of March 4, 2014, as well as to the savings shareholders, following a paid capital increase, in several tranches, excluding option rights pursuant to Article 2441, paragraphs 5 and 6, in the total amount of € 100,000.00 to service the issue of the Warrants.

The effectiveness of these resolutions is conditional upon the definitive approval of the composition with creditors procedures of the Company and of Seat Pagine Gialle Italia S.p.A.; if such approval does not arrive by December 31, 2018, the resolutions shall remain permanently invalid.

For more information on the Merger and on the resolution of the Extraordinary Shareholders' Meeting on March 4, 2014, please see the documents published on the respective "*Governance/SeatPG-SeatPGItalia Merger*" and "*Governance/Extraordinary Shareholders' Meeting*" sections of the Seat PG website.

The results for 2013 are in line with the forecasts given by the Board of Directors on November 11, 2013 when it approved the Interim Report on Operations as at September 30, 2013. Seat Pagine Gialle S.p.A. recorded a loss of € 30,416 thousand in 2013, and it ended the year with negative equity of € 11,827 thousand. The Company is into the situation provided for by Article 2447 of the Italian Civil Code, i.e. making it non-operational pursuant to Article 182-sexies of the Bankruptcy Act. On March 4, 2013, the Extraordinary Shareholders' Meeting approved the suitable remedial measures which formed part of the proposal for the composition with creditors and were subject to definitive approval.

Presentation of accounting data

On September 1, 2012, the Company transferred almost its entire business to Seat Pagine Gialle Italia S.p.A. (the "Transfer"), including equity investments in subsidiaries and its entire financial debt.

For this reason, the income statement items for 2013 are not comparable with those from the previous year.

Moreover, the data for 2012 have been *restated* following the decision, taken in accordance with the New Strategic Guidelines on which the plan and proposal for the composition with creditors procedure were based, to dispose of, in accordance with the time frames and methods established

by the composition with creditors procedure in order to honor debts to creditors in the best way possible, the equity investments in the TDL Infomedia Group, the Telegate Group and Cipi S.p.A., which are no longer considered to be compatible with the Seat Group's business.

As such, in accordance with IFRS 5 economic results relating to TDL Infomedia Group and Telegate Group are presented under "Discontinued operations". For further details, please see the "Introduction" of the Consolidated financial statements of the Seat Pagine Gialle Group at December 31, 2013.

Statement of financial position of Seat Pagine Gialle S.p.A. as at December 31, 2013 \

Assets \

(euro/thousand)	As at 12.31.2013	As at 12.31.2012	Note
Non-current assets			
Intangible assets with indefinite useful life	-	-	
Intangible assets with finite useful life	-	-	
Property, plant and equipment	10	-	(7)
Leased assets	-	-	
Investments	-	-	
Other non-current financial assets	444	638	(9)
Deferred tax assets, net	134	14,187	(24)
Other non-current assets	4,710	4,752	(11)
Total non-current assets	(A) 5,298	19,577	
Current assets			
Inventories	-	-	
Trade receivables	-	91	(10)
Current tax assets	20,888	21,372	(24)
Other current assets	4,068	2,058	(11)
Current financial assets	1,111	2,875	(14)
Cash and cash equivalents	3	3	(14)
Total current assets	(B) 26,070	26,399	
Non-current assets held for sale and discontinued operations	(C) -	-	
Total assets	(A+B+C) 31,368	45,976	

Liabilities

<i>(euro/thousand)</i>	As at 12.31.2013	As at 12.31.2012	Note
Equity			
Share capital	450,266	450,266	(12)
Additional paid-in capital	466,847	466,847	(12)
Legal reserve	50,071	50,071	(12)
Retained earnings (losses)	(2,419,664)	(1,685,278)	(12)
Reserve for actuarial gains (losses)	(261)	(264)	(12)
Other reserves	1,471,330	1,471,330	(12)
Profit (loss) for the year	(30,416)	(734,386)	(12)
Total equity	(A)	(11,827)	(18,586)
Non-current liabilities			
Non-current financial debts	-	-	
Non-current reserves to employees	147	139	(17)
Deferred tax liabilities, net	-	-	
Other non-current liabilities	1,369	1,274	(18)
Total non-current liabilities	(B)	1,516	1,413
Current liabilities			
Current financial debts	-	-	
Trade payables	3,377	2,367	(20)
Payables for services to be rendered and other current liabilities	14,505	14,778	(20)
Reserve for current risks and charges	22,488	7,564	(19)
Current tax payables	1,059	1,018	(24)
Total current liabilities	(C)	41,429	25,727
Liabilities directly associated with non-current assets held for sale and discontinued operations	(D)	250	250
Total liabilities	(B+C+D)	43,195	27,390
Total liabilities and equity	(A+B+C+D)	31,368	45,976

Income Statement of Seat Pagine Gialle S.p.A. for 2013 \

<i>(euro/thousand)</i>	Year 2013	Year 2012 <i>restated</i>	Note
Sales of goods	-	1,794	(21)
Rendering of services	7,165	447,874	(21)
Revenues from sales and services	7,165	449,668	(21)
Other income	265	5,142	(22)
Total revenues	7,430	454,810	
Costs of materials	(35)	(12,745)	(22)
Costs of external services	(2,124)	(167,741)	(22)
Salaries, wages and employee benefits	(5,139)	(48,138)	(22)
Valuation adjustments	2,781	(26,517)	
Provisions to reserves for risks and charges, net	-	(4,710)	
Other operating expenses	(336)	(2,460)	(22)
Operating income before amortisation, depreciation, non-recurring and restructuring costs, net	2,577	192,499	
Amortization, depreciation and write-down	-	(25,840)	(6-7)
Non-recurring costs, net	(18,486)	(75,052)	(22)
Restructuring costs, net	(17)	(142)	(22)
Operating result	(15,926)	91,465	
Interest expense	(97)	(132,260)	(23)
Interest income	39	5,041	(23)
Gains (losses) on disposal of investments	-	(691,888)	
Profit (loss) before income taxes	(15,984)	(727,642)	
Income taxes for the year	(14,432)	(8,465)	(24)
Profit (loss) on continuing operations	(30,416)	(736,107)	
Profit (loss) from non-current assets held for sale and discontinued operations	-	1,721	(25)
Profit (loss) for the year	(30,416)	(734,386)	

	As at 12.31.2013	As at 12.31.2012
Number of Seat Pagine Gialle S.p.A. shares	16,066,893,331	16,066,893,331
- <i>ordinary shares</i>	16,066,212,958	16,066,212,958
- <i>saving shares</i>	680,373	680,373
weighted average shares outstanding	16,066,893,331	6,640,769,581
Profit (loss) for the year	€/thousand (30,416)	(734,386)
Profit (loss) par share	€ (0.002)	(0.111)
Profit (loss) diluted par share	n.a.	n.a.

Statement of comprehensive income of Seat Pagine Gialle S.p.A. for 2013

<i>(euro/thousand)</i>	Year 2013	Year 2012 <i>restated</i>	Note
Profit (loss) for the year	(30,416)	(734,386)	
<i>Other comprehensive income (loss) without future effect on profit/(loss):</i>			
Actuarial gain (loss)	3	(1,240)	
Total Other comprehensive income (loss) without future effect on profit/(loss)	3	(1,240)	
<i>Other comprehensive income (loss) with future effect on profit/(loss):</i>			
Profit (loss) for "cash flow hedge" instruments recognised to statement of operations	-	1,561	(13)
Total Other comprehensive income (loss) with future effect on profit/(loss)	-	1,561	
Total other comprehensive income (loss), net of tax effect	3	321	
Total comprehensive income (loss) for the year	(30,413)	(734,065)	

Statement of cash flows of Seat Pagine Gialle S.p.A. for 2013\

<i>(euro/thousand)</i>		Year 2013	Year 2012 <i>restated</i>	Note
Cash inflow (outflow) from operating activities				
Operating result		(15,926)	(91,465)	
Amortization, depreciation and write-down		-	25,840	
(Gain) loss on disposal of non-current assets		-	(2)	
Change in working capital		14,043	51,813	
Income taxes paid		(62)	(7,679)	
Other movements		47	(2,102)	
Cash inflow (outflow) from operating activities	(A)	(1,898)	159,335	
Cash inflow (outflow) for investments				
Purchase of intangible assets with finite useful life		-	(15,251)	
Purchase of property, plant and equipment		(10)	(2,269)	(7)
Equity investments and other financial investments		93	(1,463)	
Proceeds from disposal of non-current assets		6	10	
Cash inflow (outflow) for investments	(B)	89	(18,973)	
Cash inflow (outflow) for financing				
Repayment of non-current loans		-	(1,775)	
Paid interest expense, net		(56)	1,855	
Change in financial asset and liabilities		1,865	(664)	
Cash inflow (outflow) for financing	(C)	1,809	(584)	
Cash inflow (outflow) from non-current assets held for sale and discontinued operations	(D)	-	1,721	
Increase (decrease) in cash and cash equivalents in the year	(A+B+C+D)	-	141,499	
Cash and cash equivalents at beginning of the year		3	120,601	(14)
Hive-down of cash and cash equivalents		-	262,097	
Cash and cash equivalents at the end of the year		3	3	(14)

Statement of changes in equity of Seat Pagine Gialle S.p.A. for 2013 \

	Share capital	Additional paid-in capital	Reserve for "cash flow hedge"	Reserve for "cash flow hedge" instruments	Other reserves	Profit (loss) for the year	Total
<i>(euro/thousand)</i>							
As at 12.31.2012	450,266	466,847	-	(264)	(163,877)	(734,386)	18,586
Allocation of previous year profit (loss)	-	-	-	-	(734,386)	734,386	-
Total other comprehensive profit (loss) for the year	-	-	-	3	-	(30,416)	(30,413)
As at 12.31.2013	450,266	466,847	-	(261)	(898,263)	(30,416)	(11,827)

Statement of changes in equity of Seat Pagine Gialle S.p.A. for 2012 \

	Share capital	Additional paid-in capital	Reserve for "cash flow hedge"	Reserve for "cash flow hedge" instruments	Other reserves	Profit (loss) for the year	Total
<i>(euro/thousand)</i>							
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	-
Total other comprehensive profit (loss) for the year	-	-	1,561	(1,284)	226	(734,386)	(733,883)
Merger	-	-	-	-	639,752	-	639,752
Purchase Price Allocation	-	-	-	-	669,828	-	669,828
As at 12.31.2012	450,266	466,847	-	(264)	(163,877)	(734,386)	18,586

Accounting standards and explanatory notes

1. Company information

Seat Pagine Gialle S.p.A. is a joint-stock company listed on the Milan stock exchange.

The Company has its registered office in 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, 2012).

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 it.

The Extraordinary Shareholders' Meeting of March 4, 2014 resolved to carry out the extraordinary transactions provided

for by the composition with creditors proposals formulated by the Company and by its subsidiary Seat Pagine Gialle Italia S.p.A. and which, together with the Merger of Seat Pagine Gialle Italia S.p.A. into the Company, are required for the successful completion of the composition with creditors procedure. The effectiveness of this resolution is conditional upon the Merger taking effect, which is, in turn, conditional upon the definitive approval of the composition with creditors procedures of both companies. Further details on the content and consequences of the resolution can be found in the Introduction.

2. Basis of presentation

The separate financial statements of Seat Pagine Gialle S.p.A. have been prepared in accordance with the provisions of Legislative Decree No. 38 of February 28, 2005, applying the international accounting standards (IAS/IFRS) issued by the International Accounting Standards Board and approved by the European Union, including all interpretations of the International Financial Reporting Interpretations Committee (IFRIC), previously known as the Standing Interpretations Committee (SIC), and in compliance with the applicable Consob regulations. Seat Pagine Gialle S.p.A. adopted IAS/IFRS on January 1, 2005, after the entry into force of Regulation (EC) No. 1606 of July 19, 2002.

The separate financial statements were drawn up based on the historical cost principle, except 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 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 No. 15519 of July 27, 2006, income and expense from non-recurring transactions were specifically identified in the statement

of operations classified by type, showing their effect on the operating result.

Non-recurring income and expense include cases which, by their nature, do not occur continuously in the normal course of operations, such as:

- corporate restructuring costs;
 - extraordinary and highly strategic consultancy (relating mainly to costs associated with the ongoing composition with creditors procedure);
 - costs linked to director and department manager severance pay;
- the *statement of comprehensive income* shows the cost and/or revenue items not yet recognized in the statement of operations with an impact on equity as at the end of the year;
 - the *statement of cash flows* was prepared by recording cash flows from operating activities according to the "indirect method", as allowed by IAS 7, showing cash flows from operating, investment and financial activities separately from those from non-current assets held for sale and discontinued operations.

The cash and cash equivalents recorded in the financial statements include cash, checks, bank overdrafts and short-term securities that are readily convertible into cash.

Cash flows from operating activities were recorded by adjusting the operating result for the year to take into account the effects of non-monetary transactions, any deferment or setting aside of previous or future operating collections or payments, and revenue or cost items connected with cash flows from investment or financial activities or relating to non-current assets held for sale and discontinued operations.

- the *statement of changes in equity* shows the changes that took place in equity items in relation to:
 - the allocation of the profit for the year of the Parent Company;
 - the breakdown of the total profit/(loss);
 - the effect of any errors or changes in accounting standards.

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

The publication of the separate financial statements of Seat Pagine Gialle S.p.A. for the year ended December 31, 2013 was authorized by the Board of Directors on April 1, 2014. 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

Seat Pagine Gialle S.p.A. ended 2013 with a loss of € 30,416 thousand and negative equity of € 11,827 thousand.

The Company is into the situation provided for by Article 2447 of the Italian Civil Code, however, pursuant to art. 182-*sexies* of the Bankruptcy Act is not applicable from the date of the filing for admission to composition with creditors procedure and until the composition with creditors' procedures is approved.

As already specified in the Board of Directors' report, also pursuant to art. 2446 and 2447 of the Italian Civil Code, for the Extraordinary Shareholders' Meeting of March 4, 2014 (which should be consulted for further information), these losses, together with any recorded in 2014 and with the deficit expected to arise from the merger of subsidiary Seat Pagine Gialle Italia S.p.A. into the Company (resolved upon on March 4, 2014), should be offset by sufficient reserves and profits deriving from the full implementation of the transactions provided for by the composition with creditors proposals, in accordance with the relevant resolution made by said Extraordinary Shareholders' Meeting, the effectiveness of which is conditional upon the aforementioned merger and the definitive approval of the composition with creditors proposals of both companies.

In accordance with the provisions of Banca d'Italia – Consob – Isvap joint document no. 2 of February 6, 2009, when it approved this Annual Report, as it did for the 2012 Annual Report, 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, 2015).

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 2012 Annual Report, 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 this Annual Report, the directors, when assessing the Company's ability to continue as a going concern, again recognized 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 composition with creditors procedure that are yet to be completed, bearing in mind that the notice of admission to the composition with creditors procedure published on July 10, 2013, and the necessary resolutions made by the Shareholders' Meeting on March 4, 2014 to execute the proposal for said procedure, removed the uncertainty surrounding such specific aspects:

- **the positive outcome of the creditors' meeting:** it is uncertain whether the creditors' meeting 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;
- **the proposal re-establishing positive equity** that is sufficient to bring the Company and its main operating subsidiary out of the situation pursuant to Articles 2446 and 2447 of the Italian Civil Code, and to sustain business for the period covered by the plan drawn up as part of 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 underpinning 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 proposal for the composition with creditors must be executed and the procedure must be successful. Specifically, the proposed restructuring is essential to make the Company's debt structure 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 composition with creditors procedure will be successful removes the situation pursuant to Article 2447 of the Italian Civil Code and restores the positive assessment of business continuity, thereby enabling approval, as things stand, of the 2013 Annual Report 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 separate financial statements and corresponding explanatory notes, management must make estimates and assumptions that affect the figures for revenue, costs, and assets and liabilities in the financial statements, as well as the information on contingent assets and liabilities as at the reporting date. The results produced may differ from these estimates.

The estimates are used to measure provisions for risks on receivables and errors, amortization and depreciation, asset write-downs, employee benefits, taxes, restructuring reserves, and other provisions and reserves.

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

3. Accounting standards not yet applicable and/or recently approved by the European Commission

See the relevant section of the notes to the consolidated financial statements at December 31, 2013.

4. Measurement criteria

See the relevant section of the notes to the consolidated financial statements at December 31, 2013, apart from for the measurement criteria relating to equity investments, which are described below.

Equity investments

Equity investments in subsidiaries, associates and joint ventures are measured at acquisition cost pursuant to the provisions of IAS 27. Any positive differences arising at the acquisition date between the book value of such equity investments and their corresponding portion of equity at current values are included in the value of the equity investments.

The recoverability of such equity investments is verified at least once a year by comparing an investment's book value

with the recoverable value represented by the greater of its fair value, net of divestment costs, and its value in use, in order to identify any impairment losses, which are then recorded in the statement of operations under "Value adjustments to equity investments" at the time they are calculated.

If the portion of these impairment losses pertaining to the Company exceeds the book value of the equity investment, the value of the equity investment is reduced to zero and the relevant portion of any further impairment losses is recorded in the "reserve for risks and charges related to equity investments", if the Company is obligated to incur such impairment charges.

The cost of equity investments in foreign companies is converted into euros at the exchange rates in force on the acquisition date and the subscription date.

5. Impairment tests

As at the date of preparing the financial statements at December 31, 2012, the equity investment in Seat Pagine Gialle Italia S.p.A. had been written down in full.

6. Intangible assets with a finite useful life

	Year 2013		Year 2012
	Software	Total	Total
<i>(euro/thousand)</i>			
<i>Cost</i>	461	461	1,214,682
<i>Accrued amortization</i>	(461)	(461)	(1,162,749)
Balance at beginning of the year	-	-	51,933
- Investments	-	-	15,251
- Disposals	-	-	-
- Amortization and write-downs	-	-	(20,433)
- Other movements	-	-	-
- Purchase Price Allocation	-	-	723,000
- Hive-down	-	-	(769,751)
<i>Cost</i>	461	461	461
<i>Accrued amortization</i>	(461)	(461)	(461)
Balance at end of the year	-	-	-

Intangible assets with a finite useful life were transferred to Seat Pagine Gialle Italia S.p.A. on September 1, 2012, and no further investments were made in 2013.

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 2013
Marketing related intangible assets	7-10%
Software	7-50%
Other intangible assets	20%

7. Property, plant and equipment

These break down as follows:

(euro/thousand)	Year 2013			Year 2012
	Plant and equipment	Other fixed assets	Total	Total
<i>Cost</i>	-	-	-	48,663
<i>Accrued amortization</i>	-	-	-	(35,906)
Balance at beginning of the year	-	-	-	12,757
- Investments	1	9	10	2,269
- Disposals	-	-	-	(8)
- Depreciation and write-downs	-	-	-	(2,986)
- Hive-down	-	-	-	(12,032)
- Other movements	-	-	-	-
<i>Cost</i>	1	9	10	-
<i>Accrued amortization</i>	-	-	-	-
Balance at end of the year	1	9	10	-

All property, plant and equipment were transferred to Seat Pagine Gialle Italia S.p.A. on September 1, 2012, net of related provisions for depreciation.

Investments totaling € 10 thousand were made in 2013 (compared with € 2,269 thousand in 2012), and related mainly to the acquisition of original works.

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 2013	Year 2012
Property	3%	3%
Plant and equipment	10-25%	10-25%
Other fixed assets	10-40%	10-40%

8. Equity investments

The Company's only equity investment is its 100% stake in Seat Pagine Gialle Italia S.p.A., the value of which has been written down to zero.

9. Other non-current financial assets due from third parties

Other non-current financial assets due from third parties totaled € 444 thousand as at December 31, 2013 (compared with € 638 thousand a year earlier) and related mainly to:

- receivables and loans granted to employees at market rates for similar transactions (€ 333 thousand);

- assets held for sale, consisting mainly of the 2.2% stake in Emittenti Titoli S.p.A. (€111 thousand).

10. Trade receivables

These break down as follows:

	Year 2013			Year 2012
	Trade receivables	Allowance for doubtful trade receivables	Net value	Net value
<i>(euro/thousand)</i>				
Balance at beginning of the year	91	-	91	458,053
Provision in the income statement	-	-	-	(23,604)
Utilization	-	-	-	20,225
Reversal to the income statement	-	-	-	111
Purchase Price Allocation	-	-	-	(12,400)
Hive-down	-	-	-	(351,638)
Other movements	(91)	-	(91)	(90,787)
Merger	-	-	-	131
Balance at end of the year	-	-	-	91

11. Other assets (current and non-current)

These break down as follows:

(euro/thousand)	As at 12.31.2013	As at 12.31.2013	Change
Other current assets			
Advances on sales commissions and other receivables from agents	2,721	191	2,530
Other receivables	1,320	1,676	(356)
Prepaid expenses	27	180	(153)
Advances to suppliers	-	11	(11)
Total other current assets	4,068	2,058	(2,010)
Other non-current assets			
Other non-operating receivables	4,518	4,550	(32)
Cash collateral deposits and securities	192	202	(10)
Total other non-current assets	4,710	4,752	(42)
Total other current assets and non-current assets	8,778	6,810	1,968

To be more specific:

- *other receivables from subsidiaries* totaled € 2,721 thousand as at December 31, 2013 (compared with € 191 thousand a year earlier). The item includes receivables due from Seat Pagine Gialle Italia S.p.A. worth € 2,323 thousand, from Consodata S.p.A. worth € 284 thousand, from Europages S.A. worth € 56 thousand, and from Prontoseat S.r.l. worth € 58 thousand;
- *other receivables* of € 1,320 thousand related mainly

to receivables from the social security authority (INPS) and the workers' compensation authority (INAIL);

- the € 4,518 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.

12. Equity

Equity can be broken down as follows:

(euro/thousand)		As at 12.31.2013	As at 12.31.2012	Change
Share capital		450,266	450,266	-
- <i>ordinary shares</i>		450,247	450,247	-
- <i>savings shares</i>		19	19	-
Additional paid-in capital	A,B,C	466,847	466,847	-
Legal reserve	B	50,071	50,071	-
Other reserves		1,309,580	1,309,580	-
Retained earnings (losses)	A,B,C	(2,419,664)	(1,685,278)	(734,386)
Reserves for transition to IAS/IFRS	A,B,C	161,750	161,750	-
Reserve for actuarial gains (losses)	B	(261)	(264)	3
Profit (loss) for the year		(30,416)	(734,386)	703,970
Total equity		(11,827)	18,586	(30,413)

A: Reserve available for capital increases
B: Reserve available for covering losses
C: Reserve available for distribution to shareholders

Share capital

Share capital totaled € 450,266 thousand as at December 31, 2013, 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, 2013, 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, 2013

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, 2012 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)* totaled -€ 261 thousand as at December 31, 2013 (-€ 264 thousand a year earlier) and included the net cumulative effect of recording actuarial gains (losses) on the reserve for severance indemnities due to their recognition in the financial statements pursuant to IAS 19, paragraph 93A.

Retained earnings/(losses)

Retained earnings/(losses) totaled -€ 2,419,664 thousand (compared with -€ 1,685,278 thousand as at December 31, 2012). The item included *retained losses* of € 2,419,738 thousand (€ 1,685,352 thousand as at December 31, 2012), adjusted owing to the allocation of € 734,386 thousand of the loss for 2012, and *retained earnings* of € 74 thousand, attributable mainly to the restoration of reserves as a result of unclaimed dividends.

13. Other comprehensive income/(expense)

Comments on individual items can be found in the previous note.

(euro/thousand)	Year 2013	Year 2012
<i>Other comprehensive income that will not be reclassified subsequently to profit or loss:</i>		
Actuarial gains (loss) recognised to equity	4	(1,711)
Tax effect of actuarial gain (loss) recognised to equity	(1)	471
Total other comprehensive income that will not be reclassified subsequently to profit or loss (B1)	3	(1,240)
<i>Other comprehensive income that will be reclassified subsequently to profit or loss:</i>		
Profit (loss) for "cash flow hedge" instruments	-	1,561
Total other comprehensive income that will be reclassified subsequently to profit or loss (B2)	-	1,561
Total other comprehensive profit (loss), net of tax effect	3	321

14. Net financial debt

As at December 31, 2013, this was structured as follows:

	(euro/thousand)	As at 12.31.2013	As at 12.31.2012	Change
A	Cash	3	3	-
B	Cash equivalent	-	-	-
C	Trading securities	-	-	-
D=(A+B+C)	Liquidity	3	3	-
E.1	Current Financial Receivable to third parties	644	660	(16)
E.2	Current Financial Receivable to related parties	467	2,215	(1,748)
F	Current financial debt to bank	-	-	-
G	Current portion of non-current debt	-	-	-
H.1	Other current financial debt to third parties	-	-	-
H.2	Other current financial debt to related parties	-	-	-
I=(F+G+H)	Current Financial Debt	-	-	-
J=(I-E-D)	Net Current Financial Indebtedness	(1,114)	(2,878)	1,764
K	Non current Bank loans	-	-	-
L	Bonds Issued	-	-	-
M.1	Other non current loans to third parties	-	-	-
M.2	Other non current loans to related parties	-	-	-
N=(K+L+M)	Non Current Financial Debt	-	-	-
O= (J+N)	Net Financial Indebtedness (ESMA)	(1,114)	(2,878)	1,764

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

Current financial assets

Current financial assets include:

(euro/thousand)	As at 12.31.2013	As at 12.31.2012	Change
Current Financial Receivable to third parties	644	660	(16)
Current Financial Receivable to related parties	467	2,215	(1,748)
Current financial assets	1,111	2,875	(1,764)

- *current financial receivables from third parties* totaled € 644 thousand as at December 31, 2013 (compared with € 660 thousand as at December 31, 2012), of which € 577 thousand related to the securitization of Seat Pagine Gialle S.p.A. receivables in previous years and € 67 thousand related to loans to employees;
- *current financial receivables from related parties* totaled

€ 467 thousand at December 31, 2013 (€ 2,215 thousand a year earlier). 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, which will classify these receivables as "expected not to be collected".

Cash and cash equivalents

These amounted to € 3 thousand as at December 31, 2013 (unchanged from a year earlier).

(euro/thousand)	As at 12.31.2013	As at 12.31.2012	Change
Bank deposits	3	3	-
Postal deposits	-	-	-
Cash	-	-	-
Total cash and cash equivalents	3	3	-

15. Guarantees provided, main commitments and contractual rights

As part of the financial restructuring of the Seat Pagine Gialle Group implemented 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". 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 Transfer, but (iii) 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 Transfer 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, inter alia, by pledges granted by the Company on shares in Seat Pagine Gialle Italia S.p.A. and other Seat Pagine Gialle Group companies, a pledge on the main proprietary trademarks of SEAT Pagine Gialle Italia S.p.A., a special lien pursuant to Article 46 of Legislative Decree 385/1993 on fixed assets of Seat Pagine Gialle Italia S.p.A., a pledge on current-account credit balances of Seat Pagine Gialle Italia S.p.A., a fixed and floating charge under UK law on assets of TDL

Infomedia and TDL 2013 Realisations Limited (formerly Thomson Directories Ltd.), and a legal charge on a property belonging to TDL 2013 Realisations Limited (without prejudice, with regard to the latter guarantees, to the application of the appropriate rules for the administration procedure to which TDL Infomedia Ltd and TDL 2013 Realisations Limited are currently subject). These same guarantees, with the exception of the special lien and the legal charge, were also given equally in relation to 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 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.



Seat Pagine Gialle Italia S.p.A. has given the following principal guarantees, which are standard for transactions of this kind:

- pledge on the Company's main trademarks;
- pledge on the shares of the main investee companies (TDL Infomedia Ltd and Telegate AG, held directly);
- pledge on 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 security

for the aforementioned loans. Seat Pagine Gialle Italia S.p.A. has also created a special lien pursuant to Article 46 of Legislative Decree 385/1993 in favor of The Royal Bank of Scotland, in connection with the Senior Facilities Agreement, on its property, plant and equipment with a net book value greater than or equal to € 25,000.

These guarantees are now governed by the rules set out under the Company's composition with creditors on a going-concern basis.

16. Information on financial risks

More details can be found in Note 21 to the consolidated financial statements.

17. Non-current reserves for employees

This can be broken down as follows:

	Year 2013			Year 2012
	Reserve for severance indemnities	Reserve for defined contribution pension plans	Total	Total
(euro/thousand)				
Balance at beginning of the year	84	55	139	12,281
Provisions	-	124	124	2,188
Contributions	-	122	122	871
Benefits paid/received	-	(228)	(228)	(5,496)
Discounting losses	3	-	3	367
Actuarial losses (gains) recognised to equity	(4)	-	(4)	1,770
Other movement	(9)	-	(9)	538
Hive-down	-	-	-	(12,380)
Balance at end of the year	74	73	147	139

The *reserve for severance indemnities*, which totaled € 74 thousand at December 31, 2013 (compared with € 84 thousand at December 31, 2012), was valued by an independent actuary using the projected unit credit method, in accordance with the provisions of IAS 19.

Following the reform of the supplementary pensions system introduced by Legislative Decree No. 252 of December 5, 2005, the reserve for severance indemnities continues to constitute an obligation for the Company, since it is considered to be a defined-benefit plan.

The portion of the reserve for severance indemnities accrued and subsequently paid to supplementary pension

funds was, as in previous years, considered a defined-contribution plan, since the Company's obligation towards the employee is terminated upon payment of the portions accrued to the pension funds. Payments of portions of the reserve for severance indemnities accrued to the treasury fund managed by the national social security institution (INPS) were also accounted for as payments to a defined-contribution plan, since the Company is not obligated to make any further payments other than those provided for by the Ministerial Decree of January 30, 2007 if the fund does not have sufficient assets to grant the benefit to the employee.

(euro/thousand)	As at 12.31.2013	As at 12.31.2012
A. Change in benefit obligation		
1. Benefit obligation at the beginning of the year	84	10,876
2. Current service cost	-	-
3. Interest expense	3	367
4. Benefits paid from plan/company	-	(970)
5. Other movements and change in consolidation scope	(9)	(11,959)
6. Changes recognised to equity (OIC effect)	(4)	1,770
a. Effects due to changes of demographic events	-	-
b. Effects due to changes of financial events	(2)	13
c. Effects due to changes of actuarial events	(2)	1,757
Benefit obligation at the end of the year	74	84
B. Account recognised in the statement of financial position		
<i>Plants that are wholly unfunded and plants that are wholly or partly funded</i>		
1. Present value of defined-benefit unfunded obligations at the end of the year	74	84
Net liability recognised in the statement of financial position	74	84
<i>Amounts in the statement of financial position</i>		
1. Liabilities	74	84
2. Assets	-	-
C. Components of pension costs		
<i>Amounts recognised in the income statement:</i>		
1. Current service costs	-	-
2. Interest expense	3	367
Total pension cost recognised in the income statement	3	367
D. Principal actuarial assumptions		
<i>Weighted-average assumptions to determine benefit obligation</i>		
1. Discount rate	3.50%	3.20%
2. Rate of price inflation	2.00%	2.00%
<i>Weighted-average assumptions to determine net pension cost</i>		
1. Discount rate	3.20%	4.60%
2. Rate of price inflation	2.00%	2.00%
E. Past experience of actuarial (profits) and losses		
a. Amount ⁽¹⁾	n.s.	n.s.
b. Percentage of plan liabilities at the closing data	n.s.	n.s.
F. Sensitivity analysis – benefit obligations valuations base on events below		
1. Discount rate		
a. Discount rate – xx basis points	76	-
Events	3.25%	3.20%
Weighted-average duration of benefit obligation (years)	10.86	
b. Discount rate – xx basis points	72	-
Events	3.75%	3.20%
Weighted-average duration of benefit obligation (years)	10.77	
2. Rate of price inflation		
a. Rate of price inflation – xx basis points		
Events ⁽¹⁾	2.00%	2.00%
b. Rate of price inflation + xx basis points		
Events	2.00%	2.00%

⁽¹⁾ Actuarial gains/(losses) from applying the previous year's actuarial assumptions to the current workforce.

continued →

→ follow

(euro/thousand)	As at 12.31.2013	As at 12.31.2012
G. Expected cash flows for next year		
1. Member contributions	1,809	
2. Contributions forecasted to reimbursements	-	
3. Expected payments of total performances		
Year 1	2	
Year 2	2	
Year 3	6	
Year 4	3	
Year 5	3	
Next 5 years	11	
H. Statistics		
1. Census date	12.31.2013	12.31.2012
2. Assets		
3. Numbers	4	8
b. Total annual payable pension	-	-
c. Annual average payable pension	-	-
d. Average age	49.4	50.9
e. Average age of service	16.1	11.6

18. Other non-current liabilities

Other non-current liabilities totaled € 1,369 thousand as at December 31, 2013 and can be broken down as follows:

	Year 2013		Year 2012	
	Other non-operating liabilities	Total		Total
(euro/thousand)				
Balance at beginning of the year	1,274	1,274		23,621
Provisions	-	-		1,388
Utilization/repayment	-	-		(2,899)
Discount losses (gains)	-	-		1,103
Transfer to current trade payable				(147)
Other movement	95	95		(1,715)
Purchase Price Allocation	-	-		6,020
Hive-down	-	-		(26,097)
Balance at end of the year	1,369	1,369		1,274

Miscellaneous non-operating payables of € 1,369 thousand (compared with € 1,274 thousand as at December 31, 2012) 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.

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

This can be broken down as follows:

	Year 2013			Year 2012	
	Reserve for commercial risks	Reserves for contractual and other operating risks	Non-operating reserves	Total	Total
<i>(euro/thousand)</i>					
Balance at beginning of the year	-	3,450	4,114	7,564	49,201
Provisions	-	-	17,950	17,950	37,794
Utilization/repayment	-	-	(26)	(26)	(15,321)
Estimation revised	-	-	(3,000)	(3,000)	(515)
Other movement	-	-	-	-	2,989
Hive-down	-	-	-	-	(66,584)
Balance at end of the year	-	3,450	19,038	22,488	7,564

To be more specific:

– *reserves for contractual and other operating risks* totaled € 3,450 thousand and related entirely to the risk of having to pay AGCOM (the communications regulatory authority) a contribution for the 2006-2010 period. The hearing on the merits of the appeal took place on May 9, 2012 at the Lazio regional administrative court, which, by an order of May 22, 2012 at the request of SEAT, suspended the proceedings until the resolution of the request for a preliminary ruling referred to the European Court of Justice in the context of the appeal filed by another telecoms operator against the decisions taken by AGCOM on contributions.

On July 18, 2013, the European Court of Justice ruled on the matter, stating that any administrative charges imposed by Member States on companies that provide services under the system of general authorization may,

in total, cover only the costs incurred in the management, control and enforcement of the general authorization system. Said charges may cover only costs related to said activities in a proportionate, objective and transparent manner, and may not include other expenses.

Pursuant to this ruling, the proceedings filed by SEAT before the Lazio regional administrative court will be resumed. The court will rule on the dispute after hearing the cases of both parties;

– *non-operating reserves* (current portion) totaled € 19,038 thousand as at December 31, 2013 (compared with € 4,114 thousand as at December 31, 2012) and included a provision of € 15,000 thousand to cover estimated liabilities connected with implementing the transactions provided for by the composition with creditors procedure.

20. Trade payables and other current liabilities

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

(euro/thousand)	As at 12.31.2013	As at 12.31.2012	Change
Payables to suppliers	840	669	171
Payables due to other	1,474	598	876
Payables due to employees	818	984	(166)
Payables due to social security institutions	245	116	129
Total trade payables	3,377	2,367	1,010
Other current liabilities	14,505	14,778	(273)
Total payables for services to be rendered and other current liabilities	14,505	14,778	(273)

All trade payables have a maturity of less than 12 months. Payables to suppliers totaled € 840 thousand at December 31, 2013, down by € 171 thousand compared with December 31, 2012 (€ 669 thousand).

Other current liabilities of € 14,505 thousand included non-operating payables to Seat Pagine Gialle Italia S.p.A. (€ 8,984 thousand), to Cipi S.p.A. (€ 1,705 thousand), to Consodata S.p.A. (€ 351 thousand) and to Prontoseat S.r.l. (€ 293 thousand), calculated as part of the national tax consolidation scheme.

21. Revenues from sales and services

Revenues from sales and services totaled € 7,165 thousand (compared with € 449,668 thousand in 2012) and referred to strategic managerial services performed by the Parent Company for Seat Pagine Gialle Italia S.p.A.

22. Other operating costs and revenue

22.1 Other revenue and income

Other revenue and income totaled € 265 thousand in 2013 (compared with € 5,142 thousand in 2012) and referred mainly to the recovery of costs incurred by Seat Pagine Gialle S.p.A. and then recharged to Group companies for seconded employees.

22.2 Costs of materials

Costs for materials amounted to € 35 thousand in 2013 (compared with € 12,745 thousand in 2012). They referred mainly to the purchase of fuel for Company cars.

22.3 External services

Costs for external services amounted to € 2,125 thousand in 2013 (compared with € 167,741 thousand in the previous year). They referred mainly to consultancy and professional service costs, which totaled € 1,209 thousand, including € 660 thousand for administrative services performed by Seat Pagine Gialle Italia S.p.A.

22.4 Salaries, wages and employee benefits

Salaries, wages and employee benefits totaled € 5,139 thousand in 2013 (compared with € 48,138 thousand in the previous year). The average workforce fell from 713

employees in 2012 to eight in 2013 following the transfer to Seat Pagine Gialle Italia S.p.A.

The workforce, including directors, project workers and trainees, consisted of 16 employees as at December 31, 2013 (unchanged from a year earlier).

22.5 Other operating expenses

Other operating expenses totaled € 336 thousand (€ 2,460 thousand in 2012). They included € 143 thousand of indirect and operating taxes and € 145 thousand of association fees.

22.6 Net non-recurring costs

Net non-recurring costs amounted to € 18,486 thousand in 2013 (€ 75,052 thousand in 2012), and included a provision of € 15,000 thousand to cover estimated liabilities connected with implementing the transactions provided for by the composition with creditors procedure, as well as € 3,536 thousand of non-recurring costs related to the Company restructuring (€ 2,297 thousand), procedural and litigation costs (€ 859 thousand) and consultancy costs for the composition with creditors procedure (€ 352 thousand).

22.7 Net restructuring costs

Net restructuring costs totaled € 17 thousand in 2013 (€ 142 thousand in 2012)..

The effect of non-recurring events and transactions on equity, profit, net financial debt and cash flows of Seat Pagine Gialle S.p.A. is set out below in accordance with Consob Communication DEM/6064293 of July 28, 2006.

The impact of non-recurring events and transactions at December 31, 2013 was as follows:

(euro thousand)	Equity	Profit (loss) for the year	Net financial debt	Cash flows
Amount - financial statements	(11,827)	(30,416)	(1,114)	-
Net non-recurring and restructuring costs	(18,503)	(18,503)	(2,755)	(2,755)
of which:				
- Provision set aside to cover estimated liabilities connected with implementing the transactions provided for by the plan for the composition with creditors	(15,000)	(15,000)	-	-
- Procedural and legal costs relating to the composition with creditors procedure	(1,211)	(1,211)	(1,167)	(1,167)
incidence %	156.4%	60.8%	247.3%	n.s.

(*) Cash flows refer to the increase (decrease) in cash and cash equivalent during the year

23. Financial income and expense

23.1 Financial expense

Financial expense totaled € 97 thousand (against € 132,260 thousand in 2012). This reduction was due to the transfer of items to Seat Pagine Gialle Italia S.p.A.

23.2 Financial income

Financial income totaled € 39 thousand (against € 5,041 thousand in 2012). This reduction was due to the transfer of items to Seat Pagine Gialle Italia S.p.A.

24. Income taxes

Income taxes for 2013 can be broken down as follows:

	Year 2013	Year 2012	Change
<i>(euro/thousand)</i>			
Current income taxes	(2,235)	(9,950)	7,715
Provision (reversal) of deferred tax assets	(12,644)	51	(12,695)
(Provision) reversal of deferred tax liabilities	447	(2,492)	2,939
Income taxes referred to previous years	-	3,926	(3,926)
Total income taxes for the year	(14,432)	(8,465)	(5,967)

Current income taxes totaled € 2,235 thousand in 2013 (€ 9,950 thousand in the previous year).

The release of *prepaid taxes* of € 12,644 thousand refers mainly to the release of deferred tax assets on account of it no longer being probable that taxable profit within plan horizon will be sufficient to recover them.

The amount of tax losses relating to tax consolidation group's Seat is not used and for which it was not detected

the deferred tax assets at 31 December 2013 amounted to € 13.946 thousand

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, 2013 and December 31, 2012, respectively, is as follows:

	As at 12.31.2013	As at 12.31.2012
<i>(euro/thousand)</i>		
Profit (loss) before income taxes	(15,985)	(727,642)
Current income taxes calculated with the theoretical tax rate (31.40%)	5,019	228,480
Substitute tax Legislative Decree 98/2011	-	-
Fiscal effect on non-deductible expenses for IRAP purposes	(833)	(37,158)
Income taxes referred to previous year	-	3,926
Deferred tax assets not entered	(12,644)	-
Permanent differences and other movements	(5,973)	(203,714)
Total income taxes for the year	(14,432)	(8,465)

Net deferred tax assets and liabilities

There were net deferred tax assets of €134 thousand at December 31, 2013 (€ 14,187 thousand a year earlier).

The breakdown and changes that occurred throughout the year are as follows:

	As at 12.31.2012	Changes during the year			As at 12.31.2013		
		Income taxes accounted for in the statement of operations	Income taxes accounted for the equity	Tax group and other movements	Total	of which IRES	of which IRAP
<i>(euro/thousand)</i>							
Deferred tax assets							
Reserves for contractual risks	2,979	3,339	-	-	6,318	6,185	133
Tax losses	10,864	(9,020)	-	(1,844)	-	-	-
Other	771	(331)	-	(14)	426	426	-
Deferred tax assets not entered	-	(6,632)			(6,632)	(6,632)	
<i>Total deferred tax assets</i>	<i>14,614</i>	<i>(12,644)</i>	<i>-</i>	<i>(1,858)</i>	<i>112</i>	<i>(21)</i>	<i>133</i>
Deferred tax liabilities							
Goodwill amortization	(411)	411	-	-	-	-	-
Reserves to employees	20	2	(1)	-	21	21	-
Other	(36)	34	-	3	1	1	-
<i>Total deferred tax liabilities</i>	<i>(427)</i>	<i>447</i>	<i>(1)</i>	<i>3</i>	<i>22</i>	<i>22</i>	<i>-</i>
<i>Total net deferred tax assets</i>	<i>14,187</i>	<i>(12,197)</i>	<i>(1)</i>	<i>(1,855)</i>	<i>134</i>	<i>1</i>	<i>133</i>

Current tax assets

Current tax assets totaled € 20,888 thousand at December 31, 2013 (€ 21,372 thousand at December 31, 2012). These can be broken down as follows:

(euro/thousand)	As at 12.31.2013	As at 12.31.2012	Change
Income tax receivables	20,631	20,988	(357)
Other tax receivables	257	384	(127)
Total current tax assets	20,888	21,372	(484)

The amount of € 20,631 thousand at December 31, 2013 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 12.31.2013	As at 12.31.2012	Change
Income tax payables	565	750	(185)
Other tax payables	494	268	226
Total current tax payables	1,059	1,018	41

Current income tax payables totaled €565 thousand at December 31, 2013 and referred to regional production tax (IRAP) payables. They were offset only partly by receivables for payments made on account.

25. Non-current asset held for sale and discontinued operations

The data for 2012 have been *restated*, as described in the "introduction" following the decision, to dispose the equity investments in the TDL Infomedia Group, the Telegate Group and Cipi S.p.A., which are no longer considered to be compatible with the Seat Group's business.

As such, in accordance with IFRS 5 the economic results of

TDL Infomedia Group and Telegate Group are presented under "Discontinued operations",

In the year 2012 the net income from Discontinued operations amounted to € 1,721 thousand and mainly includes for € 1,086 thousand dividends paid by Telegate AG and for € 515 thousand income from financial assets to the TDL Group.

26. Related-party transactions

With reference to the provisions of IAS 24 and pursuant to Consob Regulation No. 17221 of March 12, 2010, the effects on the separate financial statements of transactions with related parties of SEAT Pagine Gialle as at December 31, 2013 are listed below.

No atypical or unusual transactions or transactions potentially giving rise to a conflict of interest were carried out in 2013.

The merger of Seat Pagine Gialle Italia S.p.A. into Seat Pagine Gialle S.p.A., which was provided for by the proposals for a composition with creditors made by both companies and approved pursuant to Article 2505 of the Italian Civil Code by their respective Boards of Directors on March 4, 2014, should be considered to be a related-party transaction

pursuant to the Procedure for Transactions with Related Parties approved by the Company's Board of Directors in December 2010, pursuant to the Regulations on Transactions with Related Parties adopted pursuant to Consob Regulation No. 17221 of March 12, 2010, as amended by Consob Regulation No. 17389 of June 23, 2010. More specifically, the merger is a Material Transaction that requires the consent of the Committee of Independent Directors pursuant to Article 3.2 of the Procedure for Transactions with Related Parties.

The prospectus concerning material transactions with related parties was published on February 21, 2014 pursuant to the Regulations on Transactions with Related Parties.

Income statement

	Year 2013	Subsidiaries	Associates	Companies with significant influence	Other related parties (*)	Total related parties
<i>(euro/thousand)</i>						
Revenues from sales and services	7.165	7.165	-	-	-	7.165
Other income	265	236	-	-	-	236
Costs of materials and external services	(2.159)	(702)	-	-	(219)	(921)
Salaries, wages and employee benefits	(5.139)	-	-	-	(4.969)	(4.969)
Other valuation adjustments	2.781	2.781	-	-	-	2.781
Non-recurring costs and restructuring costs	(18.486)	-	-	-	(5.201)	(5.201)
Interest income	39	4	-	-	-	4
Income taxes	(14.432)	311	-	-	-	311

(*) Directors, statutory auditors, managers with strategic responsibilities and related companies though directors, statutory auditors and managers with strategic responsibilities

	Year 2012 <i>restated</i>	Subsidiaries	Associates	Companies with significant influence	Other related parties (*)	Total related parties
<i>(euro/thousand)</i>						
Revenues from sales and services	449,668	30,091	-	-	(2,351)	27,740
Other income	5,142	2,366	-	-	-	2,366
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	(75,052)	-	(3,389)	-	(6,842)	(10,231)
Interest income	5,041	62	-	-	-	62
Income expense	(132,260)	(4,920)	-	-	-	(4,920)
Income taxes	(8,465)	(14.327)	-	-	-	(14,327)
Profit (loss) from non-current assets held for sale and discontinued operations	1,721	1,721	-	-	-	1,721

(*) Directors, statutory auditors, managers with strategic responsibilities and related companies though directors, statutory auditors and managers with strategic responsibilities

Statement of financial position

	As at 12.31.2013	Subsidiaries	Associates	Companies with significant influence	Other related parties (*)	Total related parties
<i>(euro/thousand)</i>						
Non-operating non-current liabilities	(1,369)	(1,369)	-	-	-	(1,369)
Operating current assets	2,242	650	-	-	-	650
Non-operating current assets	22,714	2,071	-	-	-	2,071
Operating current liabilities	(8,215)	(770)	-	-	(1,376)	(2,146)
Non-operating current liabilities	(33,214)	(11,333)	-	-	(4,013)	(15,346)
Current financial assets and cash and cash equivalents	1,114	467	-	-	-	467

(*) Directors, statutory auditors, managers with strategic responsibilities and related companies though directors, statutory auditors and managers with strategic responsibilities

	As at 12.31.2012	Subsidiaries	Associates	Companies with signifi- cant influence	Other related parties (*)	Total related parties
<i>(euro/thousand)</i>						
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 assets	(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, managers with strategic responsibilities and related companies though directors, statutory auditors and managers with strategic responsibilities

Statement of cash flows

	Year 2013	Subsidiaries	Associates	Companies with signifi- cant influence	Other related parties (*)	Total related parties
<i>(euro/thousand)</i>						
Cash inflow (outflow) from operating activities	(1,898)	7,791		-	(6,796)	995
Cash inflow (outflow) for investments	89	1,369	-	-	-	1,369
Cash inflow (outflow) for financing	1,809	1,752	-	-	-	1,752
Cash flow for the year	-	10,912	-	-	(6,796)	4,116

(*) Directors, statutory auditors, managers with strategic responsibilities and related companies through directors, statutory auditors and managers with strategic responsibilities

	Year 2012 <i>restated</i>	Subsidiaries	Associates	Companies with significant influence	Other related parties (*)	Total related parties
<i>(euro/thousand)</i>						
Cash inflow (outflow) from operating activities	159,335	47,242	(3,632)	-	(14,029)	29,581
Cash inflow (outflow) for investments	(18,973)	1,274	-	-	-	1,274
Cash inflow (outflow) for financing	(584)	12,444	(1,369,631)	-	-	(1,357,187)
Cash inflow (outflow) from non-current assets held for sale and discontinued operations	1,721	1,721	-	-	-	-
Cash flow for the year	141,499	62,681	(1,373,263)	-	(14,029)	(1,326,332)

(*) Directors, statutory auditors, managers with strategic responsibilities and related companies through directors, statutory auditors and managers with strategic responsibilities

Remuneration paid to managers with strategic responsibilities and compensation paid to directors and statutory auditors

<i>Position</i>	Remunerations (euro/thousand) As at 12.31.2013
Manager with strategic responsibility	4,381
Remunerations due to Directors	2,643
Remunerations due to Statutory Auditors	143

Main financial statement items relating to subsidiaries, associates, joint ventures and companies with significant influence over Seat Pagine Gialle S.p.A.

Income Statement

(euro/thousand)	Year 2013	Year 2012	Type of transaction
REVENUES			
of which			
Seat Italia S.p.A.	7,165	26,564	retroceded telephone traffic and strategic/coordination activities.
Europages S.A.	-	3,472	commissions.
Total revenues on sales and services	7,165	30,091	
OTHER INCOME AND REVENUE			
of which			
Consodata S.p.A.	171	1,378	recovery of cost of seconded personnel and refunds for services
Seat Italia S.p.A.	9	502	recovery of cost of seconded personnel and refunds for services
Web Company	0	302	recovery of cost of seconded personnel and refunds for services
TDL Infomedia Ltd.	0	161	recovery of cost of seconded personnel and refunds for services
Europages S.A.	56	152	recovery of cost of seconded personnel and refunds for services
Total other income and revenue	236	2,366	
COSTS			
of which			
Prontoseat S.r.l.		5,248	mainly referred to call center services
Consodata S.p.A.		2,356	mainly referred to sale of direct marketing services
Seat Italia S.p.A.	702	1,661	mainly referred to call center services
Cipi S.p.A.		1,224	mainly referred to purchase of goods and products for resale
Total costs of materials and external services	702	10,547	
Total salaries, wages and employees benefits	-	49	cost of seconded personnel
Total valuations adjustments	(2,781)	3,274	accruals to doubtful trade receivables provision over the year for Seat Italia S.p.A. receivables
Total other operating expenses	-	38	purchase of representation goods and services from Cipi S.p.A.
Total non recurring and restructuring costs	-	3,389	interest income into intercompany account
INTEREST INCOME			
of which			
Seat Italia S.p.A.	4	-	distributed dividends
Telegate GmbH	-	1,086	interest income on financing
TDL Infomedia Ltd.	-	515	distributed dividends
Europages S.A.	-	58	distributed dividends
Total interest income	4	62	
INTEREST EXPENSE			
of which			
Seat Italia S.p.A.	-	4,849	accruals to financial receivables provisions over the year for Seat Italia S.p.A.
TDL Infomedia Ltd.	-	66	interest expense on short-term deposits and current accounts to subsidiaries
Lighthouse International Company S.A.	-	-	interest expense on the long-term "subordinated" financing
Lighthouse International Company S.A.	-	-	transaction costs related to long-term "subordinated" financing
Telegate AG	-	-	interest expense on short-term deposits and current accounts to subsidiaries
Total interest expense	-	4,920	
Seat Italia S.p.A.	(1,831)	12,553	principally profit tax over the year of Italian subsidiaries in tax group
Cipi S.p.A.	1,262	688	profit tax over the year of Italian subsidiaries in tax group
Prontoseat S.r.l.	113	571	profit tax over the year of Italian subsidiaries in tax group
Consodata S.p.A.	145	515	profit tax over the year of Italian subsidiaries in tax group
Total income taxes	(311)	14,327	

Statement of financial position

(euro/thousand)	As at 12.31.2013	As at 12.31.2012	Type of transaction
OTHER NON-CURRENT ASSETS			
of which:			
Seat Italia S.p.A.	2.013	-	long-term receivables for tax group.
Prontoseat S.r.l.	58	-	long-term receivables for tax group.
Total other non-current assets	2.017		
NON-OPERATING NON-CURRENT LIABILITIES			
of which:			
Seat Italia S.p.A.	392	392	long-term liabilities for tax group
Consodata S.p.A.	353	335	long-term liabilities for tax group
Prontoseat S.r.l.	392	316	long-term liabilities for tax group
Cipi S.p.A.	232	231	long-term liabilities for tax group
Total non-operating non-current liabilities	1.369	1.274	
OPERATING CURRENT ASSETS			
of which:			
Consodata S.p.A.	284	191	recovery of costs and services rendered
Seat Italia S.p.A.	310	-	receivables for services rendered for management and strategic consulting
Europages S.A.	56	-	receivables for recovery costs and services rendered
Total operating current assets	650	191	
OPERATING CURRENT LIABILITIES			
of which:			
Seat Pagine Gialle Italia S.p.A.	770	297	services rendered
Total operating current liabilities	770	297	
NON-OPERATING CURRENT LIABILITIES			
of which:			
Seat Italia S.p.A.	8.984	12.155	liabilities for tax group
Cipi S.p.A.	1.705	443	liabilities for tax group
Prontoseat S.r.l.	293	255	liabilities for tax group
Consodata S.p.A.	351	183	liabilities for tax group
Total non-operating current liabilities	11.333	13.036	
CURRENT FINANCIAL ASSETS AND CASH EQUIVALENTS			
of which:			
Seat Italia S.p.A.	467	2.215	current account receivables
Total current financial assets and cash equivalents	467	2.215	

27. Other information

Statement of fees paid to the Independent Auditors and related entities

Pursuant to Article 149-*duodecies* of Consob's Issuers' Regulation (Resolution No. 11971/1999 as subsequently amended), the fees for 2013 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 2013 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 June 12, 2012 for 2012-2020, in compliance with the Consolidated Finance Act (Legislative Decree No. 58 of February 24, 1998).

The fee for auditing the 2013 separate financial statements and verifying that the accounts were kept correctly and that the accounting entries accurately reflect operations was € 35 thousand, while the fee for the consolidated financial statements was € 16 thousand. The overall fee for the limited audit of the Seat Pagine Gialle 2013 consolidated half-year report was € 24 thousand.

No additional assignments were given to PricewaterhouseCoopers S.p.A. and related entities.

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 Article 81-ter of Consob Regulation No. 11971 of 14 May 1999, as amended

1. The undersigned, Vincenzo Santelia, in his capacity as Chief Executive Officer, and Andrea Servo, as Chief Financial Officer of SEAT Pagine Gialle S.p.A., hereby certify, taking into account the provisions of Article 154-bis, paragraphs 3 and 4 of Legislative Decree No. 58 of 24 February 1998, that the administrative and accounting procedures for the preparation of the separate financial statements, deemed to be adequate in relation to the characteristics of the business, were effectively applied during 2013.
2. The administrative and accounting procedures for the preparation of the separate financial statements as at 31 December 2013 were subjected during the year to a critical review in order to evaluate their suitability and how effectively they had been applied. No anomalies emerged as a result of this verification.
3. The following is also certified:
 - 3.1. The separate financial statements at 31 December 2013:
 - were prepared in compliance with the applicable international accounting standards recognised in the European Union pursuant to Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002 (International Financial Reporting Standards – IFRS), and with the provisions applicable in Italy, specifically with regard to Article 154-ter of Legislative Decree No. 58 of 24 February 1998 and to the implementing provisions of Article 9 of Legislative Decree No. 38 of 28 February 2005;
 - correspond to the results contained in the books and the accounting entries;
 - are able to provide a true and accurate representation of the assets and liabilities, results and cash flows of the Company.
 - 3.2. The report on operations includes a reliable analysis of performance and operating results, as well as of the position of the Company, together with a description of the main uncertainties and risks to which it is exposed.

Milan, 1 April 2014

Chief Executive Officer
Vincenzo Santelia

Chief Financial Officer
Andrea Servo

Board of statutory auditors' report to the Seat Pagine Gialle S.p.A. shareholders' meeting on the financial statements at 31 december 2013, pursuant to article 2429 of the italian civil code and article 153 of legislative decree 58/98

Dear Shareholders,

In this report, the Board of Statutory Auditors refers to its activities as required by Article 2429 of the Italian Civil Code and by Article 153 of Legislative Decree 58/98, also taking into account the code of conduct recommended by the National Board of Accountants and Auditors and the Consob Communications of 6 April 2001, as subsequently amended. The financial statements for the year ended 31 December 2013 were submitted on 1 April 2014.

1. The Board of Statutory Auditors would like to draw attention to the following material operations performed by Seat Pagine Gialle S.p.A. (the "Company") during 2013.

- a) On 4 February 2013, the Boards of Directors of SEAT Pagine Gialle S.p.A. and Seat Pagine Gialle Italia S.p.A. acknowledged that, in light of recent performance and of new market forecasts available at that time, the financial objectives set forth in the 2011-13 strategic guidelines and in the 2015 forecasts made as part of the financial restructuring completed in 2012 were no longer relevant or achievable. Directors and managers agreed that the Group, with its financial resources available at that time, would thus not be able to meet all its existing debt obligations in 2013. Consequently, a decision was made to file for a composition with creditors procedure and, pending the drafting of the proposal and related plan, to make a blank filing pursuant to Article 161, paragraph 6 of Royal Decree 267/1942. This blank filing was made at the Court of Turin on 6 February 2013.
- b) On 28 June 2013, SEAT Pagine Gialle Italia S.p.A. and Seat Pagine Gialle S.p.A. submitted to the Court of Turin the proposal for the composition with creditors, the plan and the additional documentation required pursuant to Article 161, paragraphs 2 and 3 of the Bankruptcy Act.
- c) By way of an order dated 10 July 2013, the Court of Turin declared the composition with creditors procedures of Seat Pagine Gialle Italia S.p.A. and Seat Pagine Gialle S.p.A. open pursuant to Article 163 of Royal Decree 267/1942. With the two procedures combined, the same order of the Court of Turin appointed Enrico Laghi of Rome as the official receiver.
- d) On 20 December 2013, pursuant to Article 171 of the Bankruptcy Act, the receivers sent to Seat Pagine Gialle S.p.A.'s and Seat Pagine Gialle Italia S.p.A.'s creditors a notice containing the date of the creditors' meetings (currently scheduled for 15 July 2014) and the key elements of the respective composition procedure proposals, as well as the joint plan on which said proposals are based. The original proposals were modified and updated by

Seat Pagine Gialle S.p.A. and Seat Pagine Gialle Italia S.p.A.

- e) Subject to definitive authorisation, the proposal for the composition with creditors provides for the following:
 - i) the incorporation of Seat Pagine Gialle Italia S.p.A. into Seat Pagine Gialle S.p.A. This transaction was approved on 4 March 2014 by the Boards of Directors of the Company and of Seat Pagine Gialle Italia S.p.A. – on the basis of the simplified procedure pursuant to Article 2505 of the Italian Civil Code in light of Seat Pagine Gialle Italia being a wholly owned subsidiary of the Company – and will proceed by way of the cancellation of all existing Seat Pagine Gialle Italia S.p.A. shares, with no new Seat Pagine Gialle S.p.A. shares issued. The merger agreement is subject to the definitive approval and implementation of both proposals for the composition with creditors;
 - ii. the implementation of a series of extraordinary transactions which, like the merger, are required for the successful conclusion of the composition with creditors procedure. These were approved during the Extraordinary Shareholders' Meeting of 4 March 2014, which resolved, among other things:
 - to approve the Company's statements of financial position and operations as at 30 November 2013, showing negative equity of €3,879,783.26;
 - subject to the implementation of the Reserved Capital Increase described below, to cover the comprehensive losses as at 30 November 2013 by using all net reserves outstanding on said date, reducing the share capital to €120,000.00 (without annulling existing shares) and, for the remaining amount, using the reserves arising from the Reserved Capital Increase;
 - to perform a paid capital increase, in a single tranche, from €120,000.00 to €20,000,000.00, excluding option rights pursuant to Article 2441, paragraphs 5 and 6, via the issue of 6,410,695,320,951 new ordinary shares without par value and with the same characteristics as existing ordinary shares, to be issued against the clearance of the debts of Seat Pagine Gialle S.p.A. and Seat Pagine Gialle Italia S.p.A. to financial creditors in Classes B and C, as categorised in the respective composition procedure proposals, with the new shares allocated in accordance with said proposals, as detailed in the "Subsequent events" section of the Annual Report at 31 December 2013, which was prepared by the Company's Board of Directors and should be referred to for more information.

f) In August, subsidiary TDL entered administration under UK law. As a result of this, the TDL Group companies will be sold off.

g) On 27 August 2013, the Shareholders' Meeting of Telegate AG, based on the profit for the year ended 31 December 2012, approved the proposal to distribute a total dividend of € 38,222,182.00. The amounts pertaining to Seat Pagine Gialle Italia and to subholding Telegate Holding GmbH, which were € 5,501,843.86 and € 18,706,715.96 respectively, net of withholding tax, were kept in a Telegate AG account pending developments in the composition with creditors procedure and the plan to sell off Telegate AG.

h) The impairment test performed by the Company for the Annual Report at 31 December 2013 on goodwill and other intangible assets resulted in a total asset write-down of € 196,874,000 in the consolidated financial statements. It should be noted that the equity investment in Seat Pagine Gialle Italia S.p.A. had already been fully written down at the time of preparing the separate financial statements at 31 December 2012. In the opinion of the Board of Statutory Auditors, the aforementioned transactions were performed in compliance with the law, with the deed of incorporation and with the resolutions passed at Shareholders' Meetings, and, insofar as they are related to the implementation of the composition with creditors procedure, are in the Company's best interest.

2. As a result of the Company's losses, there was negative equity of € 11,827,000 as at 31 December 2013, compared with a share capital of € 450,266,000, meaning the Company was in a situation pursuant to Article 2447 of the Italian Civil Code. As per Article 182-sexies of the Bankruptcy Act, this situation does not apply until the definitive approval of the composition with creditors procedure. If implemented in full, the aforementioned stages of the proposed composition with creditors procedure will restore the Company's separate and consolidated equity above the legal minimum, thereby bringing it out of the situation pursuant to Article 2447 of the Italian Civil Code. The 2013 financial statements were prepared in accordance with the going-concern principle, in relation to which there remain significant uncertainties that were mentioned by the directors in section 2.1 "Assessment of business continuity" of the notes to the financial statements. They were also mentioned in the Independent Auditors' report and should be highlighted again in this report. The Board of Statutory Auditors agrees with the Independent Auditors that many significant uncertainties remain. For this reason,

it is not able to express an opinion on the Company's ability to continue as a going concern.

3. On 10 November 2010, the Board of Directors approved the "Procedure on the subject of transactions with related parties", which implemented the Regulation approved by Consob Resolution No. 17221 of 12 March 2010, and later amendments. This procedure was subsequently amended in 2011. The Board of Statutory Auditors believes that the procedures adopted by the Company comply with the principles of the Consob Regulation.

3.1. With respect to:

- atypical and/or unusual transactions with third parties, and

- atypical and/or unusual transactions, or transactions of an extraordinary nature, with related parties,

the Board of Statutory Auditors has found no such transactions, except for the incorporation of Seat Pagine Gialle Italia S.p.A. into Seat Pagine Gialle S.p.A., which was resolved upon by the respective Boards of Directors on 4 March 2014 pursuant to Article 2505 of the Italian Civil Code.

3.2. As far as ordinary and financial transactions with related parties are concerned, the Company maintains relations that affect its statements of financial position, operations and cash flows, as indicated in Note 26 to the separate financial statements. These transactions are performed at market value.

4. The Board of Statutory Auditors believes that the information provided by the directors in the financial statements concerning intragroup and related-party transactions is adequate.

5. On 17 April 2014, the Independent Auditors, PricewaterhouseCoopers S.p.A., published their report on the separate financial statements of Seat Pagine Gialle S.p.A., concluding: "Owing to the effects associated with the uncertainties described in paragraph 3 above [on business continuity], we are not in a position to express an opinion on the separate financial statements of Seat Pagine Gialle S.p.A. at 31 December 2013."

The Independent Auditors also stated: "Owing to the effects associated with the many significant uncertainties described in paragraph 3 above, we are not in a position to express an opinion on the consistency of the report on operations and the information pursuant to paragraph 1 c), d), f), l), m) and paragraph 2 b) of Article 123-bis of Legislative Decree 58/98 presented in the report on

corporate governance and ownership structure with the separate financial statements of Seat Pagine Gialle S.p.A. at 31 December 2013.”

The Independent Auditors reached the same conclusions with regard to the consolidated financial statements.

6. In 2013, the Board of Statutory Auditors received no reports or complaints, including pursuant to Article 2408 of the Italian Civil Code.

7. Pursuant to Article 114, paragraph 5 of Legislative Decree 58/98 (the Consolidated Law on Finance, or TUF), on 18 February 2014 the Board of Statutory Auditors received from Consob a request pertaining to the Seat Pagine Gialle S.p.A. Ordinary and Extraordinary Shareholders’ Meetings convened for 4 March 2014. The Board of Statutory Auditors responded in accordance with the terms and conditions specified by Consob, and these responses were made available to the public on 24 February 2014 via filing at the Company’s registered and secondary offices and publication on the Company’s website.

8. The 2013 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 12 June 2012 for 2012-2020 in compliance with the TUF (Legislative Decree No. 58 of 24 February 1998). The fee for auditing the 2013 separate financial statements and verifying that the accounts are kept correctly and that the accounting entries accurately reflect operations was € 35,000, while the fee for the consolidated financial statements was € 16,000. The overall fee for the limited audit of the Seat Pagine Gialle S.p.A. 2013 Consolidated First-Half Report was € 24,000. No further mandates were awarded to PricewaterhouseCoopers S.p.A. or to entities associated with its network in 2013.

9. The Board of Statutory Auditors issued the following opinions:

- on the pay resolved upon for the members of the Supervisory Body, at the proposal of the Appointments and Remuneration Committee;
- on compliance with the Code of Corporate Governance for Listed Companies;
- on the Board of Directors’ procedure for evaluating the independence of its members;
- on the proposal to co-opt Michaela Castelli as a Director pursuant to Article 2386 of the Italian Civil Code;
- on the proposal to appoint Massimo Cristofori as Chief

Financial Officer pursuant to Article 154-bis of the TUF;

- on the proposal, replacing the previous one, to appoint Andrea Servo as Chief Financial Officer pursuant to Article 154-bis of the TUF.

10. The following meetings were held:

- 18 meetings of the Board of Directors;
- 8 meetings of the Board of Statutory Auditors;
- 10 meetings of the Control and Risk Committee.

All of the above meetings were attended by the Board of Statutory Auditors or by some of its members.

There were also seven meetings of the Appointments and Remuneration Committee.

11. The Board of Statutory Auditors has investigated and ensured, within the scope of its authority, compliance with the principles of proper administration, through direct observations, the collection of information from the managers of departments and meetings with the Independent Auditors to exchange relevant data and information. There are no observations to be made 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 organisational structure and has not discovered any problems to report.

13. The financial reporting process;

- the statutory audit of the annual accounts and consolidated accounts;
- the independence of the auditing firm.

From the activities carried out, no irregularities have emerged that could be considered to be indicative of the unsuitability of the internal control system.

14. The Board of Statutory Auditors believes that the administration and accounting system is adequate and reliably reflects operations.

15. The Company has provided the subsidiaries with the information they require to meet their reporting duties under Article 114, paragraph 2 of Legislative Decree 58/98.

16. During meetings with the Independent Auditors pursuant to Article 150, paragraph 2 of Legislative Decree 58/98, no important matters arose, except for those relating to business continuity (as mentioned in paragraphs 2 and 5 above).

17. With regard to corporate governance and the methods used for the concrete implementation of the corporate governance rules prescribed by the Code of Corporate Governance issued by Borsa Italiana, the Company adopted the Code by way of a Board resolution on 24 April 2013.

18. During its supervision and controls, the Board of Statutory Auditors has discovered nothing of material importance to report to the Supervisory Bodies or to mention in this report, with the exception of what is mentioned above.

19. The Board of Statutory Auditors has examined the separate financial statements for the year ended 31 December 2013, which show a loss of € 30,416,000. Pursuant in part to Article 182-sexies of Royal Decree 267/1942, the directors request that the Shareholders' Meeting approve the report on operations and the separate financial statements with no resolution to cover the aforementioned losses other than the one already passed by the Extraordinary Shareholders' Meeting on 4 March 2014, the effectiveness of which is conditional upon the incorporation of Seat Pagine Gialle Italia S.p.A.

into the Company and the definitive approval of the Seat Pagine Gialle S.p.A. and Seat Pagine Gialle Italia S.p.A. composition procedure proposals. The Board of Statutory Auditors has no reason to oppose this request, although it takes the opportunity to reiterate that, for the reasons mentioned in paragraph 2, the assumption of business continuity, used by the directors to prepare the financial statements and subject to the successful outcome of the composition procedure as set forth in the proposals, involving a restructuring to restore debt to levels that are compatible with the Company's ability to generate cash and sustain its business, is subject to many significant uncertainties which depend on factors beyond the directors' control and may have a material cumulative effect on Seat Pagine Gialle S.p.A.'s separate financial statements at 31 December 2013.

Milan, 17 April 2014

The Board of Statutory Auditors
Enrico Cervellera
Vincenzo Ciruzzi
Andrea Vasapolli



**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 2013, 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.

The separate financial statements of the prior year are presented for comparative purposes. As described in the paragraph "Presentation of accounting data" in the "Introduction" to the separate financial statements as of 31 December 2013, the directors have restated certain comparative figures for the prior year, compared to the figures previously presented and audited by us, on which we issued our audit report dated 3 July 2013. The criteria used for the redetermination of the comparative figures and the related disclosure presented in the explanatory notes were examined by us for the purpose of issuing our opinion on the separate financial statements as of 31 December 2013.

- 3 The separate financial statements of SEAT Pagine Gialle SpA as of 31 December 2013 show a loss of Euro 30.4 million, resulting in a negative equity amounting to Euro 11.8 million, which has led to the situation pursuant to article 2447 of the Italian Civil Code.

On 6 February 2013 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 situation pursuant to article 2447 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** 40126 Via Angelo Finelli 8 Tel. 0516186211 - **Brescia** 25123 Via Borgo Pietro Wuhler 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 20 December 2013, pursuant to article 171 of the Bankruptcy Law, the Commissioner sent to the creditors of both the Company and its Subsidiary a notice containing the date they have been formally called for the meeting, scheduled for 15 July 2014, as well as the essential elements of the respective proposals of the composition with creditors' procedures.

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, bearing in mind that the notice of admission to the composition with creditors' procedure published on 10 July 2013 and the necessary resolutions made by the Extraordinary Shareholders' Meeting on 4 March 2014 to execute the proposal for said procedure, removed the uncertainty surrounding such specific aspects. Specifically, notwithstanding the difficulties arising from a persistently very tough economic climate, the directors refer to the critical aspects related to the following key stages of the composition with creditors' procedure that are yet to be completed:

- the positive outcome of the creditors' meeting; it is uncertain whether the creditors will vote in a sufficient majority to approve the proposal of the composition with creditors' procedure (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;
- the Proposal re-establishing positive equity that is sufficient to bring the Company and its Subsidiary out of the situation pursuant to article 2447 of the Italian Civil Code, 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 2013.

- 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 2013.

- 5 As described in the paragraph “Presentation of accounting data” in the “Introduction” to the separate financial statements as of 31 December 2013, on 1 September 2012 became effective the transfer from the Company to SEAT Pagine Gialle Italia SpA of almost all its assets and liabilities, including the investments in the subsidiaries and the financial indebtedness. Consequently, the economic and financial figures of the year 2012 are not comparable with those of the year 2013.
- 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 2013.

Turin, 17 April 2014

PricewaterhouseCoopers SpA

Signed by

Piero De Lorenzi
(Partner)

This report has been translated from the original which was issued in accordance with Italian legislation. We have not examined the translation of the separate financial statements referred to in this report.

" il Giallo è dinamicità "



Pictured above extracted from the last spot of SEAT PG

Nuova generazione di opportunità

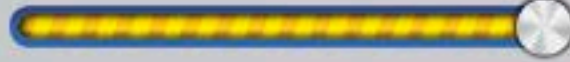
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Seat **PG**
pagneGialle

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Other
information

100 %





Resolution proposals \

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, 2013, from which a fiscal year loss of € 30,416,460.95 has emerged. It should be noted that as at December 31, 2013:

- I. Overall losses come to € 2,450,080,096.47 and may be broken down as follows:
 - a. fiscal year loss, as noted above, € 30,416,460.95;
 - b. previous losses not covered € 2,419,663,635.52;
- II. share capital € 450,265,793.58;
- III. total net reserves € 1,987,986,707.73;
- IV. the Company's net equity is negative at € 11,827,595.16.

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, 2013;*
 - 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 and the resolution passed by the ordinary Shareholders' Meeting held on 4 March 2014,

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 € 30,416,460.95;
- to not assume, according to art. 182-sexies of the Bankruptcy Act, further resolution about the losses respect to the resolution passed by the ordinary Shareholders' Meeting held on 4 March 2014. The effectiveness of these resolutions is conditional upon the effectiveness of the Merger, which, as previously mentioned is itself conditional upon the definitive approval of Seat Pagine Gialle S.p.A.'s and Seat Pagine Gialle Italia S.p.A.'s composition with creditors procedures."

Shareholder's meeting resolutions \

On May 9, 2014 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 Seat Pagine Gialle S.p.A. Report on operations by the Board of Directors and financial statements, which shows a loss of € 30,416,460.95;
- to not assume, according to art. 182-sexies of the Bankruptcy Act, further resolution about the losses

respect to the resolution passed by the ordinary Shareholders' Meeting held on 4 March 2014. The effectiveness of these resolutions is conditional upon the effectiveness of the Merger, which, as previously mentioned is itself conditional upon the definitive approval of Seat Pagine Gialle S.p.A.'s and Seat Pagine Gialle Italia S.p.A.'s composition with creditors procedures;

- to approve Section I of the Remuneration Report pursuant to Article 123-ter of Legislative Decree no. 58 of February 24, 1998.

Information requested by Consob pursuant to Article 114, paragraph 5 of Legislative Decree No. 58 of February 24 1998, supplementing the documentation made available in relation to the Seat Pagine Gialle S.p.A. Ordinary Shareholders' Meeting of May 9 2014

On May 8 2014, Consob sent a request for information pursuant to Article 114, paragraph 5 of Legislative Decree No. 58/98 ("Communication") in which it asked the Company to provide the following information during the Ordinary Shareholders' Meeting called for May 9 2014 with reference to the draft and consolidated financial statements as at December 31 2013 approved by the Company's Board of Directors on April 1 2014:

- i) *"...comments of the directors of the Company on the opinion expressed by the Independent Auditors on the draft financial statements and the consolidated financial statements for 2013, with specific reference to the use of the going-concern assumption;*
- ii) *any facts, that have been verified following the issue date of the audit report able to have an effect on the doubts and uncertainties which have induced the Independent Auditors not to take a decision on the appropriateness of the assumption of the business as a going concern;*
- iii) *updated information surrounding the capacity of the Company and the Group to support management operations based on the financial resources currently available;*
- iv) *impairment tests for goodwill and intangible assets with a finite useful life: the criteria for determining the discounting rate increase component, the additional risk premium..."*

Based on the contents of the Communication and subsequent clarifications provided to the Company, there was also a request for this information to be published as an attachment to the annual financial report as well as included in the minutes of the Shareholders' Meeting and that an announcement to that effect should be made through the channels required by the regulations at the end of the discussions at the Company's Board of Directors meeting scheduled for May 12 2014.

This having been duly stated, with reference to the above-mentioned specific requests made by the Commission, in conformity with what was made clear at the above-mentioned meeting the following should be noted:

- i) The Company believes that the declaration of the Independent Auditors as being unable to express an opinion on the financial statements of the

Company as a result of "numerous significant uncertainties which depend on factors which are not under the control of the directors", as described in the Financial Statements and reported verbatim by the Independent Auditors in their report, is in line with the dictum of auditing principle 570 – "Business continuity" – in addition to being consistent with the conclusions of the Independent Auditors with regard to the 2012 Annual Financial Report and the Half-Year Report as at June 30 2013, on which it pronounced in identical terms. Therefore, given that as of the date the 2013 Annual Financial Report was prepared, numerous significant uncertainties described in the actual Report still remained, the conclusion of the Independent Auditors could be easily predicted and not susceptible to point out further criticalities with regard to what was extensively described by the Directors themselves in the Annual Financial Report."

- ii) There is no indication of any facts, that have been verified following the issue date of the audit report able to have an effect on the doubts and uncertainties which have induced the Independent Auditors not to take a decision on the appropriateness of the assumption of the business as a going concern.
- iii) As of March 31 2014, the Group holds cash and cash equivalents of € 182.3 million, of which € 180.7 million pertains to the operating company Seat PG Italia, in line with the plan forecasts and sufficient to meet the requirements resulting from existing management operations.
- iv) In the Notes to the financial statements, a disclosure was provided relating to the method for estimating the discount rates in the different configurations of recoverable value. With regard to the estimate of the value inclusive of benefits from new initiatives, the discount rate used is equal to 16.64% and includes an increase of 6.50% (additional risk premium). This increase represents the rate increase needed to translate the weighted average cost of capital into a rate required by investors who consider the riskiness implicit in new or recently launched initiatives. IAS 36 in annex A clearly distinguishes the case of assessment based on the expected cash flow approach compared with the case of assessment based on the traditional approach. In the case of new initiatives for which

the plan expresses the expected results in a successful scenario, the flows do not express average expected results and therefore the traditional approach has to be adopted. In the traditional approach the rate to use is the yield required by a financial market investor comparable, in the case of new initiatives, to a venture capitalist. Therefore the logic behind the increase is that a market operator would require a higher internal rate of return on investment if new start-up initiatives were included. The additional risk premium of 6.50% coincides with the one already identified last year during the impairment test for the purpose of reconciliation of the value in use and the fair value founded on the income approach. In effect, during the impairment test on December 31 2012 it was shown how a risk premium of 6.5% would coincide with the application to the sole flows of the new initiatives of a venture capitalist rate equal to 40%. Moreover, this premium allowed the estimated recoverable value to be aligned through the value in use (which considered the sole flows relating to existing assets) to the fair value (which included the new initiatives). Since the risk profile of the new initiatives is essentially unchanged compared with last year, the same risk

premium was maintained during this year's impairment test as well, for obvious reasons of continuity and economic sense.

Moreover, it should be noted that the additional risk premium has been used for the purpose of calculating the fair value of the Seat Italia CGU for the purpose of the goodwill impairment test. For the same purpose an estimation control method for the fair value founded on average expected flows (the expected cash flow approach IAS 36 annex A) was used which returned a slightly lower recoverable value than the one obtained taking into consideration the plan full flows and the additional risk premium of 6.50% (traditional approach) and confirmed the need for a write-down of the CGU goodwill.

Milan, May 12 2014

For the board of directors of Seat Pagine Gialle S.p.A.

The Chief Executive Officer
Vincenzo Santelia



To contact Seat Pagine Gialle S.p.A.

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**A copy of official documents
available on the website**

www.seat.it

**Official documents may
be requested to**

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