

First Half Report as at June 30, 2005





▶ First Half Report as at June 30, 2005

Registered office: Via Grosio, 10/8 - 20151 Milan (Italy) Secondary office: Via Saffi, 18 — 10138 Turin (Italy) Fully paid-up share capital: € 247,538,714.46

Tax Code: 03970540963

VAT Code: 03970540963

Milan Register of Companies No. 03970540963



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Highlights and general information



Company Boards

(updated September 9, 2005)

Board of Directors	↑	Chairman	Enrico Giliberti
		Chief Executive Officer	Luca Majocchi
		Non-Executive Directors	Lino Benassi (1)
			Dario Cossutta
			Guido Gamucci
			Gian Maria Gros Pietro (1)
			Luigi Lanari
			Michele Marini
			Pietro Masera (II)
			Stefano Mazzotti
			Marco Reboa (1)
			Alberto Tazartes
			Nicola Volpi
		Secretary to the Board	Marco Beatrice
Compensation Committee	↑	Chairman	Gian Maria Gros Pietro
			Dario Cossutta
			Alberto Tazartes
Internal Audit Committee		Chairman	Lino Benassi
	-		Marco Reboa
			Nicola Volpi
Board of Statutory Auditors		Chairman	Enrico Cervellera
Bodia of Statutory Auditors	↑	Acting Auditors	Vincenzo Ciruzzi
		Acting Auditors	Andrea Vasapolli
		Alternate Auditors	Guido Costa
		Alternate Auditors	
			Guido Vasapolli
Representative of Savings	^		Carlo Pasteris
Shareholders			
Independent Auditors	↑		Reconta Ernst & Young S.p.A.

⁽I) Independent Director pursuant to art. 3 of the Code of Conduct of Listed Companies.

⁽II) Appointed by the Ordinary Shareholders' Meeting on April 28, 2005.

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尽 Basis of presentation

As from January 1, 2005 the SEAT PAGINE GIALLE group adopted the International Accounting Standars (IAS/IFRS).

This 2005 half-year Financial Statements is the first half-year report prepared in accordance with these standards.

The comparative figures for the same period in 2004 have been restated and reclassified in accordance with the new accounting standards.

For further information regarding the effects of the transition on the previously reported figures for the year 2004, please refer to the specific sections in this interim report.

尽 Economic and financial highlights of the Group

	1st half-year	1st half-year	Year
(euro/thousand)	2005	2004	2004
Product sales and services	555,795	560,406	1,405,748
Gross operating profit	244,335	242,201	681,829
EBITDA	213,450	204,307	614,382
Operating income	110,360	96,348	379,372
Income (loss) before income taxes and Minority interests	(26,228)	13,609	134,989
Net income (loss) of the Group	(46,534)	10,297	79,930
Operating free cash flow (1)	302,785	298,896	633,443
Investments			
- capital expenditure	16,598	9,438	29,871
- goodwill and other non-operating investments	20	9,036	10,400
Financial highlights			
Net invested capital	4,504,151	4,628,892	4,668,099
- of which goodwill and Customer Data Base	4,236,468	4,402,355	4,307,825
- of which net operating working capital	195,503	268,640	298,913
Net equity of the Group	769,212	781,363	850,168
Net financial debt (2)	3,798,861	3,966,141	3,924,424
Income ratios			
-	70.40/	7.6 50/	47.70/
EBITDA / Product sales and services	38.4%	36.5%	43.7%
Operating profit / Product sales and services	19.9%	17.2%	27.0%
Operating profit / Net invested capital	2.5%	2.1%	8.1%
Net income (loss) of the Goup / Net equity of the Group	(6.0%)	1.3%	9.4%
Operating free cash flow / Product sales and services	54.5%	53.3%	45.1%
Personnel			
Employees (number at the end of the period)	5,095	5,021	4,883
Employees (average number for the period) (3)	4,056	4,148	4,174
Product sales and services / Employees (average number)	137	135	337

⁽¹⁾ Calculated as follows: Ebitda *minus* capital expenditure, change in operating working capital and change in operating

⁽²⁾ Net financial debt doesn't include transaction costs on loans and the market value of hedging instruments on interest rate risks for a positive amount of € 79,435 thousand on the whole at June 2005.

 $^{(3) \}quad \text{FTE (Full Time Equivalent) for non-Italian companies, average salary for Italian companies. } \\$

■ Information for Shareholders

Shares

Share capital	euro	247,538,714.46
Number of ordinary shares	No.	8,115,215,696
(par value euro 0.03)		
Number of saving shares	No.	136,074,786
(par value euro 0.03)		
Equity market capitalization	euro/mln	2,812
(on average official market price for June 2005)		
Market ratio of SEAT PAGINE GIALLE (SPG ordinary) at June 30, 2005		
- on Mibtel index		0.463%
- on DJ Stoxx 600 Media index		0.804%

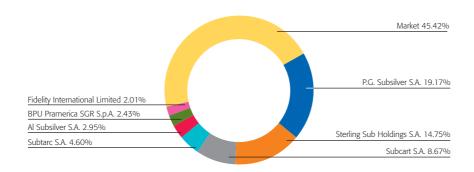
Shareholders

The following table lists the shareholders of SEAT PAGINE GIALLE S.p.A. who held more than 2% of the ordinary share capital at June 30, 2005 (1)

Shareholders at June 30, 2005	No. of ordinary shares	% on ordinary share capital
P. G. Subsilver S.A.	1,555,920,894	19.17 ⁽¹⁾
Sterling Sub Holdings S.A.	1,196,849,420	14.75 ⁽¹⁾
Subcart S.A.	703,586,244	8.67(1)
Subtarc S.A.	373,595,387	4.60(1)
AI Subsilver S.A.	239,369,605	2.95 ⁽¹⁾
BPU Pramerica SGR S.p.A.	197,468,906	2.43
Fidelity International Limited (2)	162,753,900	2.01

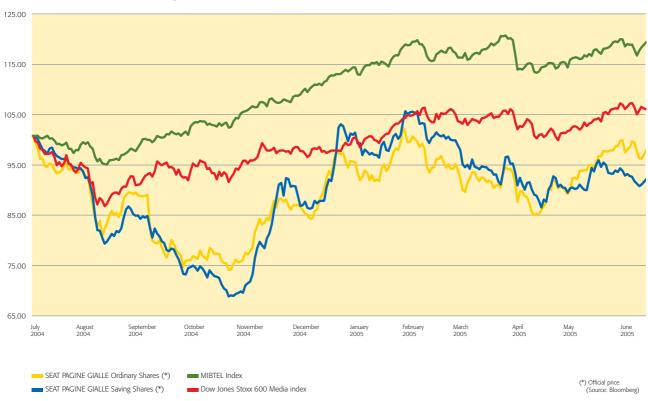
- (1) Shares pledged on a first priority basis in favour of The Royal Bank of Scotland Plc Milan Branch, The Royal Bank of Scotland Plc, Lehman Brothers Special Financing Inc., Citibank N.A. London Branch, BNP Paribas S.A. and on a second priority basis in favour of The Royal Bank of Scotland Plc Milan Branch and Citivic Nominees Limited - London, this last pledge issued on April 22, 2004 (voting right belongs to the respective right hol-
- (2) As the company controlling the funds that are effectively the right holders.

SEAT PAGINE GIALLE S.p.A. Shareholders at June 30, 2005



Stock performance of SEAT PAGINE GIALLE S.p.A.

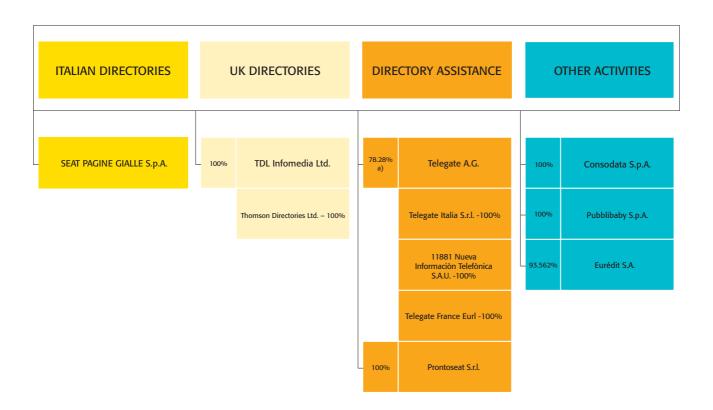
Performance of SEAT PAGINE GIALLE S.p.A. shares vs. Mibtel and Dow Jones Stoxx 600 Media indexes



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→ Organisational structure of the Group (Updated September 9, 2005)



a) Of which 16.43% is directly owned and 61.85% is owned through Telegate Holding G

Market scenario and strategic positioning

The SEAT PAGINE GIALLE group operates in Italy and the United Kingdom in the local advertising market for small and medium size enterprises (Smes), in which it is mainly present with its publishing and advertising business, largely involving telephone directories and information services, in the Directory Assistance market in Germany and Spain, and in the Business Information market in Italy.

The overall performance of the Group was affected by the unfavorable macroeconomic environment and some structural aspects of the markets in which it operates.

In Italy, core business market of the Group, GDP recorded negative growth for the second consecutive quarter in March 2005. This trend together with the widespread climate of pessimism about the short-term prospects for the economy certainly slowed down the growth in SEAT PAGINE GIALLE S.p.A.'s sales, despite the numerous innovations introduced in the offered services and sales approach.

In particular the implementation of the strategy set out in the three-year business plan presented to the market at the end of 2004 continued to focus on the following four guidelines:

- market analysis and segmentation aimed at better understanding customer needs and providing the SEAT PAGINE GIALLE S.p.A.'s broad range of products and services in an increasingly targeted fashion to satisfy customer needs in respect to their business and their communication activity;
- continuous restyling of existing products and launch of new services and new media aimed
 at further enhancing the already wide range of products in order to take advantage of new
 market opportunities and to follow ongoing technological development;
- training of the sales force needed to tackle the market even more effectively and aimed at improving the Company's consultant-sales agents ability to serve advertising customers;
- constant attention to customer care activities and processes aimed at ensuring customer loyalty and improving the quality of SEAT PAGINE GIALLE services.

In the United Kingdom the solid growth of the economy supported the performance of the subsidiary TDL Infomedia Ltd., which benefited from its strategy of differentiating its products and commercial offer from the market leader Yell. This different strategic positioning, together with the investment in product enhancement, in particular in the Internet market, enabled TDL Infomedia to increase its customer portfolio and its sales, despite the increased competition following the recent return of British Telecom to the market.

The Telegate group finds itself managing its Directory Assistance services in markets which have achieved different degrees of maturity. In Germany, the market is mature and call volumes in basic information services are decreasing. Therefore Telegate is pursuing a strategy of developing its offer towards value added services and of supporting its traditional business with new product lines.

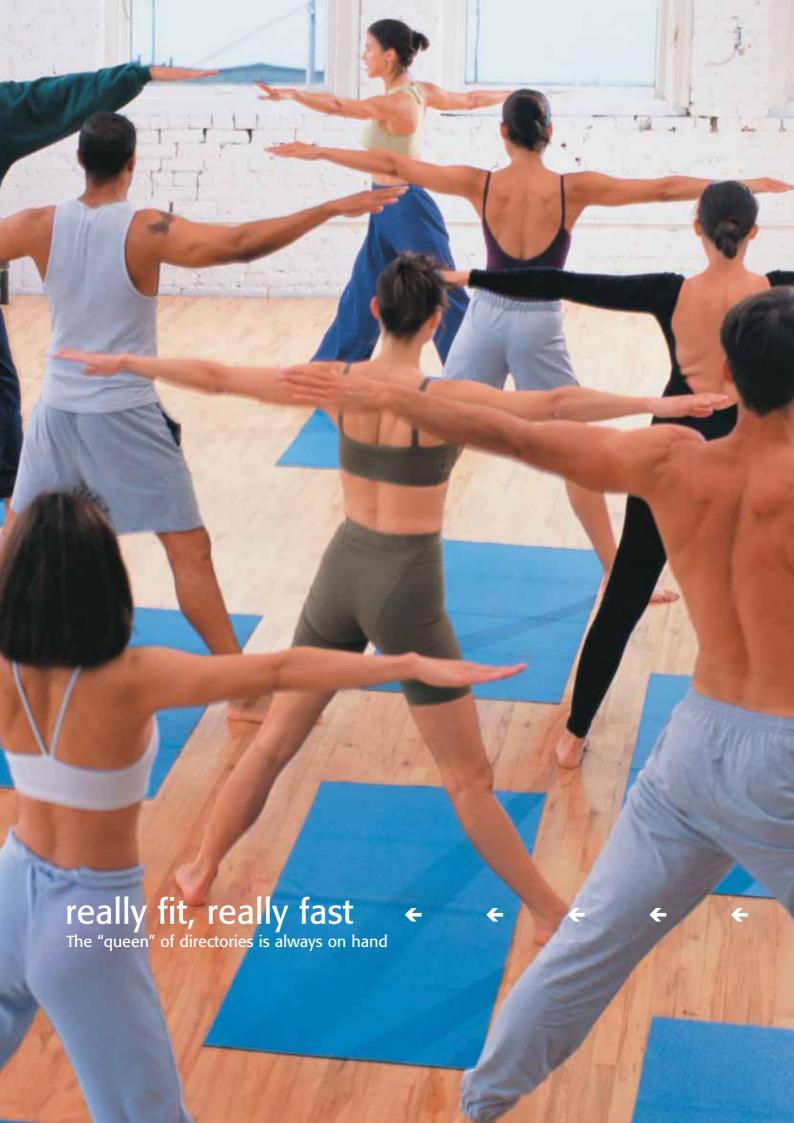
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In Spain the Directory Assistance market has completed a first, even if partial, phase of liberalisation, in which, unlike other countries, the old universal service has remained operative alongside new market operators. In this context, Telegate is consolidating its position through selected equity acquisitions aimed at achieving an adequate level of profitability for the business.

Italy and France are in the start-up phase and are working on their business plan to enter the Directory Assistance market, whose liberalisation process is already started and will be intensifying from the end of the current year with the launch of new subscriber information services to replace the 12 service in Italy and the 118 service in France.



Report on operations





Economic and financial performance of the Group

Statement of Operations of the Group for the first half of 2005

Product sales and services totalled € 555,795 thousand in the first six months of 2005, a decrease of 0.8% compared to the same period in the previous year. This was partly due to the publication by the Thomson group of five directories less than in the first half of 2004, which will be published by the end of this year. At the same sterling/euro exchange rate and the same number of published directories, product sales and services grew slightly compared to the same period in 2004 (+0.1%).

Gross of eliminations among the Business Areas, product sales and services were as follows:

- product sales and services from the "Italian Directories" (SEAT PAGINE GIALLE S.p.A.) Business Area, which in the first half of 2005 reached € 415,193 thousand, slightly down (-0.8%) compared to the same period in the previous year (€ 418,376 thousand). The trend in sales decreased by around 3%, in the second quarter of 2005, offsetting the growth recorded in the first quarter of 2005 (+4.6%).

The sales performance in SEAT PAGINE GIALLE S.p.A. was achieved despite an economic environment which remained unfavourable, with a further fall in consumption, the cutting of growth forecasts for 2005, and widespread pessimism on the business operator side, especially Smes, which made them more cautious in planning investment in communication. In this difficult market scenario, SEAT PAGINE GIALLE invested to improve its offer and enhance the skills of its sales force. At the same time, the Company implemented its actions started in the second half of 2004 aimed at improving profitability and cash generation through better quality in sales, both from the viewpoint of customers' creditworthiness and margins on customer relationships (in many cases compromised by excessive use of discounts and promotions). This action affected printed products above all, which recorded a 4.0% fall, since the increase in sales achieved with most customers and the good performance in acquiring new customers were more than offset by reductions or abandonment by medium-large customers, though with low margins and/or creditworthiness. At product sales and services level, this negative trend was compensated by the growth in other components of the Company's multi-platform offer. In particular the online activities of PAGINEGIALLE.it® increased by 15.7% at € 38,602 thousand, and the voice platform Pronto PAGINEGIALLE® by 25.1% at € 27,097 thousand. The other activities, Direct Marketing and merchandising, were substantially unchanged (€ 11,701 thousand in 2005 compared with € 12,021 thousand in 2004);

- product sales and services from the "UK Directories" (Thomson Directories group) Business Area, which totalled € 63,377 thousand in the first half of 2005 (€ 63,527 thousand in the first half of 2004). Products sales and services were largely stable despite the publication of five directories less than in 2004, equivalent to sales for 2.9 million pounds in 2004. At the same exchange rate and the same number of published directories, product sales and services grew by +8.9% thanks to the continuous growth in printed directories (+6.2%) and the solid development of the online businesses (+26.7%) which benefited from the investment made in the last two years. Finally, the customer base grew further by 10,400 customers compared with the first half of 2004;

- product sales and services from the "Directory Assistance" (Telegate A.G. and Prontoseat S.r.l.) Business Area, which amounted to € 73,753 thousand in the first half of 2005, down by 1.2% compared with the same period in 2004. They reflect the positive trend of the Telegate group operations in Italy and Spain (+5.7% at € 12,371 thousand), counterbalanced by the trend in Germany (€ 57,344 thousand in the first half of 2005). Here the downturn in revenues due to the reduction in the call number, following the contraction in the market for basic information services, was restrained at 1.3%, thanks to the development of new value added services and the growth of other business lines (outsourcing services, data sales and management of interconnection services). Moreover in Germany revenues showed a positive trend in the second quarter of 2005 (+2.8% compared to the second quarter of 2004), thanks to the growth in value added services;
- product sales and services from "Other activities" (Consodata S.p.A. and Eurédit S.A.)
 Business Area, which totalled € 15,683 thousand in the first half of 2005 and include
 € 15,301 thousand from Consodata S.p.A., up by 8.0% compared with the first half of 2004. In Eurédit S.A. product sales and services were not significant since the Company publishes its directories in the third quarter of the year.

Cost of raw materials amounted to € 25,680 thousand in the first half of 2005, a decrease of € 2,638 thousand or 9.3% compared to the same period in the previous year (€ 28,318 thousand). This reduction is above all due to SEAT PAGINE GIALLE S.p.A. where the actions aimed at improving the profitability of sales increased the yield per page with a consequent reduction in the number of signature marks and hence in the consumption of paper.

Cost of external services, less repayments of cost, amounted to € 180,695 thousand in the first half of 2005, a decrease of € 7,233 thousand or 3.8% compared to the first half of 2004 (€ 187,928 thousand), with a ratio to product sales and services of 32.5% slightly down compared with 33.5% in the same period in the previous year.

This item too benefited from the recovery in sales profitability in Italy, where printing costs decreased by \in 767 thousand or 2.4%.

In Italy the reduction in service expenses was also due to lower sales commissions (\leqslant 45,418 thousand down by \leqslant 4,973 thousand) following the reduced volume of advertising sales by the direct sales force and the write-off of commission debts of previous years that were no longer due. The reduction in production costs and sales commissions was partly offset by the increase of \leqslant 3,502 thousand in advertising expenses. The latter, \leqslant 28,639 thousand overall in the first half of 2005, were affected by the increased investment made by the Parent Company ($+ \leqslant$ 2,584 thousand compared to the first half of 2004) and by Thomson (+0.8 million of pounds, equivalent to approximately \leqslant 1,166 thousand).

Salaries, wages and employee benefits amounted to \leqslant 105,085 thousand in the first half of 2005 and increased by \leqslant 3,126 thousand or 3.1% compared to the first half of 2004. This change was mainly due to the increase in the Thomson group's workforce (to face the business growth) and in call centers' employees of Prontoseat S.r.l..

The Group had 5,095 employees at June 30, 2005 (5,021 employees at June 30, 2004). The average number of employees (FTE for non-Italian companies) during the first half of 2005 was 4,055.6 units (4,147.7 units in the first half of 2004).

Other valuation adjustments amounted to \leqslant 20,062 thousand in the first half of 2005 (\leqslant 23,325 thousand in the first half of 2004) and include \leqslant 19,878 thousand for the provision to the allowance for doubtful accounts, in order to adjust them to their estimated realizable value. This provision decreased by \leqslant 3,450 thousand compared to the same period in 2004 thanks to the new credit management policy introduced by SEAT PAGINE GIALLE S.p.A. in the previous year which enabled an improvement in the quality of the new customer portfolio.

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Provisions to reserves for risks and charges (net), negative for € 9,004 thousand in the first half of 2005 (€ 13,821 thousand in the first half of 2004), are the balance of:

- provisions for € 10,444 thousand in the first half of 2005 (€ 13,844 thousand in the first half of 2004), of which € 10,372 thousand (€ 12,453 thousand in the first half of 2004) to the reserve for commercial risks accrued to cover the claims by customers for publishing errors. The provision to the reserve for commercial risks decreased by € 2,081 thousand compared to the same period in the previous year thanks to the reduction in the number of claims and a faster process for their resolution;
- reversal to the Statement of Operations of € 1,440 thousand in the first half of 2005 (€ 23 thousand in the first half of 2004), referred to unused reserves for risks on litigations.

Operating income before amortisation, depreciation, non-recurring and restructuring costs (EBITDA) amounted to \in 213,450 thousand in the first half of 2005, an increase of \in 9,143 thousand or 4.5% compared to the first half of 2004. This positive trend in EBITDA, due to the management actions aimed at improving the quality of sales and the efficiency, also affected the ratio to product sales and services, increased at 38.4% from 36.5% in the first half of 2004.

Operating amortisation and depreciation amounted to \leqslant 14,871 thousand in the first half of 2005 (\leqslant 14,893 thousand in the first half of 2004) and includes \leqslant 8,875 thousand for the amortisation of intangible assets with finite useful life and \leqslant 5,996 thousand for depreciation of property, plant and equipment.

Non-operating amortisation and write-down, amounted to € 81,033 thousand in the first half of 2005 (€ 84,326 thousand in the first half of 2004) and refer to the Customer Data Base.

Non-recurring costs amounted to € 6,523 thousand in the first half of 2005 (€ 5,049 thousand in the first half of 2004) and include € 3,844 thousand for stock options and € 1,707 thousand for expenses incurred by the Thomson group as part of the investigations into the level of competition on the British directories market undertaken by the *Office of Fair Trading* and by the *Competition Commission*.

Restructuring costs (net), negative for € 663 thousand in the first half of 2005 (negative for € 3,691 thousand in the first half of 2004), are the balance of:

- restructuring costs, which amounted to € 2,059 thousand in the first half of 2005 (€ 2,036 thousand in the first half of 2004) and include € 2,040 thousand for expenses incurred by the Parent Company for the reorganisation of the Commercial Area;
- reversal to the Statement of Operations of € 1,433 thousand in the first half of 2005, referred to unused restructuring reserves.

Operating income stood at \in 110,360 thousand in the first half of 2005 (\in 96,348 thousand in the first half of 2004), an increase of \in 14,012 thousand compared to the first half of 2004, with a ratio to product sales and services of 19.9% (17.2% in the first half of 2004).

Interest income amounted to \in 13,367 thousand in the first half of 2005 (\in 3,526 thousand in the first half of 2004) and includes:

- € 11,878 thousand for exchange rate income (€ 1,168 thousand in the first half of 2004) mainly recognised as a consequence of hedging transactions entered into to hedge the euro/sterling exchange rate risks. It is partially offset by exchange rate for € 7,578 thousand

in the first half of 2005. This item includes € 2,485 thousand of interest income arising from the Forex transactions outstanding at June 30, 2005 and accounted for as an asset at their market value, in accordance with IAS 39;

- € 1,107 thousand for *interest receivables* arising from the use of short-term cash deposits with banks at rates equivalent to euribor, on the whole (€ 1,434 thousand in the first half of 2004). Compared to the same period in 2004 this item is affected by the reduction in the average amount of cash deposits.

Interest expenses amounted to € 149,827 thousand in the first half of 2005 (€ 89,706 thousand in the first half of 2004) and include:

- € 81,612 thousand for *interest expenses* on the "Senior Credit Agreement" loan between SEAT PAGINE GIALLE S.p.A. and The Royal Bank of Scotland Plc Milan Branch, which was refinanced on June 8, 2005. This amount includes i) € 7,631 thousand for net expenses on the two Interest Rate Swaps entered into to partially hedge the interest rate risks and ii) € 6,695 thousand for the amortisation of the transaction costs incurred at the acquisition and refinancing dates;
- € 58,803 thousand for *interest expenses* on the "Subordinated" loan with Lighthouse International Company S.A., through which the latter had made available to SEAT PAGINE GIALLE S.p.A. in 2004 the fund generated through a debenture loan of € 1,300 million, issued at the same date. This item also includes € 2,817 thousand for the amortisation of the transaction costs incurred at the acquisition date;
- € 1,834 thousand for other interest and financial expenses, of which € 623 thousand for commitment fees for unused credit line facilities made available to SEAT PAGINE GIALLE S.p.A. by The Royal Bank of Scotland Plc Milan Branch by virtue of the loan agreement and € 820 thousand for actuarial losses on non-current assets and liabilities, accounted for in accordance with IAS 39;
- € 7,578 thousand for *exchange rate expenses*, recognised as a consequence of hedging instruments on the euro/sterling exchange rate risks and counterbalanced by exchange rate income as described in the previous item.

Income taxes negative for € 16,922 thousand (positive for € 57 thousand in the first half of 2004) include € 4,559 thousand for current income taxes and € 12,363 thousand for deferred income taxes, of which € 20,599 thousand for deferred tax liabilities and € 8,236 thousand of deferred tax assets.

In accordance with IAS 34 on "Interim Financial Statements", income taxes for the period were measured by applying the effective annual average rates for the current fiscal year to the result before income taxes as at June 30, 2005.

Minority interests in profit amounted to € 3,384 thousand in the first half of 2005 (€ 3,369 thousand in the first half of 2004) and is mainly due to the Minority of the Telegate group.

The net result for the period amounted to \leqslant 46,534 thousand (an income of \leqslant 10,297 thousand in the first half of 2004). Compared to the same period in the previous year it was impacted by:

- higher net financial expenses of € 50,280 thousand, arising primarly from an average net debt in the first half of 2005 higher than in the first half of 2004;
- higher tax charges of € 16,979 thousand, since the first half of 2004 benefited from the positive tax effect, amounting to about € 18 million, arising from the disposal of the interests in Consodata S.A..

Reclassified Balance Sheet of the Group as at June 30, 2005

Foreword

The long-term financing agreement with The Royal Bank of Scotland Plc Milan Branch, of € 2,570.1 million as at June 30, 2005 has requested SEAT PAGINE GIALLE S.p.A. to issue the following main guarantees that are standard for transactions of this type:

- a pledge on its main trademarks;
- a pledge on the shares of its major subsidiaries;
- a special privilege on its tangible assets that have a net book value equal or higher than € 25,000.

Net Invested Capital

Net invested capital, € 4,504,151 thousand at June 30, 2005, decreased by € 163,948 thousand compared to December 31, 2004. It consists of the following items:

- goodwill and customer data base amounted to € 4,236,468 thousand at June 30, 2005, of which \in 3,574,696 thousand for goodwill on mergers and consolidation. It decreased by € 71,357 thousand compared with December 31, 2004, as a consequence of the Customer Data Base amortisation (€ 81,033 thousand) partially offset by a positive adjustment of € 9,676 thousand in goodwill on consolidation, arising from changes in the exchange rate between euro/sterling;
- other non-current assets amounted to € 158,598 thousand at June 30, 2005, up by € 10,253 thousand compared to December 31, 2004. The change reflects in particular:
- an increase of € 2,258 thousand in operating fixed assets, both tangible and intangible, due to capital expenditure for € 16,598 thousand (€ 9,438 thousand in the first half of 2004) mainly referred to the enhancement of the Telegate group's call centers, partially offset by amortisation and depreciation for € 14,871 thousand;
- an increase of € 8,095 thousand in *deferred tax assets*, which includes i) € 20,121 thousand for deferred tax assets, net accounted for in the period with a corresponding entry in reserves of net equity also as a consequence of tax effects on derivative instruments entered into to hedge interest and exchange rate risks and recognised in the balance sheet, as from January 1, 2005, in accordance with IAS 39 and ii) € 12,026 thousand for deferred income taxes for the period;
- non-operating non-current liabilities amounted to € 3,452 thousand at June 30, 2005 (€ 3,694 thousand at December 31, 2004) and mainly refer to restructuring reserves;

- operating non-current liabilities amounted to € 73,716 thousand at June 30, 2005 (€ 71,260 thousand at December 31, 2004) and include, in particular:
 - defined benefit pension plans, € 22,272 thousand at June 30, 2005, accounted for net of relevant assets (€ 59,669 thousand at June 30, 2005) designated to finance these funds (€ 81,941 thousand at June 30, 2005). Both the liabilities and the relevant assets were valued by an independent actuary, using the projected unit credit method. At the first time adoption of IFRS all net cumulative actuarial losses, which amounted to € 23,119 thousand as at January 1, 2004, were recognised. Subsequently, it was decided to use the "corridor approach": thus € 242 thousand corresponding to the net actuarial losses at June 30, 2005 has not been recognised, since less than 10% of the higher value between the liabilities for the defined benefit plans and the fair value of the relevant assets at that date.

During the first half of 2005 the assets of the Thomson's pension plan increased by € 4,785 thousand thanks to cash contributions paid in the period;

- reserve for severance indemnities, € 31,076 thousand at June 30, 2005, was accounted for in accordance with IAS 19, since it is considered as a defined benefit pension plan.
- The SEAT PAGINE GIALLE group decided this reserve to be accounted for by using the "corridor approach": thus \leqslant 534 thousand corresponding to the net actuarial losses as at June 30, 2005 has not been recognised, since less than 10% of this liability at that date;
- reserve for sales agents' termination indemnities, € 19,197 thousand at June 30, 2005, increased by € 1,336 thousand in the first half of 2005. This reserve represents the debt at the end of the period toward sales agents for their indemnity in the event their agency agreement is terminated, as required by current laws. This reserve is discounted by using an average market rate for debts of similar duration, taking into account the expected future cash flows and by estimating its expected future use over time also on the basis of the average life of agency contracts;
- operating working capital amounted to € 195,503 thousand at June 30, 2005 (€ 298,913 thousand at December 31, 2004). The decrease of € 103,410 thousand in the first half of 2005 is mainly due to:
 - a decrease of € 31,237 thousand in *trade account receivables*, thanks also to the positive impact of the credit management process introduced in SEAT PAGINE GIALLE S.p.A. in the previous year;
 - an increase of € 9,165 thousand in *other operating current assets*, due to advances to suppliers higher than December 31, 2004, even though in line with outstanding agreements with suppliers;
 - a decrease of € 50,073 thousand in *trade payables*, out of which € 16,657 thousand due to sales agents;
 - an increase of € 138,412 thousand in *payables for services to be rendered*, due to the publication calendar of the directories;
 - a decrease of € 7,068 thousand in *reserves for current risks and charges*, following in particular the use of the reserve for contractual risk;
- non-operating working capital negative for € 9,250 thousand at June 30, 2005 (€ 12,030 thousand at December 31, 2004). It decreased by € 2,780 thousand in the first half of 2005, following, in particular, the use of restructuring reserves.

Net Equity

Net equity amounted to € 782,240 thousand (€ 859,956 thousand at December 31, 2004), of which € 769,212 thousand of the Group (€ 850,168 thousand at December 31, 2004) and € 13,028 thousand of Minority (€ 9,788 thousand at December 31, 2004). At June 30, 2005 it includes the "Reserve for transition to IAS/IFRS" (€ 180,363 thousand), the "Reserve for hedging instruments" (€ 37,344 thousand) and the "Reserve for stock options" (€ 6,795 thousand), which are described in detail in the notes to the first half-year Financial Statements of the SEAT PAGINE GIALLE group under the item "Net equity".

Net Financial Debt

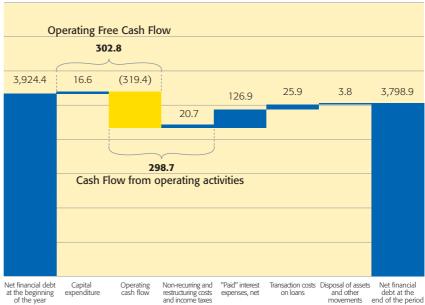
Net financial debt amounted to € 3,798,861 thousand at June 30, 2005 (€ 3,924,424 thousand at December 31, 2004) and decreased by € 125,563 thousand during the period.

It differs from "Net financial debt - book value", described hereafter, in that it is shown "gross" of:

- transaction costs incurred for the acquisition and refinancing of the medium-long term loans with The Royal Bank of Scotland Plc Milan Branch and Lighthouse International Company S.A. and amounted to € 132,688 thousand at June 30, 2005, net of accumulated amortisation;
- net liabilities arising from cash flow hedge instruments entered into to hedge interest rate risks and recognised at their fair value in the balance sheet (€ 55,738 thousand at June 30, 2005).

The following chart summarizes the main transactions which impacted net financial debt during the first half of 2005





Net financial debt - "book value" amounted to € 3,721,911 thousand at June 30, 2005 (€ 3,808,143 thousand at December 31, 2004) and was made up as follows:

- non-current financial debts amounted to € 3,612,038 thousand at June 30, 2005 (€ 3,760,501 thousand at December 31, 2004) and consisted of € 2,361,687 thousand for financial debt to banks, € 1,250,225 thousand for financial debt to Lighthouse International Company S.A. and € 126 thousand for financial debts due to other lenders.

"Financial debts due to banks" relates to the long term debt known as "Term and Revolving Facilities Agreement" with The Royal Bank of Scotland Plc Milan Branch, drawn in 2004 and refinanced during the first half of 2005. It is accounted for net of € 82,913 thousand of transaction costs not yet amortised.

On June 8, 2005, after repaying a \leqslant 84 million instalment of principal originally due on December 2005, SEAT PAGINE GIALLE refinanced the outstanding debt at that date with The Royal Bank of Scotland Plc Milan Branch, for a total amount of \leqslant 2,530.1 million plus a revolving credit line facility drawn for \leqslant 40 million and entirely repaid in August.

This loan, which saw BNP Paribas in the role of Arranger and The Royal Bank of Scotland Plc Milan Branch as Lender, is now organised as follows:

- a) tranche A, € 1,930.1 million, repayable in accordance with the amortisation plan, with six-month installments, from June 2006 to June 2012, and bearing interest at a variable interest rate p.a. equal to euribor plus 1.91%;
- b) tranche B, € 600 million, repayable with a lump-sum repayment in June 2013, bearing a variable interest rate p.a. equal to euribor plus 2.41%;
- c) tranche C, € 90 million, aimed to cover any working capital needs of SEAT PAGINE GIALLE S.p.A., or of its subsidiaries in the form of a *revolving credit line facility*, available up to May 2012, bearing a variable interest rate p.a. equal to euribor plus 1.91%., if drawn. We are requested to pay a commitment fee for the unused commitments of 0.56% p.a.. This credit line was drawn on June 8, 2005 for € 40 million, also for the payment of the transaction costs.

The following changes were made compared to the previous loan agreement:

- the previous tranche C, bearing a 3.415% spread on the euribor, was cancelled;
- tranche A1, in sterling, was cancelled;
- tranche A, bearing a minor spread, was increased;
- spreads applied to the various tranches were reduced.

As a result of the loan reorganisation the average life of the "Senior" debt increased approximately from 5.16 to 5.9 years.

This transaction also enabled SEAT PAGINE GIALLE S.p.A. to significantly reduce the cost of the "Senior" debt, whose weighted average rate decreased by around 81 base points, equivalent to a saving of approximately € 13 million for the period from June to December 2005.

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The aforementioned refinancing agreement requires SEAT PAGINE GIALLE S.p.A. to observe specific covenants, which are checked on a quarterly basis. These covenants require SEAT PAGINE GIALLE to maintain specific ratios between *i*) net debt and EBITDA, *ii*) EBITDA and interest on debt, *iii*) cash flow and debt service (inclusive of interest and quotas of principal payable in each period referred to). We are in compliance with each of the previously mentioned covenants at June 30, 2005.

Transaction costs on refinancing (\leq 25,895 thousand of fees to banks and legal costs) are accounted for offsetting the total debt at June 30, 2005, as well as the transaction costs, capitalised in 2004 for the financing agreement and not yet amortised at June 8, 2005.

The amortisation for the first half of 2005 amounted to € 6,695 thousand.

"Financial debt due to Lighthouse International Company S.A." at June 30, 2005 amounted to € 1,250,225 thousand. In accordance with IAS 32 it was accounted for in the balance sheet net of € 49,775 thousand for transaction costs not yet amortised at the end of the period. The amortisation for the first half of 2005 amounted to € 2,817 thousand.

In 2004, SEAT PAGINE GIALLE S.p.A. provided guarantees of € 350,000 thousand in order to withstand possible accessory costs of the bond;

- current financial debts amounted to € 199,601 thousand at June 30, 2005 (€ 192,233 thousand at December 31, 2004) and mainly relate to:
- € 85,500 thousand for the short-term portion of the refinancing with The Royal Bank of Scotland Plc Milan Branch, due in June 2006;
- € 40,000 thousand for the revolving credit facility, designated, as settled in the loan agreement with The Royal Bank of Scotland Plc Milan Branch, to cover any working capital needs. This credit line was used in June 2005, in particular, to pay the transaction costs incurred for the refinancing;
- € 17,375 thousand for accrued interest expenses on the loan from Lighthouse International Company S.A. which have not yet been paid (€ 19,306 thousand at December 31, 2004);
- € 55,738 thousand for liabilities from hedging instruments.

The "Senior" debt with The Royal Bank of Scotland Plc Milan Branch features variable interest rates linked to the euribor. In order to limit the exposure to risks arising from the fluctuation in interest rates, the following hedging agreements had been entered in the past with major international financial counterparties:

- a) two *Interest Rate Swaps*, through which the variable euribor rate had been replaced by a fixed rate around 3.26% to hedge the risk exposure of approximately 55% of the financial debt expected to be outstanding until December 2006 and approximately 25% of the financial debt expected to be outstanding until June 2007;
- b) three *Interest Rate Collars*, to enhance the previous hedging instruments, through which a floating band of the variable six-month euribor is fixed with a maximum (in a range between 5 and 5.35%) and a minimum threshold (in a range between 3 and 3.75%) in order to achieve with the two Interest Rate Swaps overall the hedging to around 75% of the financial debt in euro expected to be outstanding between December 2006 and December 2009.

Forward Rate Agreements (F.R.A.) were also entered in June 2005, through which a sixmonth euribor was fixed at approximately 2.05% between December 28, 2005 and June 28, 2006 hedging approximately € 590 million of the "Senior" debt.

As from January 1, 2005 SEAT PAGINE GIALLE group adopted IAS 39. As a consequence, the aforementioned hedging instruments have been valued at their fair value and recognised as a liability in the balance sheet, with a corresponding entry in the "Reserve for hedging instruments", in the net equity, net of the relevant tax impact, since they are cash flow hedge instruments.

Liabilities from hedging instruments at June 30, 2005 were as follows:

- a) Interest Rate Swaps: € 26,243 thousand (€ 19,185 thousand at January 1, 2005);
- b) Interest Rate Collars: € 29,342 thousand (€ 12,350 thousand at January 1, 2005);
- c) Forward Rate Agreements: € 153 thousand.

It should be noted that in July and September 2005 SEAT PAGINE GIALLE S.p.A. entered into further *Forward Rate Agreements* hedging i) \in 100 million for the interest period between December 28, 2005 - June 28, 2006 and ii) \in 350 million for the interest period between June 28, 2006 - December 28, 2006, fixing six-month euribor at 2.05% and 2.17% respectively;

- other non-current financial assets amounted to € 1,088 thousand at June 30, 2005 (€ 4,767 thousand at December 31, 2004) and refer to loans to employees.

At December 31, 2004 this item included € 3,729 thousand paid in 2004 in order to enter into the aformentioned *Interest Rate Collars*. These expenses, on the basis of the Italian Accounting Standards in force at that time, were deferred to the moment when the hedging starts (December 2006).

On January 1, 2005, pursuant to the provisions of IAS 39, this deferred cost was written off with a corresponding entry, net of the relevant tax effect, recognised in the "Reserve for transition to IAS/IFRS", in the net equity;

- current financial assets amounted to € 88,640 thousand at June 30, 2005 (€ 139,824 thousand at December 31, 2004) and refer to:
- € 84,023 thousand for cash and cash equivalents (€ 137,877 thousand at December 31, 2004):
- € 1,927 thousand for the countervalue in euro of the residual financial loan in local currency to Icom Inc., a Canadian company previously held for a 40% stake and sold in December 2004 (€ 1,695 thousand at December 31, 2004);
- € 2,485 thousand for the market value at June 30, 2005 of derivative instruments entered into to hedge euro/sterling exchange rate risks. Pursuant to the provisions of IAS 39, as from January 1, 2005, these instruments were recognised in the balance sheet with a corresponding entry in the statement of operations, since they are fair value hedge instruments.

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Operating Free Cash Flow

Operating free cash flow provided in the period (\leqslant 302,785 thousand) was \leqslant 3,889 thousand higher than that provided in the first half of 2004, thanks to the improvement in EBITDA (+ \leqslant 9,143 thousand compared to the same period in 2004) and to the decrease in working capital, down by \leqslant 103,410 thousand compared to December 31, 2004 (decreased by \leqslant 102,393 thousand in the first half of 2004).

The growth in operating free cash flow came about despite a sharp increase in capital expenditure (\leq 16,598 thousand in the first half of 2005, \leq 9,438 thousand in the first half of 2004), as a consequence above all of the decision to enhance the production capacity of the Telegate group's call centers.

The ratio of operating free cash flow to product sales and services (54.5% in the first half of 2005) increased by 53.3% compared to the previous period on a pro-forma basis; this trend is not reflected in the ratio of operating free cash flow to EBITDA (141.9% in the first half of 2005 and 146.3% in the first half of 2004) due to the liquidity used in higher capital expenditure.

Reclassified Statement of Operations of the Group for the first half-year 2005

	1st half-year	1st half-year	Cha	ange	Year
(euro/thousand)	2005	2004	Absolute	%	2004
Product sales and services	555,795	560,406	(4,611)	(0.8)	1,405,748
Cost of raw materials	(25,680)	(28,318)	2,638	9.3	(74,377)
Cost of external services (*)	(180,695)	(187,928)	7,233	3.8	(442,949)
Salaries, wages and employees benefits	(105,085)	(101,959)	(3,126)	(3.1)	(206,593)
Gross operating profit	244,335	242,201	2,134	0.9	681,829
Other valuation adjustments	(20,062)	(23,325)	3,263	14.0	(37,965)
Provisions to reserves for risks and charges, net	(9,004)	(13,821)	4,817	34.9	(26,688)
Other income (expenses), net	(1,819)	(748)	(1,071)	(143.2)	(2,794)
Operating income before amortisation, depreciation,					
non-recurring and restructuring costs (EBITDA)	213,450	204,307	9,143	4.5	614,382
Operating amortisation and depreciation	(14,871)	(14,893)	22	0.1	(30,290)
Non-operating amortisation and write-down	(81,033)	(84,326)	3,293	3.9	(168,754)
Non-recurring costs, net	(6,523)	(5,049)	(1,474)	(29.2)	(31,321)
Restructuring costs, net	(663)	(3,691)	3,028	82.0	(4,645)
Operating income	110,360	96,348	14,012	14.5	379,372
Interest income	13,367	3,526	9,841		8,978
Interest expenses	(149,827)	(89,706)	(60,121)		(259,937)
Profit (losses) on investments accounted for at equity	16	(291)	307		(1,824)
Gains (losses) on disposal of equity investments	(144)	3,732	(3,876)		8,400
Income (loss) before income taxes and Minority interests	(26,228)	13,609	(39,837)		134,989
Income taxes	(16,922)	57	(16,979)		(48,930)
Income (loss) before Minority interests	(43,150)	13,666	(56,816)		86,059
Minority interests	(3,384)	(3,369)	(15)		(6,129)
Net income (loss) for the period	(46,534)	10,297	(56,831)		79,930

^(*) Less repayments of costs.

Reclassified Balance Sheet of the Group as at June 30, 2005

	At	At	Change	At
(aa (b) aa (b)	June, 30	December, 31		June, 30
(euro/thousand) Goodwill and customer data base	2005	2004	(71.757)	2004
	4,236,468	4,307,825	(71,357)	4,402,355
Other non-current assets (*)	158,598	148,345	10,253	193,388
Non-operating non-current liabilities	(3,452)	(3,694)	242	(5,280)
Operating non-current liabilities	(73,716)	(71,260)	(2,456)	(72,549)
Operating working capital	195,503	298,913	(103,410)	268,640
- Operating current assets	755,127	776,198	(21,071)	807,777
- Operating current liabilities	(559,624)	(477,285)	(82,339)	(539,137)
Non-operating working capital	(9,250)	(12,030)	2,780	(157,662)
- Non-operating current assets	4,649	16,070	(11,421)	54,362
- Non-operating current liabilities	(13,899)	(28,100)	14,201	(212,024)
Net invested capital	4,504,151	4,668,099	(163,948)	4,628,892
Net equity of the Group	769,212	850,168	(80,956)	781,363
Minority interests	13,028	9,788	3,240	7,100
Total net equity (A)	782,240	859,956	(77,716)	788,463
Net financial debt	3,798,861	3,924,424	(125,563)	3,966,141
Transaction costs on loans	(132,688)	(116,281)	(16,407)	(125,712)
Cash flow hedge instruments	55,738	-	55,738	-
Net financial debt - "book value" (B)	3,721,911	3,808,143	(86,232)	3,840,429
of which:				
- Non-current financial debts	3,612,038	3,760,501	(148,463)	3,852,504
- Current financial debts	199,601	192,233	7,368	196,562
- Non-current financial assets	(1,088)	(4,767)	3,679	(879)
- Current financial assets, cash and cash equivalents	(88,640)	(139,824)	51,184	(207,758)
Total (A+B)	4,504,151	4,668,099	(163,948)	4,628,892

^(*) This item includes the "financial assets available for sale".

Operating Free Cash Flow of the Group for the first half-year 2005

(euro/thousand)	1 st half-year 2005	1 st half-year 2004	Change	Year 2004
Operating income before amortisation, depreciation,				
non-recurring and restructuring costs (EBITDA)	213,450	204,307	9,143	614,382
Decrease (increase) in operating working capital	103,410	102,393	1,017	48,581(*)
(Decrease) increase in operating non-current liabilities	2,456	1,821	635	532
Capital expenditure	(16,598)	(9,438)	(7,160)	(29,871)
(Gains) losses on disposal of non-current assets	67	(187)	254	(181)
Operating Free Cash Flow	302,785	298,896	3,889	633,443
Operating Free Cash Flow - Italian GAAP	-	300,541(**)	-	637,798(**)

^{(*) € 25,000} thousand of non-recurring provision to the allowance for doubtful account was deducted from the "decrease (increase) in operating working capital" item for the year 2004.

^(**) Previously reported figure.

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For the notes please refer to the following sections:

- "Italian Directories" Business Area;
- Financial Statements of SEAT PAGINE GIALLE S.p.A. for the first half-year 2005.

Reclassified Statement of Operations for the first half-year 2005 of SEAT PAGINE GIALLE S.p.A.

	1st half-year	1st half-year	Change		Year	
(euro/thousand)	2005	2004	Absolute	%	2004	
Product sales and services	415,193	418,376	(3,183)	(0.8)	1,059,674	
Cost of raw materials	(21,574)	(24,376)	2,802	11.5	(61,912)	
Cost of external services (*)	(133,963)	(136,710)	2,747	2.0	(327,228)	
Salaries, wages and employees benefits	(42,086)	(41,528)	(558)	(1.3)	(85,188)	
Gross operating profit	217,570	215,762	1,808	0.8	585,346	
Other valuation adjustments	(15,958)	(18,647)	2,689	14.4	(28,511)	
Provisions to reserves for risks and charges, net	(9,016)	(13,839)	4,823	34.9	(23,922)	
Other income (expenses), net	(845)	(474)	(371)	(78.3)	(2,068)	
Operating income before amortisation, depreciation,						
non-recurring and restructuring costs (EBITDA)	191,751	182,802	8,949	4.9	530,845	
Operating amortisation and depreciation	(9,151)	(8,281)	(870)	(10.5)	(17,335)	
Non-operating amortisation	(81,033)	(81,033)			(162,067)	
Non-recurring costs, net	(4,173)	(2,864)	(1,309)	(45.7)	(27,622)	
Restructuring costs, net	(2,040)	(1,711)	(329)	(19.2)	(2,769)	
Operating income	95,354	88,913	6,441	7.2	321,052	
Interest income	23,568	9,505	14,063		21,571	
Interest expenses	(150,123)	(81,530)	(68,593)		(238,401)	
Write-down of equity investments	-	(13,554)	13,554		(31,484)	
Gains (losses) on disposal of equity investments	(136)	(1,872)	1,736		4,541	
Income (loss) before income taxes	(31,337)	1,462	(32,799)		77,279	
Income taxes	(14,790)	(1,055)	(13,735)		(43,963)	
Net income (loss) for the period	(46,127)	407	(46,534)		33,316	

^(*) Less repayments of costs.

Reclassified Balance Sheet as at June 30, 2005 of SEAT PAGINE GIALLE S.p.A.

		At	At	Change	At
		June, 30	December, 31	8-	June, 30
(euro/thousand)		2005	2004		2004
Goodwill e customer data base		3,848,933	3,929,966	(81,033)	4,009,676
Other non-current assets (*)		360,782	357,237	3,545	412,589
Operating non-current liabilities		(48,404)	(46,578)	(1,826)	(45,915)
Operating working capital		219,174	303,965	(84,791)	281,355
- Operating current assets		684,525	698,068	(13,543)	747,919
- Operating current liabilities		(465,351)	(394,103)	(71,248)	(466,564)
Non-operating working capital		(2,798)	(3,098)	300	(157,692)
- Non-operating current assets		6,238	16,755	(10,517)	55,046
- Non-operating current liabilities		(9,036)	(19,853)	10,817	(212,738)
Net invested capital		4,377,687	4,541,492	(163,805)	4,500,013
Total net equity	(A)	816,900	899,643	(82,743)	864,528
Net financial debt		3,637,737	3,758,130	(120,393)	3,761,197
Transaction costs on loans		(132,688)	(116,281)	(16,407)	(125,712)
Cash flow hedge instruments		55,738	-	55,738	-
Net financial debt - "book value" of which:	(B)	3,560,787	3,641,849	(81,062)	3,635,485
- Non-current financial debts		3,611,912	3,760,403	(148,491)	3,745,490
- Current financial debts		252,819	232,525	20,294	210,618
- Non-current financial assets		(176,100)	(172,132)	(3,968)	(879)
- Current financial assets, cash and cash equivalents		(127,844)	(178,947)	51,103	(319,744)
Total	(A+B)	4,377,687	4,541,492	(163,805)	4,500,013

^(*) This item includes the "financial assets available for sale".

Operating Free Cash Flow for the first half-year 2005 of SEAT PAGINE GIALLE S.p.A.

	1st half-year	1st half-year	Change	Year
(euro/thousand)	2005	2004		2004
Operating income before amortisation, depreciation,				
non-recurring and restructuring costs (EBITDA)	191,751	182,802	8,949	530,845
Decrease (increase) in operating working capital	84,791	86,739	(1,948)	39,129(*)
(Decrease) increase in operating non-current liabilities	1,826	1,956	(130)	2,619
Capital expenditure	(6,418)	(5,825)	(593)	(20,574)
(Gains) losses on disposal of non-current assets	64	(21)	85	(26)
Operating Free Cash Flow	272,014	265,651	6,363	551,993
Operating Free Cash Flow - Italian GAAP	-	264,584(**)	-	553,955(**)

^{(*) € 25,000} thousand of non-recurring provision to the allowance for doubtful account was deducted from the "decrease (increase) in operating working capital" item for the year 2004.

^(**) Previously reported figure.

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Seat Corporate University S.c.a.r.l.

In July 2005 "Seat Corporate University S.c.a.r.l." - a consortium company - was set up with share capital of € 10,000. SEAT PAGINE GIALLE S.p.A. holds directly the 95% interest and indirectly the 5% interest through Prontoseat S.r.l.

Seat Corporate University was created in January 2005 within SEAT PAGINE GIALLE S.p.A. in order to capitalise and focus the Company's resources on training and to restore to SEAT PAGINE GIALLE S.p.A. its role as a school of excellence in Italy for sales and consultancy on advertising, communication and information for small and medium size enterprises. Now it has acquired separate legal status with the purpose of promoting and carrying out managerial and professional training programs on advertising, communication and information services.

Cipi S.p.A.

In July 2005, SEAT PAGINE GIALLE S.p.A. and the current shareholders of Cipi S.p.A. (a company operating in promotional gadgets for companies and merchandising) signed a memorandum of understanding for purchasing the 51% of the share capital of Cipi S.p.A.. The completion of the transaction was suspended and subject to approval by the Italian Competition Authority. In August 2005 the Authority gave its approval for the transaction. The completion of the acquisition by SEAT PAGINE GIALLE S.p.A. will take place during September 2005.

Febrezomo S.L.

As from July 1, 2005, Telegate A.G. acquired the 100% interest in Febrezomo S.L., a company operating in the Directory Assistance market in Spain, with share capital of € 3,100. At the end of July 2005 the Company changed its name to "Uno Uno Ocho Cinco Cero Guias S.L.".

Scoot France Sarl

In July 2005 Telegate France Eurl (a company full owned by Telegate A.G.) acquired the 100% interest in Scoot France Sarl, which has its registered office in Paris and share capital of € 345,759. The Company operates on the French Directory Assistance market, where it acquired the "118000" telephone number.

Pubblibaby S.p.A.

In July 2005, SEAT PAGINE GIALLE S.p.A. signed a memorandum of understanding, subject to the approval of the Italian Authority Antitrust, for the disposal to the RCS Mediagroup of its subsidiary Pubblibaby S.p.A., which operates in the direct marketing sector.



Taxation of interest payments between associated companies in different member states

On July 26, 2005, Legislative Decree No. 143 dated May 30, 2005 was published in the "Gazzetta Ufficiale" and consequently came into force. This Legislative Decree implements the EU directive 2003/49/CE concerning the taxation of interest and rent payments between associated companies in different EU States.

It states the withholding tax exemption on interest payments to foreign companies directly held through a minimum stake of 25%. Therefore this Legislative Decree can be applied to future interest payments to the associate Lighthouse International Company S.A., in relation to the "Subordinated" loan of € 1,300 million granted to SEAT PAGINE GIALLE S.p.A. by using the funds generated as of the same date through a debenture loan of a similar amount. The new regulation will have a positive impact on the results of the SEAT PAGINE GIALLE group as a consequence of the loan agreement clauses which provide the possibility of changing the interest rate depending on the application of withholding tax.

Litigation between Deusche Telekom and Telegate A.G.

On August 31, 2005, Cologne's regional court ordered in two legal proceedings of first instance that Deutsche Telekom reimburse the Telegate group the excess costs paid for the purchase of subscribers data base, which amounted to about € 60 million, as well as the interest accrued from the start of the proceedings in December 2004. These judgments follow another decree of the Supreme Court of Dusseldorf that ordered Deutsche Telekom to pay Telegate A.G. approximately € 5 million always as a reimburse of excess prices for the purchase of data on subscribers paid between January and September 1999. The decision was based on the previous case decided by the European Court of Justice on November 25, 2004, which defined the costs of acquiring subscribers data, binding all the European countries.

Therefore, the costs required by Deutsche Telekom in Germany have been higher than those required in other European countries.

In August 2005, the National Federal Authority for Communication issued a regulation related to data cost in Germany. In future Deutsche Telekom is authorized to sell each information to Directory Assistance providers only at 0.13 cents of euro, instead of 9.00 cents of euro as it has done till now. Deutsche Telekom announced its will to contest this regulation.

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Eco-fin performance of the Business Areas

Outlook

The second half of 2005 is expected to be similar to the first one, especially in Italy.

The economic scenario is not expected to improve and no particular changes are foreseen in this negative climate which is influencing households consumption propensity and the business confidence of small and medium size enterprises.

In this scenario, SEAT PAGINE GIALLE S.p.A. will continue with its actions, aimed at improving the quality and profitability of sales on the one hand and, at improving products and the quality of the services provided to users and advertisers, on the other.

In the second half of the year the new products launched between the end of 2004 and the begining of 2005 (the local "Inzona" directories and the tourism guides "Idee Invacanza") will be published with a positive impact on revenues of SEAT PAGINE GIALLE S.p.A.

In the second half it is foreseen the launch of new Directory Assistance services in Italy and France, following the market liberalisation: this is happening on a different time scale to that initially fixed in both countries with a consequent increase in the ratio of launching costs to revenues in the current year.

Taking into account the scenario set out above, management expects that the announced target for EBITDA will be achieved, with a trend in sales and costs partially different to the one originally foreseen, thanks to margins improvement. Net result for the full year is expected positive both at consolidated and separate level.

尽 Economic and financial performance of the Business Areas

(euro/million)		Italian Directories	UK Directories	Directory Assistance(*)		Aggregated Total	Eliminations	Consolidated Total
<u> </u>		2	J.1.00101.03	71001010110011	71011711105			
Product sales and services	1st half-year 2005	415.2	63.4	73.8	15.7	568.1	(12.3)	555.8
	1st half-year 2004	418.4	63.5	74.7	14.8	571.4	(11.0)	560.4
	Year 2004	1,059.7	170.0	150.0	55.5	1,435.2	(29.5)	1,405.7
Gross operating profit	1st half-year 2005	217.6	5.6	23.3	(2.3)	244.2	0.1	244.3
	1st half-year 2004	215.8	8.8	20.0	(2.3)	242.3	(0.1)	242.2
	Year 2004	585.3	45.3	42.1	9.0	681.7	0.1	681.8
Operating income before amortisation,	1st half-year 2005	191.8	2.9	21.3	(2.5)	213.5	-	213.5
depreciation, non-recurring	1st half-year 2004	182.8	6.2	17.9	(2.6)	204.3	-	204.3
and restructuring costs (EBITDA)	Year 2004	530.8	39.6	36.0	7.9	614.3	0.1	614.4
Net invested capital	June 30, 2005	4,377.7	213.2	76.9	9.3	4,677.1	(172.9)	4,504.2
	June 30, 2004	4,500.0	216.5	77.4	20.8	4,814.7	(185.8)	4,628.9
	December 31, 2004	4,541.5	214.5	76.2	8.2	4,840.4	(172.3)	4,668.1
Personnel at <i>(units)</i>	June 30, 2005	1,391	1,040	2,534	214	5,179	-	5,179
	June 30, 2004	1,417	992	2,489	214	5,112	-	5,112
	December 31, 2004	1,341	1,020	2,374	212	4,947	-	4,947
Sales agents at (units)	June 30, 2005	1,905	-	-	-	1,905	-	1,905
	June 30, 2004	1,974	-	-	-	1,974	-	1,974
	December 31, 2004	1,920	-	-	-	1,920	-	1,920

^(*) First half-year 2004 figures of Prontoseat S.r.l. have been reclassified from the "Other Activities" Business Area to "Directory Assistance" Business Area in order to make them comparables with those of first half-year 2005.

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Main operational data of the Group	1st half-year	1st half-year	Year
	2005	2004	2004
Published Directories			
PAGINEBIANCHE®	34	34	103
PAGINEGIALLE®	69	69	202
ThomsonLocal	61	66	173
Distributed Directories (values in million)			
PAGINEBIANCHE®	10.2	10.3	26.2
PAGINEGIALLE®	8.3	8.5	21.7
ThomsonLocal	8.1	8.6	23.8
Number of page views (values in million)			
thirty-minute accesses to website with no interruption			
PAGINEBIANCHE.it®	78.2	61.7	121.8
PAGINEGIALLE.it®	37.0	37.2	70.1
Europages.com	10.9	9.0	17.4
Number of calls (values in million)			
11880	56.4	59.4	120.6
89.24.24 Pronto PAGINEGIALLE®	9.1	7.7	16.9
Number of users (values in million)			
PAGINEBIANCHE® page views (1)	n.d.	n.d.	24.7
PAGINEGIALLE® page views (1)	n.d.	n.d.	20.8
PAGINEGIALLE.it® unique users	2.8	3.1	2.5
Callers at 89.24.24 Pronto PAGINEGIALLE®	2.8	2.3	4.4

⁽¹⁾ Sinottica Eurisko Data - number of users during the twelve-month period prior to interview (people among 14 - 74 years).

→ Italian Directories

Structure of the Business Area

SEAT PAGINE GIALLE S.p.A. operates in the telephone directories market and, more generally, in promotional and advertising communication services market for small, medium-sized and large enterprises in Italy, where it is one of the market players.



Economic and financial performance

The table below sets out the highlights for the first half of 2005, compared to those for the same period of the prior year.

	1st half-year 1st half-year		Year	Chang	Change	
(euro/million)	2005	2004	2004	Absolute	%	
Product sales and services	415.2	418.4	1,059.7	(3.2)	(0.8)	
Gross operating profit	217.6	215.8	585.3	1.8	0.8	
Operating income before amortisation,						
depreciation, non-recurring and						
restructuring costs (EBITDA)	191.8	182.8	530.8	9.0	4.9	
Net invested capital	4,377.7	4,500.0	4,541.5	(122.3)	(2.7)	
Personnel at the						
end of the period	1,391	1,417	1,341	(26)	(1.8)	

SEAT PAGINE GIALLE S.p.A.'s product sales and services amounted to € 415.2 million in the first half of 2005, remaining mostly stable (-0.8%) with respect to the same period of last year. This result was reached notwithstanding the negative economic environment and the Company's increased selectivity in its trading activities, which was aimed at recovering profitability in its customer relations. The difficult economic scenario that characterized 2004 persisted in the first part of the year, particularly in terms of domestic demand; this was reflected by the 0.6% drop in retail sales in the January-June 2005 period. The falloff in consumption and low level of confidence - both for families and businesses - influenced the investment decisions of SMEs, in many cases prompting them to rescale their advertising budgets. This external trend was coupled with efforts by companies to return to adequate levels of profitability in certain market segments, mainly in large urban centers where, in the past, there was little selectivity in terms of customer creditworthiness and an excessive use of discounts and promotions, mostly in the area of printed products (mainly PAGINEGIALLE®). The Company's advertising sales performance, to be seen in this context, confirmed the effectiveness of the multi-platform offering (Print, Voice, Internet) with a wide range of quality services, thus permitting to offset the downturn experienced by printed products with the excellent performance of online and voice services.

- Print: revenues from printed products decreased by 4.0% in the first half of 2005 compared to the same period in the previous year (€ 332.4 million, compared to € 346.1 million in the first half of 2004). This was mainly due to the adoption of a sales strategy aimed at improving the profitability of revenues. The effects of this pow strategy have been felt

A more detailed analysis of the main products contained in the multi-platform offering shows that:

improving the profitability of revenues. The effects of this new strategy have been felt primarily in the larger cities and have involved medium and large customers. Specifically, in the first quarter, revenues were impacted by the negative performance of the Turin book area, while, in the second quarter, they were impacted mainly by advertising sales trends in the Milan book area. Performance was better in medium-sized centers and in the central

Outlook

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south. The difficult and also negative economic scenario impacted certain areas of heavy industrial concentration. The negative trend in the Veneto region, for example, was the result of unfavourable export conditions owing to competition with countries with a lower labor costs. This situation prompted many companies to postpone or reduce their advertising investments.

The two main products, PAGINEGIALLE® and PAGINEBIANCHE®, performed differently. The former recorded a sharp drop in revenues (-6.7%), influenced - particularly in the metropolitan centers of Turin and Milan - by the decision taken by certain medium and large customers, who in the past had suffered a particular commercial "pressure", to halt or reduce spending in SEAT's media. It should nonetheless be stressed that problems in these areas were concentrated within a small part of the clientele and that, in both of the cities, most medium-large clients increased their investments, while the acquisition of new clients remained at the same level as in the past. These factors indicate that the difficulties experienced by PAGINEGIALLE® were attributable more to economic trends than to "structural" problems; in fact, overall, the product sales remained satisfactory. PAGINEBIANCHE®, on the other hand, more or less maintained its revenue levels (€ 154.9 million in the first half of 2005 compared to € 156.2 million in 2004; -0.9%) due to the offer development (in particular of the so-called "structured information", which allow a better organisation of the customers' advertising-information spaces) and to the combined visibility offer on the printed and online edition (PAGINEBIANCHE.it®), where searches increased by 26.7% to 78.2 million for the first half of 2005. The month of June marked the beginning of the sale of full color advertisements. Starting with the Genoa directory that will be published in the second half of 2006, these this fact will bring an important innovation to the PAGINEBIANCHE® product, offering customers new possibilities for communicating while substantially strengthening the product.

In addition, it should be pointed out that the effects of the new products InZona and Idee Invacanza were modest (€ 0.5 million for the first half of 2005) being the publications, originally scheduled in June 2005, posponed to July 2005. In this way advertising collection, which was progressing very positively, could continue as much as possible. Revenues from these products will hence be recognised only from the third quarter of 2005.

- Online: revenues amounted to € 41.1 million in the first half of 2005 (+15.0% compared to the same period in the previous year), earned in particular from PAGINEGIALLE.it®, with a +15.7% increase (€ 38.6 million revenues in the first half of 2005 compared to € 33.4 million in the same period in 2004). This product was further improved by enhancing the search function through interactive maps and additional services for advertisers. The different growth in revenue profile between the first and the second quarters is due essentially to different methods used for planning the sales campaigns during the year compared to the same periods in 2004.
- *Voice*: the 89.24.24 Pronto PAGINEGIALLE® service continued to grow. Total revenues increased by 25.1% in the first half of 2005 to € 27.1 million. This improvement was the result of the growth both in advertising (+6.6%) and traffic revenues (+49.4%), the latter resulting from the excellent performance of calls in number (+17.5% to 9.1 million) and by the increased call average handling time, resulting from the higher quality and sophistication of the offered services. Again, the different growth rates in advertising revenues recorded between the first and second quarters are the result of different methods used for planning the sales campaigns.
- Other products: there was very little change in Direct Marketing and merchandising (€ 11.7 million in 2005 compared to € 12 million in 2004).

Industrial costs amounted to \leqslant 63.7 million in the first half of 2005, a reduction of 3.9% compared to the same period in 2004. In particular consumption of raw materials decreased by \leqslant 1.8 million (-9.5%) and production costs by \leqslant 1.3 million (-4.8%). This phenomenon can be attributed primarily to the reduction in the number of signature marks (-6.5%), thanks to the improved yield per page resulting from efforts to recover profitability in its relationships with medium and large advertisers.

The costs of the 89.24.24 Pronto PAGINEGIALLE® call centers increased to € 6.9 million (€ 5.2 million in the first half of 2004) due to the significant rise in the call numbers (+11.4%) and the call average handling time (+17.1%). Sales commissions, which amounted to € 45.4 million in the first half of 2005, decreased by 9.9% compared to the same period of the previous year. This was attributable to volumes and mix of revenues as well as the reversal of sales commissions accounted for in prior years but no longer due. Advertising and promotion costs increased (+26.8% to € 12.2 million), as a consequence of expenses incurred for the new PAGINEGIALLE® television campaign.

Salaries, wages and employees benefits amounted to € 42.1 million in the first half of 2005, in line with 2004 (€ 41.5 million). The reduction in the average number of employees (-81 units) withstood the effects arising from the increase in the average per-capita cost due to a more qualified personnel mix and the renewal of the National Collective Labor Contract.

Gross operating profit reached \leqslant 217.6 million, an increase of \leqslant 1.8 million compared to the first half of 2004, in spite of higher advertising costs, with a ratio to product sales and services going from 51.6% to 52.4%.

EBITDA reached € 191.8 million, an increase of € 9 million or +4.9% compared to the first half of 2004 and a ratio to product sales and services up to 46.2% (compared to 43.7% in the first half of 2004). The further improvement compared to the gross operating profit is mainly due to the reduced provisions to the reserves for risks and charges (- € 2.1 million to the reserve for commercial risks, where more effective and faster process for the resolution of claims by customers for publishing errors has halved the number of pending claims, while efforts to improve the quality of operating and commercial processes significantly reduced the number of new claims) and to the allowance for doubtful accounts (- € 2.9 million), where a more careful selection of new customers and a more effective credit management processes enabled SEAT PAGINE GIALLE S.p.A. to reduce by 4% doubtful trade accounts.

Regulatory framework

Directories

In June 2005 the actions aimed at creating the Universal Data Base were substantially completed pursuant to the resolutions of the Authority for Communication (AGCom). In accordance with the resolution dated July 15, 2004 issued by the Data protection Authority (Garante per la protezione dei dati personali), between January and March 2005, the fixed and mobile telephone operators sent their subscribers a special form for obtaining their consents about the publication of their strictly personal data on telephone directories (name, address and telephone number) and of possible additional data (e-mail, school degree, activity description). In April, the nine fixed and mobile telephone operators (already signatories to special Framework Agreements), signed a protocol of understanding in order to regulate the UDB creation, management and sale in which three operators were designated as vendors of the UDB: Albacom, Eutelia and Telecom Italia.

After checking sale terms and conditions of all three vendors, SEAT PAGINE GIALLE S.p.A. concluded its negotiations with Telecom Italia; the relevant sale agreements (one for each of the Group companies using these data: SEAT PAGINE GIALLE S.p.A., Telegate Italia S.r.I., Prontoseat S.r.I., Consodata S.p.A.) will have a duration of three years and will enable these companies to use the UDB for their telephone directories, directory assistance and direct marketing services, taking into account the consents obtained by each subscribers.

As of August 2005, subscribers data are updated by using the UDB, and all the telephone

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directories, of any platform, will be created using this database information. The first book affected by these changes will be the Brescia 2005 edition.

Directory Assistance

In March 2005, pursuant to Resolution No. 15/04/CIR (issued by the Authority for Communication - AGCom - as the last rule leading up to full market deregulation) the procedure was concluded aimed to assign for the first time the new "12xy" numbers dedicated to the directory assistance services. The SEAT PAGINE GIALLE group requested and obtained the number 1289 through its Parent Company and the numbers 1240 and 1256 through its subsidiaries Telegate Italia S.r.l. and Prontoseat S.r.l., respectively.

In the first quarter of 2005, Telecom Italia S.p.A., Tim S.p.A. and Vodafone S.p.A. appealed to the Latium Regional Administrative Courts (TAR of Latium) for the repeal and interim suspension of the above mentioned Resolution No. 15/04/CIR. The appeal was argued affirming that it was illegitimate the closing of the subscriber information services provided by the three petitioners by the "decade 4" numbers (412) and that telephone operators were being treated unfairly with regard to notifying users about the closing of such services and the launching of the new 12xy ones. The petition for suspension was rejected at first instance by the TAR of Latium and at second instance by the Council of State. Following the negative judgments of these proceedings, the three petitioners renounced these appeals.

Subsequently AGCom, on the request of the telephone operators, changed the time schedule for launching the new numbering in May, deferring the dates originally planned by about two months, as follows:

- launch of new 12xy and closing of the current 12 service as of 10/01/2005;
- closing of internal network through "decade 4" to provide directory assistance services as of 12/01/2005.

Guideline Document on Security

As responsible of the personal data processing, in response to the requirements of rule No. 26 of the "Disciplinare Tecnico" concerning minimum security measures (Legislative Decree No. 196 of June 30, 2003), in March 2005 SEAT PAGINE GIALLE S.p.A. published the annual update of its Guideline Document on Security, in relation to the processing of "sensitive and judiciary data" by electronic instruments.

→ UK Directories

Structure of the Business Area

The Thomson group (TDL Infomedia Ltd.) operates in the telephone directory market, in Great Britain, a highly competitive market where it is the second player. It generates its revenues from collecting advertising on printed (78.5%) and online directories (12.4%) and from business information services (9.1%).



Main corporate events

In July 2005, the Board of Directors of TDL Informedia Ltd. decided to liquidate four subsidiaries which were the holding of Thomson group. The Board approved a UK£ 74.5 million increase in the share capital through the conversion of intra-group loans into equity.

Economic and financial performance

The table below sets out the highlights for the first half of 2005, compared to those for the same period of the prior year.

	1st half-year	1st half-year	Year	Chang	ge
(euro/million)	2005	2004	2004	Absolute	%
Product sales and services	63.4	63.5	170.0	(0.1)	(0.2)
Gross operating profit	5.6	8.8	45.3	(3.2)	(36.4)
Operating income before amortisation,					
depreciation, non-recurring and					
restructuring costs (EBITDA)	2.9	6.2	39.6	(3.3)	(53.2)
Net invested capital	213.2	216.5	214.5	(3.3)	(1.5)
Personnel at the end					
of the period	1,040	992	1,020	48	4.8



In the first half of 2005 the revenues of the TDL Infomedia group, expressed in sterling, rose 1.6% compared to the first half of 2004, while in euro they remained more or less steady at 63.4 million. This result incorporates the effect of the publication of five directories less than in the same period of the previous year. These directories (valued at UK£ 2.9 million in 2004) will be published over the next few months. On a like for like basis, with the same number of published directories, the growth in revenues was 8.9%.

The Thomson group's revenues during the first half of 2005 expressed in local currency are driven by the successful performance of all the product lines: printed directories +6.3% with the same number of published directories, online directories +29.0% and data sale +8.2%. Online revenues, from UK£ 4.2 to UK£ 5.4 million, has been boosted primarily by the measures taken to innovate the product content, in order to increase the loyalty of users and customers, by the Business Finder distribution agreements (company search engine on the database owned by Thomson at the Thomsonlocal.com address), by the growing interest in the new Webfinder.com search engine introduced at the end of 2003, as well as the sales force incentive mechanisms aimed at rewarding multi-product sales.

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The long-term agreement signed with Google in May is particularly significant in terms of future outlook. This agreement incorporates use of the Google AdWords services, solely for Great Britain, as an integral part of the Thomsonlocal.com and Webfinder.com search engines. It is additional to the agreement signed by the SEAT PAGINE GIALLE group with Yahoo in November 2003, the benefits of which are enjoyed by Thomson as regards the United Kingdom. With this agreement Thomson will become the first European player to offer its customers visibility through the Google network which reaches 75% of internet users in the United Kingdom.

These results are particularly significant and confirm the soundness of Thomson's marketing policies, achieving a constant increase (+9.5% in the first half of 2005) in the directories customer base (printed and online), maintaining average value at mostly the same levels despite competitive pressures and currently regulated with the application of a price cap to the Yell market leader, equal to the RPI (Retail Price Index) minus 6%.

At EBITDA level, the Thomson group decreased by approximately UK£ 2.4 million compared to the first half of 2004, of which UK£ 1.6 million are attributable to the fact that the publication of five directories was postponed as illustrated above, and UK£ 0.8 million to a different timing in advertising expenditure compared to the previous year. Net of these two events, EBITDA was substantially stable.

Regulatory framework

In April 2005, the OFT (Office of Fair Trading) completed its periodic examinations of the effects arising from the aforesaid price cap mechanism on competition. It found out that there was an inadequate level of competition in the United Kingdom directories market, despite the high pressure on prices and the recent entry into the market of new competitors (British Telecom and Trinity Mirror). OFT then transferred the case to the Competition Commission (Regulator) to open an investigation on this issue. Thomson officially stated its willingness to cooperate with all the necessary investigations, maintaining that the current UK market is highly dynamic and competitive, as proven by, among other things, the trend in the end prices applied to customers and the profitability margins of the market operators.

As one of the main players in this market, the Thomson group is working closely with the Competition Commission in its conduct of the investigation which is expected to last about 15/18 months.

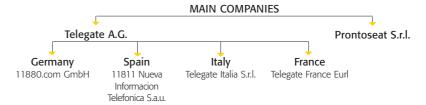
Given that the investigation is only in its initial stages, at the moment there isn't enough information to express an opinion on its possible end.

→ Directory Assistance

Structure of the Business Area

The Directory Assistance Business Area provides telephone information services through the Group reporting to the German subsidiary Telegate A.G. and Prontoseat S.r.l. which directly reports to SEAT PAGINE GIALLE S.p.A..

In Germany Telegate A.G. operates with the 11880 voice portal and is the second largest operator in the market behind the ex-monopoly player Deutsche Telekom, with a 32% market share. In Spain, a recently liberalised market, Telegate A.G. has moved up to second place as well, with the 11811 number (behind the brands of the Telefonica group).



Main corporate events

Following the exercise of the options granted to its employees as part of stock option plans, the Telegate A.G.'s share capital increased to \leqslant 20,987,045, due to the issue of 6,210 new shares. As a result, the SEAT PAGINE GIALLE group holds 78.28% of the subsidiary's share capital (16.43% directly and 61.85% indirectly through Telegate Holding GmbH).

Economic and financial performance

The table below sets out the highlights for the first half of 2005, compared to those for the same period of the prior year.

	1st half-year 1st half-year		Year	Change	
(euro/million)	2005	2004	2004	Absolute	%
Product sales and services	73.8	74.7	150.0	(0.9)	(1.2)
Gross operating profit	23.3	20.0	42.1	3.3	16.5
Operating income before amortisation,					
depreciation, non-recurring and					
restructuring costs (EBITDA)	21.3	17.9	36.0	3.4	19.0
Net invested capital	76.9	77.4	76.2	(0.5)	(0.6)
Personnel at the end					
of the period	2,534	2,489	2,374	45	1.8

The economic results for the first half of 2005 improved compared to the same period in the previous year due to the healthy performance of the Telegate group and the rise in Prontoseat S.r.l. revenues, supported by the increasing traffic volumes of the 89.24.24 Pronto PAGINE GIALLE® service.

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Telegate group

16.43% held by SEAT PAGINE GIALLE S.p.A. and 61.85% by Telegate Holding GmbH

The Telegate group operates in the German and Spanish directory assistance market and provides call center services in Italy. Furthermore it is entering the French market that will be liberalised starting from the end of 2005.

The table below sets out the highlights for the first half of 2005, compared to those for the same period of the prior year.

1st half-year	1st half-year	half-year Year		Change	
2005	2004	2004	Absolute	%	
69.7	72.2	143.8	(2.5)	(3.5)	
22.8	19.5	40.6	3.3	16.9	
20.9	17.5	35.2	3.4	19.4	
10.1	9.3	8.6	0.8	8.6	
2,163	2,260	2,111	(97)	(4.3)	
	2005 69.7 22.8 20.9	69.7 72.2 22.8 19.5 20.9 17.5 10.1 9.3	2005 2004 2004 69.7 72.2 143.8 22.8 19.5 40.6 20.9 17.5 35.2 10.1 9.3 8.6	2005 2004 2004 Absolute 69.7 72.2 143.8 (2.5) 22.8 19.5 40.6 3.3 20.9 17.5 35.2 3.4 10.1 9.3 8.6 0.8	

In the first half of 2005 the Telegate group reported revenues more or less in line with the first half of 2004, amounting to € 69.7 million, thanks to the positive performance of the Italian and Spanish operations. Mention should be made of the improvement in the operating return (EBITDA), up from € 17.5 million in the first half of 2004 to € 20.9 million in the first half of 2005, partially due to the results achieved in Germany in terms of efficiency.

In Germany revenues decreased by 1.3% compared to the first half of 2004 primarily due to the drop in the call numbers (-7.1%, to 37.4 million) caused by a general market contraction. This reduction was almost completely offset by an increase in average value per call as a result of the greater incidence of value added services and the development of parallel business lines such as data sales and interconnection services for business and consumer. Revenues in the second quarter of the year recorded a positive trend, partly counterbalancing the downturn in the first quarter of 2005, also thanks to the introduction of new services for the caller such as "call by call" (interconnection service for direct calls from private users), "reverse search" (which allows the telephone number to be traced starting from the subscriber) and "nearby search" (which enables a telephone number to be traced starting from a geographical area). In addition, the policy of enhancing outsourcing services continued with, among others, an agreement with the telephone operator COLT Telecom. This agreement will allow Telegate A.G. to further increase the traffic handled and to benefit from further economies of scale.

In Italy and Spain revenues increased by 6% to € 12.4 million driven primarily by the good performance of call numbers achieved both in Italy, where Telegate Italia S.r.l. benefits from the good performance of 89.24.24 Pronto PAGINEGIALLE® service, and in Spain. In this latter country, the Company, which is the second largest operator after the Telefonica group, is pursuing a policy of consolidation and strengthening in a market where universal service is also still provided, as opposed to the other countries in which directory assistance services have been deregulated.

In the second quarter of 2005, Telegate landed an important contract for managing the services of the Antena3 Television group, and, in July 2005, it acquired the directory assistance services (11850) of the Irish operator Conduit.





EBITDA increased by 19.4% in the first half of 2005 compared to the same period of the prior year, up to \leqslant 20.9 million, as a result of revenues in Italy and Spain and the improving profitability in Germany, thus offsetting the costs of preparing for entry into the French market. It should be noted that 2004 results were impacted by \leqslant 2.8 million in costs referred to 118866 Ltd., a company located in Great Britain and which Telegate disposed of in the second half of 2004. In Germany, Telegate A.G. achieved greater cost efficiencies on the purchase of data and call center infrastructures, resulting in an improvement in EBITDA of approximately 4.7%, in spite of the previously mentioned decrease in volume, which was moreover expected.

Industrial investment increased in the first half of 2005 due to the planned and gradual replacement of hardware and software at the German call centers in order to optimize the fixed cost structure. The economic benefits already emerged in the current period.

Net invested capital remains stable compared to the previous year with substantially similar characteristics.

Prontoseat S.r.l.

100% held by SEAT PAGINE GIALLE S.p.A.

The Company provides call center services on behalf of the Parent Company SEAT PAGINE GIALLE S.p.A..

The table below sets out the highlights for the first half of 2005, compared to those for the same period of the prior year.

	1st half-year	1st half-year	Year	Chan	ge
(euro/million)	2005	2004	2004	Absolute	%
Product sales and services	4.0	2.4	6.2	1.6	66.7
Gross operating profit	0.5	0.4	1.5	0.1	25.0
Operating income before amortisation,					
depreciation, non-recurring and					
restructuring costs (EBITDA)	0.4	0.4	0.9	-	-
Net invested capital	(0.6)	0.7	0.3	(1.3)	(185.7)
Personnel at the end					
of the period	371	229	263	142	62.0

The economic results for the first half of the year showed a significant increase in revenues compared to the same period in the previous year (+66.7%) due to the excellent performance of the traffic volumes of 89.24.24 Pronto PAGINEGIALLE® service, whose call center services are provided jointly by Prontoseat S.r.l. and by the Italian branch of the Telegate group.

The operating result remained essentially stable due to the higher cost of call center's personnel following the revised labour agreements with it.

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Regulatory framework

France

In June 2005, the French Regulatory Authority (ARCEP) assigned the new 118xyz numbers for the directory assistance services, after a unsuccessful attempt of Pages Jaunes to modify the rules concerning the attribution of numbers by draw. Telegate received the following numbers 118555, 118787, 118321, 118247 and 118244.

The timetable for launching the new services should be:

- November 2005: opening of 118xyz numbers;
- April 2006: closing of previous numbers together with the addition of neutral messaging on the new numbers.

Furthermore ARCEP issued the rules concerning the Universal Data Base. Under these rules the telephone numbers of all subscribers will be available to each fixed and mobile telephone operator (and not only those of France Telecom as was the case up to now) both for printed directories and directory assistance services.

Germany-Austria

In August 2005, the German Authority (RegTP) completed its investigation on the prices for acquiring the subscriber Data Base charged by Deutsche Telekom to Telegate A.G., requiring a significant reduction in the costs of acquiring such data.

At the same time, on August 31, Cologne's regional court ordered in two proceedings of first instance that Deutsche Telekom reimburse the Telegate group the excess costs paid for the purchase of subscribers Data Base. This reimbursement amounts to € 60 million plus the interest accrued from the start of the proceedings in December 2004.

These judgments follow another decree of the Supreme Court of Dusseldorf that ordered Deutsche Telekom to pay Telegate A.G. approximately € 5 million always as a reimburse of excess prices for subscribers data purchases between January and September 1999. The decision was based on the previous case decided by the European Court of Justice on November 25, 2004, which defined the costs of acquiring subscribers data, binding all the European countries.

Therefore, the costs required by Deutsche Telekom in Germany were higher than those required in other European countries.

In August 2005, the National Federal Authority for Communication issued a regulation related to data costs in Germany. In future Deutsche Telekom is authorised to sell each information to directory assistance providers only at 0.13 cents of euro instead of 9.00 cents of euro as it has done till now. Deutsche Telekom announced its will to contest this regulation.

Spain

Following an amendment of the Spanish legislation concerning the telecommunication market (which allows Telefonica to freely modify the prices of its directory assistance services), the incumbent operator Telefonica increased its prices from 35 to 55 cents of euro per call, in line with standards of price reasonableness (for callers) and recovery of costs for providing services (for operator). Such increase partially reduced the difference between Universal Service prices and those offered by the operators that entered the market upon its deregulation.

→ Other Activities

Structure of the Business Area



Main corporate events

- In June 2005 the Extraordinary Shareholders' Meeting of Consodata Group Ltd. (a company entirely held by SEAT PAGINE GIALLE S.p.A.) resolved to wind up the company and appointed a Liquidator.
- On July 1, 2005 the merger by incorporation of Consodata Marketing Intelligence S.r.l. into Consodata S.p.A, approved by the respective Shareholders' Meetings on April 7, 2005, became effective. The activities of the merged company will be included in the financial statements of the merging company as of January 1, 2005 for both accounting and tax purposes.
- In July 2005 SEAT PAGINE GIALLE S.p.A.. acquired a 100% stake of the share capital of Pubblibaby S.p.A. from Consodata S.p.A.. As a consequence it entirely held the share capital of the subsidiary equal to 120,000 shares, each of € 1.00 par value.

Economic and financial performance

The table below sets out the highlights for the first half of 2005, compared to those for the same period of the prior year.

	1st half-year	1st half-year	Year	Change	
(euro/million)	2005	2004	2004	Absolute	%
Product sales and services	15.7	14.8	55.5	0.9	6.1
Gross operating profit	(2.3)	(2.3)	9.0	-	-
Operating income before amortisation,					
depreciation, non-recurring and					
restructuring costs (EBITDA)	(2.5)	(2.6)	7.9	0.1	3.8
Net invested capital	9.3	20.8	8.2	(11.5)	(55.3)
Personnel at the end					
of the period	214	214	212	-	-

Further information is provided in the notes to the economic and financial highlights of the main companies which are currently included in this Business Area.

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Consodata S.p.A.

100% held by SEAT PAGINE GIALLE S.p.A.

The table below sets out the highlights for the first half of 2005, compared to those for the same period of the prior year.

	1st half-year	1st half-year	Year	Chang	ge
(euro/million)	2005	2004	2004	Absolute	%
Product sales and services	15.3	14.2	29.4	1.1	7.7
Gross operating profit	1.8	1.6	4.0	0.2	12.5
Operating income before amortisation,					
depreciation, non-recurring and					
restructuring costs (EBITDA)	1.7	1.5	3.6	0.2	13.3
Net invested capital	9.9	10.6	9.7	(0.7)	(6.6)
Personnel at the end					
of the period	150	151	151	(1)	(0.7)

The Company offers different direct marketing and location-based marketing services to both Large Customers, with a dedicated sales network, Italian SMEs, through the wide-ranging sales network of the Parent Company SEAT PAGINE GIALLE S.p.A.. In the first half of 2005, the company's revenues rose by 7.7% to € 15.3 million, due to the significant synergies of products, sales network and production with SEAT PAGINE GIALLE S.p.A. and the good performance of the Large Customers Area which benefited from new important contracts.

EBITDA amounted to \in 1.7 million in the first half of 2005, a 13.3% increase compared to the first half of 2004, attributable to the increase in revenues and continuing efforts to optimize the costs structure.

Eurédit S.A.

93.562% held by SEAT PAGINE GIALLE S.p.A.

Eurédit S.A. publishes Europages, the pan-European business-to-business directory for companies that import and export. Europages is available online in 24 languages (including Chinese, Arabic, and Aramaic), and is also distributed in printed form and on CD-ROM to more than 500,000 European companies.

Eurédit S.A., which in the first half of 2005 totalled revenues of approximately \in 0.4 million, publishes its directory in the third quarter of the year and, thus, during the remaining quarters does not recognise any significant revenues in its statement of operations.





Other information

→ Human Resources

SEAT PAGINE GIALLE group

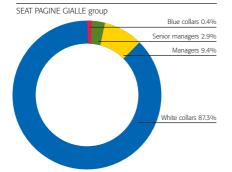
	At 06.30.2005	At 12.31.2004	Change
Employees	5,095	4,883	212
Directors and project-based workers	84	64	20
Total personnel	5,179	4,947	232

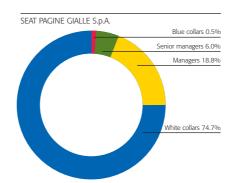
At June 30, 2005 employees numbered 5,095 units, reflecting an increase of 212 employees compared to December 31, 2004. The average number of employees was 4,056 units in the first half of 2005 (4,148 units in the first half of 2004). Personnel also includes directors and project-based workers (84 units at June 30, 2005 and 64 units at December 31, 2004), as provided for by IAS 19.

The Italian Directories Business Area recorded an increase of 50 units in the number of employees in the six-month period (1,391 at June 30, 2005), primarily due to the entry of young new graduates as stagers or project-based workers. The Directory Assistance Business Area increased its employees to 2,534 at June 30, 2005, an increase of 160 units compared to December 31, 2004. Also the UK Directories Business Area slightly increased (from 1,020 employees at December 31, 2004 to 1,040 at the end of the first half of 2005).

SEAT PAGINE GIALLE S.p.A.

	At 06.30.2005	At 12.31.2004	Change
Employees	1,313	1,290	23
Directors and project-based workers	78	51	27
Total personnel	1,391	1,341	50





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Training and development

The Company carried out its human resources strategic plan to support a growth based on the technical, managerial and professional expertise of its employees and sales agents.

Training was delivered on commercial topics (particularly regarding communication and advertising services to SMEs), analysis of specific roles (particularly front-office roles, such as customer care and credit management) and enhancement of cross-functional skills and technical knowledge. This project continues until the whole italian business region is covered, involving the whole Company.

Seat Corporate University S.c.a.r.l., the training school of SEAT PAGINE GIALLE S.p.A., was setup in January with the task of systematically developing managerial and technical expertises of employees and sales agents over medium-long term. The opening of the Corporate University coincided with the start-up of a wide-reaching training program that involves the entire SEAT PAGINE GIALLE S.p.A. sales force from May 2005 to March 2006.

Industrial relationships

In the first half of 2005 the Industrial Relationship Department carried out its activity on several fronts, providing support to the subsidiaries as well. In particular, trade union agreements were reached for managing telephone sales in Bologna and call center services in Livorno and for the continuous-cycle shift of operators of the data processing center.

In February 2005, the Ministry of Labor issued a decree confirming the validity of the "corporate reorganisation plan" and granting the CIGS measures (Cassa Integrazione Guadagni Straordinari) for the second half of 2004. In the meantime, the Ministry of Labor was requested to extend CIGS measures to the second half of 2005, bringing the corporate reorganisation period to an end.

Stock Option Plans

On April 8, 2005, the Board of Directors passed a resolution to increase share capital by: i) a maximum par value of \leq 150,000, through the issue of a maximum of 5,000,000 ordinary shares, covering an equivalent number of options granted to the Managing Director under the 2005 Stock Option Plan; ii) a maximum par value of \leq 2,250,000, through the issue of a maximum of 75,000,000 ordinary shares, covering an equivalent number of options granted to the key employees of SEAT PAGINE GIALLE S.p.A. and of the Group.

The options of both plans were granted at a strike price of € 0.3221 and can be exercised from September 2006 up to June 2010.

→ Litigation

As beneficiary of the partial proportional spin-off of Telecom Italia Media S.p.A. (the new name of the former Seat Pagine Gialle S.p.A.) SEAT PAGINE GIALLE S.p.A. is jointly liable with Telecom Italia Media S.p.A. (the Company effecting the spin-off) for liabilities deriving from litigations that have not been settled by Telecom Italia Media S.p.A., pursuant to Art. 2506-quater, Paragraph 3, of the Italian Civil Code. In this regard, it is further pointed out that there are no new developments in pending litigations between Telecom Italia Media S.p.A. and the Cecchi Gori group. Three of these suits are under appeal, as the Cecchi Gori group has contested the respective judgments set by the Court of Rome and the Court of Milan and one is still at the stage of first instance, pending at the Court of Milan. Therefore, as a consequence of the aforesaid potential joint liability, SEAT PAGINE GIALLE S.p.A. could be subject to legal action from the Cecchi Gori group, in the event of a decision in favor of the latter Group, if Telecom Italia Media S.p.A. does not satisfy its claims. However, in this case, SEAT PAGINE GIALLE S.p.A. has the right to be indemnified by Telecom Italia Media S.p.A.

Furthermore, pursuant to the indemnity agreements entered into on August 8, 2003, also in the interest of SEAT PAGINE GIALLE S.p.A., Telecom Italia S.p.A. will provide Telecom Italia Media S.p.A. with the cash which may be necessary to enable the latter company to pay, at the due date, its liabilities relating to the operations that were incurred prior to its spin-off and were outstanding as of the effective date of the spin-off.

Also Telecom Italia Media S.p.A. and SEAT PAGINE GIALLE S.p.A., within the spin-off operation, signed an agreement dated August 1, 2003 through which: *i)* both companies confirmed that potential liabilities relating to the company divisions which remained to Telecom Italia Media S.p.A. (as those inherent the still pending suits described above) or the ones transferred to SEAT PAGINE GIALLE S.p.A. will be considered entirely attributable to the company who owns the division; *ii)* both companies decided that the allocation of liabilities not clearly attributable to each company division, according to the equity stake respectively transferred to SEAT PAGINE GIALLE S.p.A. or remaining with Telecom Italia Media S.p.A.

→ Corporate Governance

Board of Directors

In the first half of 2005, the Board of Directors' meetings were six. During its meetings, the Board was supported by the top management of the Company. The level of attendance of the Directors at the meetings was always high with a percentage of approximately 84.6.

As recommended by the Code of Conduct of Listed Companies (the "Code"), the Directors and Statutory Auditors were provided with the required documentation and information on the items on the agenda before the date of each Board meeting. In addition, as required by article 1.4 of the Code, the Managing Director reported to the Board on the main new developments in legislative and regulatory matters of interest for the Company.

Internal Control Committee

In the first half of 2005 the meetings of the Internal Control Committee were three, of which two in the period from July 1 to September 5, 2005.

These meetings were attended, other than by the members of the Committee, by the Chairman of the Board of Statutory Auditors or by an effective Auditor charged by the latter, as well as the chief of the Company's Internal Audit Department (who is also the Person in charge to run the internal control system). Furthermore, depending on the items on the agenda, the meetings were attended by the Company's Independent Auditors and the top management.

Specifically, among other activities, the Internal Control Committee carried out the following:

- it monitored the development of the organisational and operating model of the Internal Audit Department;
- it examined and assessed the audit plans prepared by the Internal Audit Department and reviewed its performance;

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- 3) it examined problems which arose from the performed activities with the Partner of the Independent Auditors;
- it obtained qualitative and quantitative information from the top management of the Administration, Finance and Control Department on the trade account receivables, following actions taken to improve collection processes;
- 5) it reviewed the steps being taken with regard to the first time adoption of IAS/IFRS in preparing the first half-year financial statements as at June 30, 2005;
- 6) it reviewed the main disclosures of the first half-year financial statements as at June 30, 2005, prepared according to IAS/IFRS, with the top management of the Administration, Finance and Control Department, the Chairman of the Board of Statutory Auditors and the Partner of the Independent Auditors;
- 7) it positively assessed the assignment to PricewaterhouseCoopers of the task to provide technical support to the Internal Audit Department, as part of the actions carried out in the previous year and required by Legislative Decrees 231/2001 and 61/2002.

During the first half of 2005, the Auditors, the Board of Statutory Auditors and the Company's Internal Auditing Department, entrusted with the task of running the Company's system of control, did not inform the Committee of any problems that need be pointed out with reference to the internal control system of the SEAT PAGINE GIALLE group.

Compensation Committee

The Compensation Committee met twice during the first half of 2005. During these meetings it:

- examined the terms, conditions and procedures of the 2005 Stock Option Plan for the key employees and the Managing Director;
- fixed the 2005 objectives for the Managing Director, which the variable portion of his compensation referred to.

Board of Statutory Auditors

During the first half of 2005 the meetings of the Board of Statutory Auditors were two.

Shareholders' Meeting

On April 28, 2005 the Ordinary and Extraordinary Shareholders' Meetings approved the financial statements of SEAT PAGINE GIALLE S.p.A. as at December 31, 2004.

During the Ordinary Meeting, Pietro Masera - who was co-opted by the Board of Directors on November 25, 2004 to replace Hardy McLain - was appointed as Director.

Furthermore the Ordinary Meeting approved the coverage of losses for the year 2004 by using the entire amount of the revaluation reserves. The Extraordinary Meeting ratified the aforesaid resolution, thus bringing to zero the balance of these reserves recognised in the past pursuant to laws Nos. 413/1991 and 342/2000 without any obligation to reconstitute the same.

Supervisor Committee

It is further pointed out that the Supervisor Committee (set up pursuant to Legislative Decree 231/2001) met twice during the first half of 2005. During these meetings, it approved the Internal Rules for its functioning and, as required by the Board of Directors, the Organisational Model. The training and communication plan to the Company's departments is nearly to be completed.



First half-year Financial Statements of the Group



Basis of presentation

On January 1, 2005 the SEAT PAGINE GIALLE group adopted the International Accounting Standards ("IAS/IFRS").

This half-year report is the first interim financial report prepared in accordance with these standards.

The comparative figures for the same period in 2004 have been restated and reclassified in accordance with IAS/IFRS, except for IAS 39, only applied to the figures of 2005.

For further information about the transition to IAS/IFRS on the figures previously reported of 2004, please refer to the specific sections of this report.

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Statement of Operations of the Group for the first half-year of 2005

		1st half-year	1st half-year	Change	e	Year	
(euro/thousand)		2005	2004	Absolute	%	2004	
Sales of goods		10,698	11,765	(1,067)	(9.1)	32,470	
Revenues from services		545,097	548,641	(3,544)	(0.6)	1,373,278	
Product sales and services	(1)	555,795	560,406	(4,611)	(8.0)	1,405,748	
Other income and revenues	(2)	2,806	1,878	928	49.4	4,351	
Total revenues		558,601	562,284	(3,683)	(0.7)	1,410,099	
Cost of raw materials	(3)	(25,680)	(28,318)	2,638	9.3	(74,377)	
Cost of external services	(4)	(182,550)	(189,236)	6,686	3.5	(446,341)	
Salaries, wages and employees benefits	(5)	(105,085)	(101,959)	(3,126)	(3.1)	(206,593)	
Other valuation adjustments	(6)	(20,062)	(23,325)	3,263	14.0	(37,965)	
Provisions to reserves for risks and charges, net	(7)	(9,004)	(13,821)	4,817	34.9	(26,688)	
Other operating expenses	(8)	(2,770)	(1,318)	(1,452)	(110.2)	(3,753)	
Operating income before amortisation, depreciation,							
non-recurring and restructuring costs (EBITDA)	(9)	213,450	204,307	9,143	4.5	614,382	
Operating amortisation and depreciation	(10)	(14,871)	(14,893)	22	0.1	(30,290)	
Non-operating amortisation and write-down	(11)	(81,033)	(84,326)	3,293	3.9	(168,754)	
Non-recurring costs, net	(12)	(6,523)	(5,049)	(1,474)	(29.2)	(31,321)	
Restructuring costs, net	(13)	(663)	(3,691)	3,028	82.0	(4,645)	
Operating income	(14)	110,360	96,348	14,012	14.5	379,372	
Interest income	(15)	13,367	3,526	9,841		8,978	
Interest expenses	(16)	(149,827)	(89,706)	(60,121)		(259,937)	
Profit (losses) on investments accounted for at equity	(17)	16	(291)	307		(1,824)	
Gains (losses) on disposal of equity investments	(18)	(144)	3,732	(3,876)		8,400	
Income (loss) before income taxes and Minority interests	;	(26,228)	13,609	(39,837)		134,989	
Income taxes	(19)	(16,922)	57	(16,979)		(48,930)	
Income (loss) before Minority interests		(43,150)	13,666	(56,816)		86,059	
Minority interests	(20)	(3,384)	(3,369)	(15)		(6,129)	
Net income (loss) for the period	(21)	(46,534)	10,297	(56,831)		79,930	
Number of shares of SEAT PAGINE GIALLE		8,251,290,482	8,251,290,482		8	251,290,482	
- ordinary		8,115,215,696	8,115,215,696		8,	115,215,696	
- saving		136,074,786	136,074,786			136,074,786	
Earning per share (euro)		-0.0056	0.0012			0.0097	
Diluited earning per share (euro)		-0.0056	0.0012			0.0097	

尽 Balance Sheet of the Group as at June 30, 2005

Assets

(euro/thousand)	Note	At 06.30.2005	At 12.31.2004	Change	At 06.30.2004
Non-current assets					
Intangible assets with indefinite useful life	(22)	3,574,696	3,565,020	9,676	3,578,516
Intangible assets with finite useful life	(23)	696,119	777,654	(81,535)	853,696
Property, plant and equipment	(24)	38,457	35,697	2,760	39,846
Equity investments	(25)	225	209	16	9,124
Other non-current financial assets	(26)	1,240	4,917	(3,677)	925
Deferred tax assets	(27)	84,122	76,027	8,095	112,069
Other non-current assets	(28)	1,295	1,413	(118)	2,446
Total non-current assets	(A)	4,396,154	4,460,937	(64,783)	4,596,622
Current assets					
Inventories	(29)	11,787	10,313	1,474	12,382
Trade account receivables	(30)	653,060	684,297	(31,237)	699,543
Current tax assets	(31)	4,452	16,306	(11,854)	54,271
Other current assets	(32)	90,477	81,352	9,125	95,943
Current financial assets	(33)	4,617	1,947	2,670	1,886
Cash and cash equivalents	(34)	84,023	137,877	(53,854)	205,872
Total current assets	(B)	848,416	932,092	(83,676)	1,069,897
Total assets (A+	·B)	5,244,570	5,393,029	(148,459)	5,666,519

Liabilities and Net Equity

(euro/thousand)	Note	At 06.30.2005	At 12.31.2004	Change	At 06.30.2004
Net equity of the Group					
Share capital		247,539	247,539	-	247,539
Additional paid-in capital		437,097	541,845	(104,748)	541,845
Other reserves		(11,058)	3,803	(14,861)	4,491
Reserve for exchange rate adjustments		(7,109)	(9,075)	1,966	(6,190)
Reserve for transition to IAS/IFRS		179,826	(16,874)	196,700	(16,889)
Reserve for stock options		6,795	3,000	3,795	270
Reserve for hedging instruments		(37,344)	-	(37,344)	-
Income (loss) for the period		(46,534)	79,930	(126,464)	10,297
Total net equity of the Group	(A)	769,212	850,168	(80,956)	781,363
Minority interests					
Share capital and reserves		9,644	3,659	5,985	3,731
Income (loss) for the period		3,384	6,129	(2,745)	3,369
Total Minority interests	(B)	13,028	9,788	3,240	7,100
Total net equity	(C=A+B) (35)	782,240	859,956	(77,716)	788,463
Non-current liabilities					
Non-current financial debts	(36)	3,612,038	3,760,501	(148,463)	3,852,504
Non-current reserves to employees	(37)	54,028	52,916	1,112	56,181
Deferred income taxes and					
non-current tax debts		341	10	331	10
Other non-current liabilities	(38)	22,799	22,028	771	21,638
Total non-current liabilities	(D)	3,689,206	3,835,455	(146,249)	3,930,333
Current liabilities					
Current financial debts	(39)	199,601	192,233	7,368	196,562
Trade account payables	(40)	224,184	274,257	(50,073)	209,708
Reserve for current risks and charges	(41)	50,445	60,890	(10,445)	59,012
Current tax debts	(42)	33,301	43,057	(9,756)	222,247
Payables for services to be rendered and					
other current liabilities	(43)	265,593	127,181	138,412	260,194
Total current liabilities	(E)	773,124	697,618	75,506	947,723
Total liabilities	(F=D+E)	4,462,330	4,533,073	(70,743)	4,878,056
Total liabilities and net equity	(C+F)	5,244,570	5,393,029	(148,459)	5 666 F10
iotal habilities and het equity	(C+r)	5,244,570	5,585,029	(140,459)	5,666,519

尽 Cash Flow Statement of the Group for the first half-year 2005

Net cash inflow from operating activities Income (loss) for the period (43,150) 13,666 (56,816) 86,04 13,500 13,666 (56,816) 86,04 13,500 13,666 (56,816) 86,04 13,500 13,566 (56,816) 86,04 13,500 13,566 (56,816) 13,500		1st half-year	1st half-year	Change	Year
Income (loss) for the period	(euro/thousand)	2005	2004	•	2004
Amortisation and depreciation 95,904 99,219 (3,315) 199,01 interest expenses, net 136,460 86,180 50,280 250,05 500	Net cash inflow from operating activities				
Interest expenses, net 136,460 86,180 50,280 250,55 50x kpotions 3,844 270 3,574 3,5 1	Income (loss) for the period	(43,150)	13,666	(56,816)	86,059
Stock options 3,844 270 3,574 3,65 Income taxes 16,922 (57) 16,979 48,55 Income taxes 16,922 (57) 16,979 48,55 Income taxes 70 (5,181) 5,251 (10,00000000000000000000000000000000000	Amortisation and depreciation	95,904	99,219	(3,315)	199,044
Income taxes 16,922 (57) 16,979 48,6	Interest expenses, net	136,460	86,180	50,280	250,959
Cains losses on disposal of non-current assets 70 (5,181) 5,251 (10,70 Write-up) write-down of non-current assets 34) 491 (525) 6 6 6 6 6 6 6 6 6	Stock options	3,844	270	3,574	3,000
(Write-up) write-down of non-current assets (34) 491 (525) Exchanges in working capital Changes in non-current liabilities 1,883 981 902 (1,6 Exchange rate effects and other movements (8,666) 26,085 (34,751) 40,0 Net cash inflow from operating activities (A) 298,696 280,517 18,179 484,1 Net cash outflow for investments (B,213) (14,885) 6,672 (28,5 Investments on intangible assets (B,213) (14,885) 6,672 (28,5 Investments on property, plant and equipment (B,385) (3,547) (4,838) (10,5 Investments on or property, plant and equipment (B,385) (3,547) (4,838) (10,5 Investments on or intangible assets (20) (42) 22 (2,6 Investments on or intensects (20) (42) 22 (2,6 Investments on or intensects (20) (42) 22 (2,6 Investments on or intensection or intensection (20) (42) 22 (2,6	Income taxes	16,922	(57)	16,979	48,930
Changes in working capital 95,463 58,863 36,600 (132,23) Changes in non-current liabilities 1,883 981 902 (1,62) Exchange rate effects and other movements (8,666) 26,085 (34,751) 40,6 Net cash outflow from operating activities (A) 298,696 280,517 18,179 484,1 Net cash outflow for investments Investments (B,213) (14,885) 6,672 (28,5) Investments on intangible assets (B,213) (14,885) 6,672 (28,5) Investments on orbital non-current assets available for sale - - - - (C Investments on orbital non-current assets (20) (42) 22 (C (C (Investments on orbital non-current assets 241 6,919 (6,678) 22,0 (A (A 22,0 (A (A 22,0 (A (A (A	(Gains) losses on disposal of non-current assets	70	(5,181)	5,251	(10,790)
Changes in non-current liabilities	(Write-up) write-down of non-current assets	(34)	491	(525)	850
Exchange rate effects and other movements (8,666) 26,085 (34,751) 40,000	Changes in working capital	95,463	58,863	36,600	(132,340)
Net cash inflow from operating activities (A) 298,696 280,517 18,179 484,1 Net cash outflow for investments (B,213) (14,885) 6,672 (28,5 investments on intangible assets Investments on property, plant and equipment (B,385) (3,547) (4,838) (10,5 investments on property, plant and equipment (C,5 investments on property, plant and equipment (C,5 investments on other non-current assets (C,6 investments on other non-current assets (C,7 investments on other non-current assets (C,7 investments on other non-current assets (C,7 investments on other non-current financial debts (C,7 investments on other non-current financial debts (C,7 investments on other non-curren	Changes in non-current liabilities	1,883	981	902	(1,641)
Net cash outflow for investments Investments on intangible assets Investments on property, plant and equipment (8,385) (3,547) (4,838) (10,943) Equity investments (10,100) Equity investments (10,100	Exchange rate effects and other movements	(8,666)	26,085	(34,751)	40,031
Investments on intangible assets (8,213) (14,885) 6,672 (28,5 investments on property, plant and equipment (8,385) (3,547) (4,838) (10,5 investments on property, plant and equipment (8,385) (3,547) (4,838) (10,5 investments on assets available for sale (20) (42) 22 investments on other non-current assets (8) (16,377) (11,555) (4,822) (18,10 investments (8) (16,377) (11,555) (4,822) (18,10 investments (8) (16,377) (11,555) (4,822) (18,10 investments (8) (16,377) (11,555) (4,822) (18,10 investment investments (8) (16,377) (11,555) (4,822) (18,10 investment investments (8) (18,377) (11,555) (4,822) (18,10 investment investments (8) (18,377) (11,555) (4,822) (18,10 investment investments (8) (18,377) (11,555) (4,822) (18,10 investment in	Net cash inflow from operating activities (A)	298,696	280,517	18,179	484,102
Investments on intangible assets (8,213) (14,885) 6,672 (28,5 investments on property, plant and equipment (8,385) (3,547) (4,838) (10,5 investments on property, plant and equipment (8,385) (3,547) (4,838) (10,5 investments on assets available for sale (20) (42) 22 investments on other non-current assets (8) (16,377) (11,555) (4,822) (18,10 investments (8) (16,377) (11,555) (4,822) (18,10 investments (8) (16,377) (11,555) (4,822) (18,10 investments (8) (16,377) (11,555) (4,822) (18,10 investment investments (8) (16,377) (11,555) (4,822) (18,10 investment investments (8) (18,377) (11,555) (4,822) (18,10 investment investments (8) (18,377) (11,555) (4,822) (18,10 investment investments (8) (18,377) (11,555) (4,822) (18,10 investment in					
Investments on property, plant and equipment (8,385) (3,547) (4,838) (10,50)	Net cash outflow for investments				
Equity investments	Investments on intangible assets	(8,213)	(14,885)	6,672	(28,993)
Investments on assets available for sale Investments on other non-current assets (20) (42) 22 Proceeds from disposal of non-current assets (241 6,919 (6,678) 22,6 Net cash outflow for investments (B) (16,377) (11,555) (4,822) (18,1 Net cash outflow for financing Proceeds from non-current financial debts 28 4,050,010 (4,049,982) 4,159,6 Proceeds from revolving credit line facility 40,000 - 40,000 Repayment of non-current financial debts (220,364) (28,366) (191,998) (217,8 Repayment of current financial debts - (528,375) 528,375 (528,8 Payment of transaction costs on loans (25,920) (128,959) 103,039 (129,38) Paid interest expenses, net (129,414) (28,408) (101,006) (206,28) Changes in current financial debts (108) 3,845 (3,953) 1,6 Change in financial assets (237) 834 (1,071) (3,38) Stock options and contributions from Shareholders	Investments on property, plant and equipment	(8,385)	(3,547)	(4,838)	(10,912)
Investments on other non-current assets (20)	Equity investments	-	-	-	(209)
Proceeds from disposal of non-current assets 241 6,919 (6,678) 22,0 Net cash outflow for investments (B) (16,377) (11,555) (4,822) (18,10) Net cash outflow for financing Proceeds from non-current financial debts 28 4,050,010 (4,049,982) 4,159,00 Proceeds from revolving credit line facility 40,000 - 40,000 40,000 - 40,000 20,000 - 40,000 20,000 - 40,000 20,000 <td>Investments on assets available for sale</td> <td>-</td> <td>-</td> <td>-</td> <td>(110)</td>	Investments on assets available for sale	-	-	-	(110)
Net cash outflow for investments (B) (16,377) (11,555) (4,822) (18,10) Net cash outflow for financing 28 4,050,010 (4,049,982) 4,159,00 Proceeds from revolving credit line facility 40,000 - 40,000 - 40,000 Repayment of non-current financial debts (220,364) (28,366) (191,998) (217,50) Repayment of current financial debts - (528,375) 528,375 (528,375) 528,375 (528,375) 528,375 (528,375) (52	Investments on other non-current assets	(20)	(42)	22	(47)
Net cash outflow for financing 28 4,050,010 (4,049,982) 4,159,01 Proceeds from non-current financial debts 28 4,050,010 (4,049,982) 4,159,01 Proceeds from revolving credit line facility 40,000 - 40,000 - 40,000 Repayment of non-current financial debts (220,364) (28,366) (191,998) (217,50) Repayment of current financial debts - (528,375) 528,375 (528,375) Payment of transaction costs on loans (25,920) (128,959) 103,039 (129,310) Paid interest expenses, net (129,414) (28,408) (101,006) (206,206,206,206) Changes in current financial debts (108) 3,845 (3,953) 1,0 Change in financial assets (237) 834 (1,071) (3,50,203) Stock options and contributions from Shareholders - - - Paid dividends (158) (3,578,373) 3,578,215 (3,578,378,215) Net cash outflow for financing (C) (336,173) (237,792) (98,381)	Proceeds from disposal of non-current assets	241	6,919	(6,678)	22,075
Proceeds from non-current financial debts 28 4,050,010 (4,049,982) 4,159,000 Proceeds from revolving credit line facility 40,000 - 40,000 Repayment of non-current financial debts (220,364) (28,366) (191,998) (217,860) Repayment of current financial debts - (528,375) 528,375 (528,375) 528,375 (528,375) 528,375 (528,375) 528,375 (528,375) 528,375 (528,375) 528,375 (528,375) 528,375 (528,375) 528,375 (528,375) 528,375 (528,375) 628,375 (528,375) 628,375 (528,375) 628,375 (528,375) 628,375 (528,375) 628,375 (528,375) 628,375 (528,375) 628,375 (528,375) 628,375 (528,375) 628,375 (528,375) 628,375 (528,375) 628,375 (528,375) 628,375 628,375 628,375 628,375 628,375 628,375 628,375 628,375 628,375 628,375 628,375 628,375 628,375 628,375 628,375	Net cash outflow for investments (B)	(16,377)	(11,555)	(4,822)	(18,196)
Proceeds from non-current financial debts 28 4,050,010 (4,049,982) 4,159,000 Proceeds from revolving credit line facility 40,000 - 40,000 Repayment of non-current financial debts (220,364) (28,366) (191,998) (217,860) Repayment of current financial debts - (528,375) 528,375 (528,375) 528,375 (528,375) 528,375 (528,375) 528,375 (528,375) 528,375 (528,375) 528,375 (528,375) 528,375 (528,375) 528,375 (528,375) 528,375 (528,375) 628,375 (528,375) 628,375 (528,375) 628,375 (528,375) 628,375 (528,375) 628,375 (528,375) 628,375 (528,375) 628,375 (528,375) 628,375 (528,375) 628,375 (528,375) 628,375 (528,375) 628,375 (528,375) 628,375 628,375 628,375 628,375 628,375 628,375 628,375 628,375 628,375 628,375 628,375 628,375 628,375 628,375 628,375	Net cash outflow for financing				
Proceeds from revolving credit line facility 40,000 - 40,000 Repayment of non-current financial debts (220,364) (28,366) (191,998) (217,988) Repayment of current financial debts - (528,375) 528,375 (528,375) Payment of transaction costs on loans (25,920) (128,959) 103,039 (129,341) Paid interest expenses, net (129,414) (28,408) (101,006) (206,241) Changes in current financial debts (108) 3,845 (3,953) 1,6 Change in financial assets (237) 834 (1,071) (3,51) Stock options and contributions from Shareholders - - - Paid dividends (158) (3,578,373) 3,578,215 (3,578,378) Net cash outflow for financing (C) (336,173) (237,792) (98,381) (502,702) Increase in cash and cash equivalents in the period (A+B+C) (53,854) 31,170 (85,024) (36,825) 174,74		28	4.050.010	(4.049.982)	4,159,075
Repayment of non-current financial debts (220,364) (28,366) (191,998) (217,98) Repayment of current financial debts - (528,375) 528,375 (528,375) Payment of transaction costs on loans (25,920) (128,959) 103,039 (129,372) Paid interest expenses, net (129,414) (28,408) (101,006) (206,206,200) Changes in current financial debts (108) 3,845 (3,953) 1,000 Change in financial assets (237) 834 (1,071) (3,578,373) Stock options and contributions from Shareholders - - - Paid dividends (158) (3,578,373) 3,578,215 (3,578,378,215) Net cash outflow for financing (C) (336,173) (237,792) (98,381) (502,700,200) Increase in cash and cash equivalents in the period (A+B+C) (53,854) 31,170 (85,024) (36,825) 174,702			-		
Repayment of current financial debts - (528,375) 528,375 (528,3 Payment of transaction costs on loans (25,920) (128,959) 103,039 (129,3 Paid interest expenses, net (129,414) (28,408) (101,006) (206,2 Changes in current financial debts (108) 3,845 (3,953) 1,0 Change in financial assets (237) 834 (1,071) (3,5 Stock options and contributions from Shareholders - - - Paid dividends (158) (3,578,373) 3,578,215 (3,578,378,215) Net cash outflow for financing (C) (336,173) (237,792) (98,381) (502,78,215) Increase in cash and cash equivalents in the period (A+B+C) (53,854) 31,170 (85,024) (36,825) Cash and cash equivalents at the beginning of the period 137,877 174,702 (36,825) 174,74			(28.366)	· · · · · · · · · · · · · · · · · · ·	(217,586)
Payment of transaction costs on loans (25,920) (128,959) 103,039 (129,329) Paid interest expenses, net (129,414) (28,408) (101,006) (206,200) Changes in current financial debts (108) 3,845 (3,953) 1,000 Change in financial assets (237) 834 (1,071) (3,700) Stock options and contributions from Shareholders - - - - Paid dividends (158) (3,578,373) 3,578,215 (3,578,378,215)	1 /	` ' '			(528,375)
Paid interest expenses, net (129,414) (28,408) (101,006) (206,206,206,206) Changes in current financial debts (108) 3,845 (3,953) 1,007 Change in financial assets (237) 834 (1,071) (3,500,207) Stock options and contributions from Shareholders - - - Paid dividends (158) (3,578,373) 3,578,215 (3,578,378,215) Net cash outflow for financing (C) (336,173) (237,792) (98,381) (502,78,278,215) Increase in cash and cash equivalents in the period (A+B+C) (53,854) 31,170 (85,024) (36,825) Cash and cash equivalents at the beginning of the period 137,877 174,702 (36,825) 174,702		(25,920)	. , ,	· · · · · · · · · · · · · · · · · · ·	(129,309)
Changes in current financial debts (108) 3,845 (3,953) 1,0 Change in financial assets (237) 834 (1,071) (3,000) Stock options and contributions from Shareholders - - - Paid dividends (158) (3,578,373) 3,578,215 (3,578,378,215) Net cash outflow for financing (C) (336,173) (237,792) (98,381) (502,78,278,215) Increase in cash and cash equivalents in the period (A+B+C) (53,854) 31,170 (85,024) (36,825) Cash and cash equivalents at the beginning of the period 137,877 174,702 (36,825) 174,702					(206,210)
Change in financial assets (237) 834 (1,071) (3, 5tock options and contributions from Shareholders Paid dividends (158) (3,578,373) 3,578,215 (3,578,378) Net cash outflow for financing (C) (336,173) (237,792) (98,381) (502,78,278) Increase in cash and cash equivalents in the period (A+B+C) (53,854) 31,170 (85,024) (36,825) Cash and cash equivalents at the beginning of the period 137,877 174,702 (36,825) 174,702					1,041
Stock options and contributions from Shareholders - - Paid dividends (158) (3,578,373) 3,578,215 (3,578,378) Net cash outflow for financing (C) (336,173) (237,792) (98,381) (502,78,100) Increase in cash and cash equivalents in the period (A+B+C) (53,854) 31,170 (85,024) (36,825) Cash and cash equivalents at the beginning of the period 137,877 174,702 (36,825) 174,702		` ,	·		(3,112)
Paid dividends (158) (3,578,373) 3,578,215 (3,578,378) Net cash outflow for financing (C) (336,173) (237,792) (98,381) (502,78,378) Increase in cash and cash equivalents in the period (A+B+C) (53,854) 31,170 (85,024) (36,825) Cash and cash equivalents at the beginning of the period 137,877 174,702 (36,825) 174,702		-	_	-	118
Net cash outflow for financing (C) (336,173) (237,792) (98,381) (502,702) Increase in cash and cash equivalents in the period (A+B+C) (53,854) 31,170 (85,024) (36,802) Cash and cash equivalents at the beginning of the period 137,877 174,702 (36,825) 174,702	-	(158)	(3,578,373)	3,578,215	(3,578,373)
Cash and cash equivalents at the beginning of the period 137,877 174,702 (36,825) 174,7	Net cash outflow for financing (C)	` ,			(502,731)
Cash and cash equivalents at the beginning of the period 137,877 174,702 (36,825) 174,7	Increase in cash and cash equivalents in the period (A+B+C)	(53.854)	31.170	(85.024)	(36,825)
beginning of the period 137,877 174,702 (36,825) 174,7	(11016)	(55,551)	2.,	(55,521)	(30,023)
	Cash and cash equivalents at the				
Cash and each equivalents at the	beginning of the period	137,877	174,702	(36,825)	174,702
	Cash and cash equivalents at the				
		84,023	205,872	(121,849)	137,877

61 62 93

■ Changes in Net Equity of the Group between December 31, 2004 and June 30, 2005

		SEAT	PG S.p.A.		Minority interests			Total	
	Share	Equity	Income (loss)		Share capital	Income (loss)			
(euro/thousand)	capital	reserves	for the period	Total	and reserves	for the period	Total		
At December 31, 2004	247,539	522,699	79,930	850,168	3,659	6,129	9,788	859,956	
Allocation of the result of the									
previous year		79,930	(79,930)		6,129	(6,129)			
Distribution of dividends					(158)		(158)	(158)	
Stock options		3,795		3,795				3,795	
Hedging instruments		(39,843)		(39,843)				(39,843)	
Cumulative translation adjustments									
and other movements		1,626		1,626	14		14	1,640	
Income (loss) for the period			(46,534)	(46,534)		3,384	3,384	(43,150)	
At June 30, 2005	247,539	568,207	(46,534)	769,212	9,644	3,384	13,028	782,240	

7 Changes in Net Equity of the Group between December 31, 2003 and June 30, 2004

		SEAT	PG S.p.A.		M	inority interests		Total
	Share	Equity	Income (loss)		Share capital	Income (loss)		
(euro/thousand)	capital	reserves	for the period	Total	and reserves	for the period	Total	
At December 31, 2003	247,539	4,137,617	(32,454)	4,352,702	4,766	889	5,655	4,358,357
Allocation of the result of								
the previous year		(32,454)	32,454		889	(889)		
Distribution of dividends		(3,578,238)		(3,578,238)	(135)		(135)	(3,578,373)
Reversal to Statement of Operations								
of exchange reserve		(6,715)		(6,715)	(1,682)		(1,682)	(8,397)
Cumulative translation adjustments and								
other movements		4,089		4,089	(132)		(132)	3,957
Effects for the transition to IAS/IFRS		(772)	97,157	96,385	25	(415)	(390)	95,995
Income (loss) for the period			(86,860)	(86,860)		3,784	3,784	(83,076)
At June 30, 2004	247,539	523,527	10,297	781,363	3,731	3,369	7,100	788,463

Notes to the first half-year Financial Statements of the Group

The Financial Statements of the Group as at June 30, 2005 were prepared as regard to the structure and the content in accordance with IAS 34 "Interim financial report", pursuant to requirements of art. 81 of No. 19771/1999 Regulation for Listed Companies, as subsequently amended by CONSOB and of IAS/IFRS issued by the International Accounting Standards Board and ratified by European Union, including all the interpretations of the International Reporting Interpretations Committee (IFRIC), previously denominated Standing Interpretations Committee (SIC).

The comparative figures for the same period in 2004 have been restated and reclassified in accordance with IAS/IFRS, except for IAS 39, only applied to the figures of 2005.

For further information about the transition to IAS/IFRS on the previously reported figures of 2004, please refer to the specific sections of this report.

During the first half of 2005 there were no exceptional facts requiring to apply exemptions allowed by IAS1.

Information about the nature of the Group activities, the Business Areas and the significant events happened after the end of the period are included elsewhere in the Report on Operations.

The accounting standards used for the preparation of the Financial Statements, content and changes of each item are set forth below. All amounts in the Balance Sheet, in the Statement of Operations and in the Notes are in thousand of euros, unless different stated.

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Consolidation procedures

The first half-year financial statements of each company, consolidated on a line-by-line basis, are used for the consolidation purposes, properly adjusted, if necessary, to make them consistent with the accounting standards adopted by the Parent Company.

All financial statements expressed in foreign currencies not belonging to the euro-zone are translated in euros by applying period-end exchange rates to each item of the balance sheet and the average exchange rates for the period to each item of the statement of operations. Differences arising from the translation of net equity at the beginning of the year and of the result for the period to period-end exchange rates were recognised as a separate reserve of the consolidated net equity up to the disposal of the subsidiary. The consolidated statement of cash flows is prepared by applying average exchange rates for the period to cash flows of foreign subsidiaries.

The SEAT PAGINE GIALLE group decided not to make use of the option (provided by IFRS1 to companies adopting IAS/IFRS for the first time) to apply IAS 21 prospectively. As a consequence at the transition date the SEAT PAGINE GIALLE group recognised cumulative net exchange differences arising from the translation in euros of financial statements of foreign subsidiaries.

The exchange rates used are set out under the "Other information" section.

All subsidiaries included in the scope of consolidation are consolidated on a line-by-line basis. Non-consolidated subsidiaries, since they are not operating and without a significant impact on the total activities and liabilities, net debt and result for the period of the Group, are consolidated by using the equity method.

Moreover, the following consolidation steps are taken:

- assets, liabilities, costs and revenues are taken into account in their total amount, regardless of the stake held in the subsidiaries and recognising to Minority its share of net equity and its result for the reporting period;
- intra-group receivables and payables, as well as intra-group costs and revenues are eliminated in full;
- intra-group dividends are eliminated.

Unrealised intra-group income is not eliminated when its amount is not significant.

Associates are accounted for using the equity method.

Scope of consolidation

Consolidated financial statements include all the Italian and foreign companies listed in Annex 1, directly or indirectly controlled by the Parent Company.

Investments in associates, valued at equity, are listed in Annex 2.

Accounting standards

Intangible assets with indefinite useful life

Intangible assets with indefinite useful life refer to *goodwill* and *goodwill* on *consolidation*. Goodwill arising from an acquisition or a merger is initially valued at cost, since it represents the excess of the purchase cost over the relevant share of the identifiable actual and potential assets and liabilities acquired and valued at fair value.

After initial recognition, goodwill is valued at cost, reduced by accumulated impairment losses, and annually tested (or more frequently if specific events or changed circumstances indicate that there may be an impairment loss), in order to identify any reductions in value as requested by IAS 36 "Impairment of assets".

On the date of its first recognition, goodwill is allocated to each of the cash-generating units that are expected to benefit from the synergies of the acquisition. Impairment losses are identified testing the capability of each cash-generating unit to generate adequate cash inflows to recover the portion of goodwill allocated thereto.

The relevant impairment loss is recognised if the carrying amount of the asset exceeds its recoverable amount. If goodwill is attributed to a cash-generating unit whose assets are partially disposed, goodwill associated with the disposed asset is taken into account to measure the gains (losses) arising from the disposal. In these circumstances goodwill is written off for an amount proportional to the disposed asset and the asset still held by the cash-generating unit.

When IAS/IFRS was first adopted, the SEAT PAGINE GIALLE group decided not to apply IFRS 3 - Business combinations - retroactively to business acquisitions prior to January 1, 2004. As a result, goodwill acquired in a business combination before the transition date to IAS/IFRS has been accounted for at the previous value determined on the basis of the Italian accounting principles, after having verified that no impairment loss exists.

Intangible assets with finite useful life

Intangible assets with finite useful life purchased or produced internally are recorded in the assets section, as provided for by IAS 38 "Intangible assets", when it is likely that the use of the assets will generate future economic benefits and when the cost of the asset can be reliably determined.

These assets are valued at purchase or production cost and amortised at constant monthly rates throughout their estimated useful life. If they are acquired as the result of business combinations these assets are stated at the fair value defined at the date of acquisition.

More specifically, the following amortisation criteria are applied:

- industrial patents and intellectual property rights are amortised over the estimated useful life of these assets. Intangible asset "Customer Data Base" recognised following the partial allocation of goodwill arising from mergers, is amortised on a straight-line basis, over a six-year period, based on the estimated useful life of this asset;
- concessions, licenses, trademarks and similar rights are amortised over the estimated useful life of these assets;
- software is amortised on a three-year basis; and
- other capitalised costs are amortised over a period of three to five years.

Gains and losses resulting from the disposal of an intangible asset are calculated as the difference between the asset's disposal value and carrying value and are shown in the statement of operations at the time of disposal.

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Property, plant and equipment

Property, plant and equipment are recognised net of depreciation and accounted for at purchase cost including any costs directly attributable. Costs incurred after purchase are capitalised only if they increase the future economic benefits that related property, plant and equipment can produce. All the other costs are recognised in the statement of operations when they are incurred.

Repairs and maintenance are expensed in the period they are incurred.

Depreciation is measured systematically on the historical cost of the assets, using the straight-line method over the estimated useful lives of the assets. Lands are not depreciated.

With regard to assets sold during the period, depreciation is recognised pro-rata for the period in which these assets were available, with the exception of assets purchased in the year.

Impairment loss of assets

At the reporting date, impairment tests are performed in order to identify if intangible assets or property, plant and equipment are to be impaired. If there is an indication, the *recoverable value* of the asset is determined and, if the carrying value of the asset exceeds its recoverable amount, the asset is impaired. In the case of intangible assets with indefinite useful life, the recoverable value is determined at least once a year, or more frequently if there is an indication that the value of the asset may be impaired.

The recoverable value of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Estimating the value in use of an asset requires calculating the present value of the future cash inflows and outflows, gross of income taxes, using a discount rate, pre-tax, which reflects current market assessments of the time value of money and the risks specific to the asset.

If there is an indication that an impairment loss recognised for an asset other than goodwill may no longer exist or may have decreased, the carrying amount of the asset or cash-generating unit is increased to its re-determined recoverable amount, without exceeding the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Reversals of impairment losses are recognised immediately in the statement of operations.

Investments in associates

Associates are companies in which the SEAT PAGINE GIALLE group holds at least 20% of the voting rights or has joint control. The consolidated financial statements include the Group's share of the results of the associates, accounted for using the equity method, as from the date of acquisition. Positive differences at the acquisition date between the carrying value of these investments and the corresponding portion of net equity at current values are included in their carrying value and tested at least once a year to identify if they are to be impaired. These impairments (which may not be reversed in subsequent years), together with the Group's portions of income in the reporting period, are included in the statement of operations under "profit (losses) on investments accounted for at equity" item.

If the portion of the associate's loss relating to the Group exceeds the carrying value of the investment, the carrying value of the investment is reduced to zero and the additional portion of the loss is shown in the "Reserve for risks and charges on equity investments", if the Group is liable for its average.

Investments in foreign companies are converted into euros at the historical (acquisition or subscription) exchange rates.

Other financial assets

Other financial assets include:

- available-for-sale financial assets, which refer to investments in companies (where the interest is less than 20%, or 2% in the case of listed companies). They are accounted for at fair value. Gains or losses arising from this valuation are recognised in a specific reserve of net equity, until these investments are sold, recovered or closed or until it is verified that they have suffered an impairment loss. In these cases, the gains or losses that have been accumulated up to that moment in the net equity are released in the statement of operations;
- held-to-maturity investments, which are non-derivative financial assets that feature fixed or determinable payments, with fixed maturity, and that the Group firmly intends, and has the capability, to hold to maturity. They are accounted for at the amortised cost, using the effective rate method. These assets are included in the net financial position;
- finance and loans, which are accounted for at the amortised cost using the effective interest method. They are recognised at the acquisition cost if they do not have a fixed maturity. If their maturity is beyond a year, or if they bear no interest or interest below market rate, they are discounted using a market rate. They are included in the net financial position;
- held-for-trading financial assets, which are accounted for at fair value. Gains or losses arising from this valuation are recognised in the statement of operations. These assets are included in the net financial position; and
- cash and cash equivalents, which include cash and cash equivalents with an original maturity of no more than three months. They are included in the net financial position.

They are tested regularly in order to identity an indication that a financial asset or a group of assets is to be impaired. If an indication is found, the impairment loss is recognised as a cost in the statement of operations for the period.

Financial debts

Financial debts are accounted for at the amortised cost.

Non-current loans are shown in the balance sheet net of the transactions costs, if any.

Derivatives

Derivative agreements are entered into only for hedging purposes to reduce the risk of fluctuations in interest and exchange rates.

In accordance with the requirements of IAS 39, derivative financial instruments are accounted for as hedging instruments only when, at the inception of the hedge, they are designated as hedging instruments, if the hedging is highly effective and such effectiveness is reliably measurable. Such derivative instruments are valued at market value.

When the derivatives have the requirements to be accounted for as hedging instruments, the following accounting treatment is applied:

- fair value hedge If an instrument is designated to hedge fluctuations in the current value of an asset or liability arising from certain risks that may have an impact on the statement of operations, gains or losses resulting from the subsequent valuations of this instrument at fair value are recognised in the statement of operations. The carrying value of the hedged asset (liability) is increased or decreased to reflect gains or losses arising from the hedged risk with a corresponding entry in the statement of operations;
- cash flow hedge If an instrument is designated to hedge fluctuations in the cash flows of an asset or liability recognised in the balance sheet or of a transaction deemed as more than highly likely and that could have an effect on the statement of operations, the effective portion of gains or losses on the financial instrument is recognised in a specific equity reserve. The cumulative gains or losses are reversed from equity and recognised in the statement of operations in the same period in which the hedged transaction is recognised. The gains or losses arising from the hedging or the portion of the hedging that become ineffective are immediately recognised in the statement of operations.

The SEAT PAGINE GIALLE group has accounted for financial instruments in accordance with IAS 39 from the date it entered into force (January 1, 2005) and has not therefore restated the 2004 values.

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Inventories

Inventories are accounted for at the lower of their purchase or production cost and their fair value. In particular they include:

- raw materials, which are accounted for at purchase cost, including any directly attributable costs, using the method of progressive weighted average cost;
- works in progress, which are accounted for at direct cost, including auxiliary production costs and depreciation of the assets that are used;
- works in progress on contract, which involve services that have not been finished at the end of the period, relating to contracts for indivisible services that are scheduled to be completed within one year and are accounted for at production cost;
- finished goods, which are made up of telephone directories accounted for at production cost. They are adjusted through writedowns in relation to the period of publication; and
- merchandise and products for resale, which are valued at purchase cost.

Trade and other receivables

Trade receivables, arising from the sale of goods or services produced or distributed by the Group, are included in current assets, even if fall due after twelve months. They are accounted for at the amortised cost.

Receivables and payables in currencies other than euro are accounted for at the period-end exchange rates. Any positive or negative difference between receivables and payables translated at the period-end exchange rates and at the historical exchange rates are recognised in the statement of operations.

Discontinued operations

This item includes non-current assets (or groups of assets) held for sale. Their carrying value will be recovered primarily through a sale transaction rather than through continuing use. Discontinued operations are valued at the lower of its carrying amount and fair value less costs to sell.

Employee benefits

Pension plans

The SEAT PAGINE GIALLE group recognises different forms of defined benefit and defined contribution plans, in line with the local conditions and practices of the countries in which it operates. The defined benefit plans are based on the working life of employees and on the remuneration received by the employee during a defined period of service.

The assets designated to finance the funds for defined benefits plans and the annual cost of these plans recognised in the statement of operations are valued by an independent actuary using the projected unit credit method. The portion of the net cumulative actuarial gains and losses exceeding the higher of 10% of the present value of the defined benefit obligation and 10% of the fair value of the assets serving the plan at the previous year-end is amortised over the average remaining working life of the employees ("corridor approach").

With regards to the first time adoption of IAS/IFRS, the SEAT PAGINE GIALLE group decided to recognise all the cumulative actuarial gains and losses as at January 1, 2004, despite using the corridor approach for subsequent actuarial gains and losses.

Payments relating to defined contribution plans are recognised in the statement of operations as costs when incurred.

Reserve for severance indemnities

The reserve for severance indemnities of Italian companies is considered and accounted for as a defined benefit plan.

Equity compensation benefits

SEAT PAGINE GIALLE S.p.A. awards additional benefits to certain categories of its employees and employees of its subsidiaries which are considered to be "key" in terms of responsibility and/or expertise. It does this through stock option plans. According with IFRS 2 "Share-based payments" the total amount of the stock option fair value at the date of grant is recognised as a cost in the statement of operations during the vesting period, on a systematic monthly basis, with a corresponding entry in a specific equity reserve. Changes in the fair value after the date of grant have no effect on the initial valuation.

The SEAT PAGINE GIALLE group accounted for all the stock option plans granted after December 7, 2002 and not yet vested on the date IFRS 2 came into force (January 1, 2005) according with IFRS 2.

Reserves for risks and charges

These reserves are recognised when, in the presence of a legal or constructive obligation as a result of a past event, it is possible that an outflow of resources embodying economic benefits will be required to settle the obligation and when a reliable estimate can be made of the amount of the obligation. These reserves include the following:

- reserve for tax liabilities: the amount of this reserve depends on a prudential evaluation of tax charges;
- reserve for sales agents' termination indemnities: based on the Collective Economic Agreement presently in force, it represents the liabilities at period-end with towards sales agents for the indemnity due to them if the agency relationship should cease;
- reserve for commercial risks, contractual risks and other charges: this reserve is recognised mainly for risks arising from the execution of contractual commitments that have been undertaken, as well as any litigation or other contingent liabilities; and
- reserve for risks and charges on equity investments: this reserve is recognised for equity deficits of investments exceeding the writedown of their carrying value. It is also recognised for risks and contingent liabilities arising from the restructuring of equity investments when their disposal or liquidation has been already planned.

Changes in estimates are recognised in the statement of operations when incurred.

In the case of reserves for future risks - over more than 12 months - if the liability is significant it is discounted at a pre-tax rate that reflects current market assessments of the time value of money. The increase of the reserves over time is recognised as interest expenses.

Income taxes

Income taxes include all taxes calculated on the Group's taxable income.

Income taxes are recognised in the statement of operations, apart from those arising from assets or liabilities directly recognised to equity: in this case the tax effect is recognised directly in equity. According to IAS 34, income taxes for the first half of 2005 were measured by applying the effective annual average rates for the current fiscal year to the result before income taxes as at June 30, 2005.

Other taxes not related to income, such as taxes on property and capital gains, are included in the "other operating expenses" item.

Deferred taxes are calculated applying the liability method to all the timing differences arising at the balance sheet date between the tax and carrying value of assets and liabilities.

Deferred tax assets are recognised when a taxable profit, which they may be offset against, is likely to be available.

Current and deferred tax assets and liabilities are offset when income taxes are due to the same tax authorities and when there is a legal right to offset

Deferred tax assets and liabilities are calculated with the tax rates expected to be applicable in the different countries in which the SEAT PAGINE GIALLE group operates, in the years in which the timing differences will be realized or written off.

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Revenues and costs

They are accounted for on an accrual basis according to IAS18.

In particular, revenues are recognised in the statement of operations for services that have been performed during the period. Advertising services that have already been invoiced and will be rendered after the end of the year are classified as a liability in the "other liabilities" item. Dividends are recognised at the time the relevant right arises following the resolution passed by the Shareholders' Meeting for their distribution by the subsidiary.

Use of estimates

The preparation of annual (and interim) financial statements and related notes under IAS/IFRS requires management to make estimates and assumptions that have an effect on the values of the balance sheet assets and liabilities and on the amounts and disclosures referred to contingent assets and liabilities at the balance sheet date. The actual results may differ from such estimates.

The estimates are used to recognise provisions for doubtful receivables and claims for mistakes in the printed editions, depreciation and amortisation, write downs of assets, employee benefits, taxes, restructuring reserves, other provisions and reserves.

The estimates and assumptions are reviewed periodically and the effects of any changes are recognised immediately in the statement of operations.

Earnings per share

Earnings per share are calculated by dividing "income (loss) for the period" of the Group attributable to ordinary shares outstanding during the period. Diluted earnings per share are calculated by using the weighted average of the ordinary share outstanding during the period, as modified by assuming the exercise of all the stock option having a dilutive effect, pursuant to IAS 33.

Statement of Operations of the Group for the first half-year 2005

Forward

For more detailed information on the business and the information for Business Area, reference is made to the "Report on operations".

(1) Product sales and services

€ 555,795 thousand

(€ 560,406 thousand in the first half of 2004)

Product sales and services amounted to \leq 555,795 thousand in the first six-months of 2005, down by 0.8% compared to the same period in the previous year. This was partly due to the publication by the Thomson group of five directories less than in the first half of 2004, which will be published by the end of this year. At the same sterling/euro exchange rate and the same number of published directories, product sales and services grew slightly compared to the first half of 2004 (\pm 0.1%).

They were made up as follows:

- product sales, which amounted to € 10,698 thousand in the first half of 2005 (€ 11,765 thousand in the first half of 2004);
- services, which amounted to € 545,097 thousand in the first half of 2005 (€ 548,641 thousand in the first half of 2004).

Gross of eliminations among the Business Areas, product sales and services were as follows:

- product sales and services from the "Italian Directories" (SEAT PAGINE GIALLE S.p.A.) Business Area, which in the first half of 2005 reached € 415,193 thousand, slightly down (-0.8%) compared to the same period in the previous year (€ 418,376 thousand). The trend in sales in the second quarter of 2005, decreased by around 3%, offsetting the growth recorded in the first quarter of 2005 (+4.6%). The sales performance in SEAT PAGINE GIALLE S.p.A. was achieved despite an economic environment which remained unfavourable, with a further fall in consumption, the cutting of growth forecasts for 2005, and widespread pessimism on the business operators' side, especially SME's, which made them more cautious in planning investment in communication. In this difficult market scenario, SEAT PAGINE GIALLE S.p.A. invested to improve its offering and enhance the skills of its sales force. At the same time, the Company implemented its actions started in the second half of 2004 aimed at improving profitability and cash generation through better quality in sales, both from the viewpoint of customers' creditworthiness and margins on customer relationships (in many cases compromised by excessive use of discounts and promotions). This action affected printed products above all, which recorded a 4.0% fall, since the increase in sales achieved with most customers and the good performance in acquiring new customers were more than offset by reductions or abandonment by medium-large customers, though with low margins and/or creditworthiness. At product sales an services level, this negative trend was compensated by the growth in other components of the Company's multi-platform offering. In particular the online activities of PAGINEGIALLE.it® increased by 15.7% at € 38,602 thousand, and the voice platform Pronto PAGINE GIALLE® by 25.1% at € 27,097 thousand. The other activities, direct marketing and merchandising, were substantially unchanged (€ 11,701 thousand in 2005 compared with € 12,021 thousand in 2004);
- product sales and services from the "UK Directories" (Thomson group) Business Area, which amounted to € 63,377 thousand in the first half of 2005 (€ 63,527 thousand in the first half of 2004). Products sales and services were largely stable despite the publication of five directories less than in 2004, equivalent to sales for 2.9 million pounds in 2004. At the same exchange rate and number of published directories, product sales and services grew by +8.9% thanks to the continuous growth in printed directories (+6.2%) and the solid development of the online businesses (+26.7%) which benefited from the investment made in the last two years. Finally, the customer base grew further by 10,400 customers compared with the first half of 2004;
- product sales and services from the "Directory Assistance" (Telegate A.G. and Prontoseat S.r.l.) Business Area, which in the first half of 2005 amounted to € 73,753 thousand, down by 1.2% compared with the same period in 2004. They reflect the positive trend of the Telegate group operations in Italy and Spain (+5.7% at € 12,371 thousand), counterbalanced by the trend in Germany (€ 57,344 thousand in the first half of 2005). Here the downturn in revenues due to the reduction in the call number, following the contraction in the market for basic information services, was restrained at 1.3%, thanks to the development of new value added services and the growth of other business lines (outsourcing services, data sales and management of interconnection services). Moreover in Germany revenues showed a positive trend in the second quarter of 2005 (+2.8% compared to the second quarter of 2004), thanks to the growth in value added services;
- product sales and services from "Other activities" (Consodata S.p.A. and Eurédit S.A.) Business Area, which amounted to € 15,683 thousand in the first half of 2005 and include € 15,301 thousand from Consodata S.p.A., up by 8.0% compared with the first half of 2004. In Eurédit S.A. product sales and services were not significant since the Company publishes its directories in the third quarter of the year.

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(2) Other income and revenues

€ 2,806 thousand

(€ 1,878 thousand in the first half of 2004)

They amounted to € 2,806 thousand in the first half of 2005. They include € 1,855 thousand for income arising from repayment of costs and € 817 thousand for indemnities for damages.

(3) Cost of raw materials

€ 25,680 thousand

(€ 28,318 thousand in the first half of 2004)

Cost of raw materials amounted to € 25,680 thousand in the first half of 2005, and are detailed as follows

		1st half-year	Chai	nge
(euro/thousand)	2005	2004	Absolute	%
Paper consumption	21,223	22,782	(1,559)	(6.8)
Purchase of merchandise and finished goods for resale	4,370	4,920	(550)	(11.2)
Purchase of other materials	696	627	69	11.0
Changes in inventories of work in progress, semi-finished and finished goods and merchandise	(609)	(11)	(598)	n.s.
Total cost of raw materials	25,680	28,318	(2,638)	(9.3)

They decreased by \leq 2,638 thousand or 9.3% compared to the same period in the previous year, thanks to reduced paper consumption in SEAT PAGINE GIALLE S.p.A. as a consequence of improvements in the yield per page and reductions in the number of signature marks. For further details on the item "Change in inventories" please refer to the "Inventories" item in the Balance Sheet.

(4) Cost of external services

€ 182,550 thousand

(€ 189,236 thousand in the first half of 2004)

Cost of external services amounted to € 182,550 thousand in the first half of 2005, and can be detailed as follows

	1st half-year	1st half-year	Cha	nge
(euro/thousand)	2005	2004	Absolute	%
Commissions and other agent costs	45,418	50,391	(4,973)	(9.9)
Production costs of printed directories	31,185	31,952	(767)	(2.4)
Advertising and promotion	28,639	25,137	3,502	13.9
Professional services, consultancies and collaboration costs	15,997	15,604	393	2.5
Distribution and postage costs	11,502	12,205	(703)	(5.8)
Rent expenses and costs for use of third-party property	8,067	10,024	(1,957)	(19.5)
Use and updating of data base	7,944	8,470	(526)	(6.2)
Network and hosting costs	3,614	2,733	881	32.2
Assistance and maintenance	3,432	3,867	(435)	(11.2)
Utility costs	3,141	3,395	(254)	(7.5)
Royalties	2,739	2,950	(211)	(7.2)
Cost for telematic services	1,421	1,778	(357)	(20.1)
Other costs	19,451	20,730	(1,279)	(6.2)
Total cost of external services	182,550	189,236	(6,686)	(3.5)

Cost of external services decreased by \in 6,686 thousand or 3.5% in the first half of 2005 compared to the first half of 2004 (\in 189,236 thousand).

This item too benefited from the recovery in sales profitability in Italy, where the containment compared to the first half of 2004 of commission expenses (down by \in 4,973 thousand due to a different sales mix compared to 2004 and the write-off of commission debts of previous years that were no longer due) and production costs (down by \in 767 thousand following the improvement in the yield per page) were partly offset by \in 3,502 thousand increase in advertising expenses. The latter were affected by the increased investment made by the Parent Company to support printed products ($+ \in$ 2,584 thousand compared to the first half of 2004) and changes in the advertising planning for 2005 at the Thomson group compared to the first half of 2004, thus bringing forward 0.8 million sterling for advertising expenses (approximately \in 1,166 thousand).

(5) Salaries, wages and employee benefits

€ 105,085 thousand

(€ 101,959 thousand in the first half of 2004)

Salaries, wages and employee benefits amounted to € 105,085 thousand in the first half of 2005. The following table sets forth a breakdown of this item

	1st half-year	1st half-year	Cha	nge
(euro/thousand)	2005	2004	Absolute	%
Wages and salaries	79,418	76,292	3,126	4.1
Social security contributions	17,397	17,977	(580)	(3.2)
Other costs to employees	1,249	2,156	(907)	(42.1)
Costs to directors and project-based workers	3,009	3,167	(158)	(5.0)
Provision to reserve for defined benefit plans	1,904	75	1,829	n.s.
Provision to reserve for severance indemnities	1,803	1,897	(94)	(5.0)
Provision to reserve for termination indemnities of the Managing Director	305	395	(90)	(22.8)
Total salaries, wages and employee benefits	105,085	101,959	3,126	3.1

This item increased by \leq 3,126 thousand or 3.1% compared to the first half of 2004, mainly due to the increase in the Thomson group's workforce (to face the business growth) and in call centers' employees of Prontoseat S.r.l..

The Group had 5,095 employees at June 30, 2005 (5,021 employees at June 30, 2004).

The average number of employees (FTE for non-Italian companies) during the first half of 2005 was 4,055.6 units (4,147.7 units in the first half of 2004).

(6) Other valuation adjustments

€ 20,062 thousand

(€ 23,325 thousand in the first half of 2004)

Other valuation adjustments amounted to \leq 20,062 thousand in the first half of 2005 and include \leq 19,878 thousand for the provision to the allowance for doubtful accounts, in order to adjust them to their estimated realisable value. This provision decreased by \leq 3,450 thousand compared to the same period in 2004 thanks to the new credit management policy, introduced by the Parent Company in the previous year, which enabled an improvement in the quality of the new customer portfolio.

(7) Provisions to reserves for risks and charges (net)

€ 9,004 thousand

(€ 13,821 thousand in the first half of 2004)

Provisions to reserves for risks and charges (net), negative for € 9,004 thousand in the first half of 2005, are the balance of:

- provisions of € 10,444 thousand in the first half of 2005 (€ 13,844 thousand in the first half of 2004), of which € 10,372 thousand (€ 12,453 thousand in the first half of 2004) to the reserve for commercial risks accrued to cover the claims by costumers for publishing errors, in particular on PAGINEGIALLE®, PAGINEBIANCHE® and Annuari. The provision to the reserve for commercial risks decreased by € 2,081 thousand compared to the same period in the previous year thanks to the reduction in the number of claims and a faster process for their resolution:
- reversal to the statement of operations of € 1,440 thousand in the first half of 2005 (€ 23 thousand in the first half of 2004), referred to unused reserves for risks on litigations.

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(8) Other operating expenses

€ 2,770 thousand

(€ 1,318 thousand in the first half of 2004)

They amounted to € 2,770 thousand in the first half of 2005 (€ 1,318 thousand in the first half of 2004). They include duties and taxes for € 531 thousand.

(9) Operating income before amortisation, depreciation, non-recurring and restructuring costs (EBITDA)

€ 213,450 thousand

(€ 204,307 thousand in the first half of 2004)

EBITDA increased by \leq 9,143 thousand or 4.5% compared to the first half of 2004. This positive trend in EBITDA, due to the management actions aimed at improving the quality of sales and efficiency, also affected the ratio to product sales and services, increased at 38.4% from 36.5% in the first half of 2004.

(10) Operating amortisation and depreciation

€ 14,871 thousand

(€ 14,893 thousand in the first half of 2004)

The following table sets forth a breakdown of this item

	Depreciation	1st half-year	1st half-year	Chai	nge
(euro/thousand)	rate	2005	2004	Absolute	%
Software		7,183	5,776	1,407	24.4
Industrial patent and intellectual property rights,					
trademarks, concessions and licenses		141	176	(35)	(19.9)
Other intangible assets		1,551	1,844	(293)	(15.9)
Total amortisation of intangible assets with finite useful life		8,875	7,796	1,079	13.8
Buildings	3%	658	516	142	27.5
Machineries and equipment	10-25%	1,842	2,442	(600)	(24.6)
Other fixed assets	10-25%	3,496	4,139	(643)	(15.5)
Total depreciation of property, plant and equipment		5,996	7,097	(1,101)	(15.5)
Total operating amortisation and depreciation		14,871	14,893	(22)	(0.1)

(11) Non-operating amortisation and write-downs

€ 81,033 thousand

(€ 84,326 thousand in the first half of 2004)

The following table sets forth a breakdown of this item

	1st half-year	1st half-year	Ch	ange
(euro/thousand)	2005	2004	Absolute	%
Customer data base amortisation	81,033	81,033	-	-
Write-down of goodwill	-	3,293	(3,293)	(100.0)
Total non-operating amortisation and write-downs	81,033	84,326	(3,293)	(3.9)

(12) Non-recurring costs

€ 6,523 thousand

(€ 5,049 thousand in the first half of 2004)

Non-recurring costs amounted to € 6,523 thousand in the first half of 2005 and they are detailed as follows

	1st half-year	1st half-year	Ch	ange
(euro/thousand)	2005	2004	Absolute	%
Stock options	3,844	270	3,574	n.s.
Other non-recurring costs	2,579	2,886	(307)	(10.6)
Provision to reserve for risks and charges	100	1,893	(1,793)	(94.7)
Total non-recurring costs	6,523	5,049	1,474	29.2

At June 30, 2005 the SEAT PAGINE GIALLE group had the following stock option plans outstanding. These plans granted options non-transferable inter vivos to the Managing Director and to the employees of SEAT PAGINE GIALLE S.p.A. and of the Group, which are considered "key" for the Company:

Beneficiaries	Granted date	Number of granted	Number of expired	Number of exercisable	End of the vesting	Strike price	Fair value	Of which accrued in
		options	options	options at the	period	(euro)	(euro/	the first
			е	end of the period		th	ounsand)	half of 2005
2004 stock option plan								
Employees of SEAT PAGINE GIALLE S.p.A.	06-07-2004	59,265,000	(450,000)	58,815,000	09-30-2005	0.3341	5,586	2,089
Employees of subsidiaries	06-30-2004	14,900,000	(825,000)	14,075,000	09-30-2005	0.3341	1,409	552
Managing Director	11-25-2004	5,000,000		5,000,000	09-30-2005	0.3341	400	234
2005 stock option plan								
Employees of SEAT PAGINE GIALLE S.p.A.	04-08-2005	62,500,000		62,500,000	09-30-2006	0.3221	5,379	827
Employees of subsidiaries	04-08-2005	4,900,000		4,900,000	09-30-2006	0.3221	422	65
Managing Director	04-08-2005	5,000,000		5,000,000	09-30-2006	0.3221	498	77
Total		151,565,000	(1,275,000)	150,290,000			13,694	3,844

The average value of the ordinary shares of SEAT PAGINE GIALLE S.p.A. was € 0.3286 during the first half of 2005.

Other non-recurring costs include i) \in 1,707 thousand for expenses incurred by the Thomson group as part of the investigations into the level of competition on the British directories market undertaken by the Office of Fair Trading and by the Competition Commission and ii) \in 846 thousand for corporate and consultancy expenses incurred for the issue of the 2005 stock option plans and for transactions involving the organisational structure of the Group.

(13) Restructuring costs (net)

€ 663 thousand

(€ 3,691 thousand in the first half of 2004)

Restructuring costs (net), negative for € 663 thousand in the first half of 2005, are the balance of:

- restructuring costs, which amounted to € 2,059 thousand in the first half of 2005 (€ 2,036 thousand in the first half of 2004) and include € 2,040 thousand for expenses incurred in the Parent Company for the reorganisation of the Commercial Area;
- reversal to the statement of operations of € 1,433 thousand in the first half of 2005, referred to unused restructuring reserves.

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(14) Operating income

€ 110,360 thousand

(€ 96,348 thousand in the first half of 2004)

Operating income stood at \in 110,360 thousand in the first half of 2005, increased by \in 14,012 thousand compared to the first half of 2004, with a ratio to product sales and services of 19.9% (17.2% in the first half of 2004).

(15) Interest income

€ 13,367 thousand

(€ 3,526 thousand in the first half of 2004)

Interest income of € 13,367 thousand (€ 3,526 thousand in the first half of 2004) includes:

- € 11,878 thousand for *exchange rate income* (€ 1,168 thousand in the first half of 2004) mainly recognised as a consequence of hedging transactions entered into to hedge the euro/sterling exchange rate risks. It is partially offset by exchange rate expenses for € 7,578 thousand in the first half of 2005. This item includes € 2,485 thousand of interest income arising from the Forex transactions outstanding at June 30, 2005 and accounted for as an asset at their market value, in accordance with IAS 39;
- € 1,107 thousand for *interest receivables* arising from the use of short-term cash deposits with banks at rates equivalent to euribor, on the whole. Compared with the same period in 2004 this item is affected by the reduction in the average amount of cash deposit;
- € 382 thousand for other interest income, of which € 230 thousand of actuarial gains on non-current assets and liabilities.

(16) Interest expenses

€ 149,827 thousand

(€ 89,706 thousand in the first half of 2004)

Interest expenses amounted to \in 149,827 thousand in the first half of 2005 (\in 89,706 thousand in the first half of 2004) and are detailed as follows

	1st half-year	1st half-year	Cha	Change		
(euro/thousand)	2005	2004	Absolute	%		
IInterest expenses on the loan to RBOS	81,612	34,700	46,912	135.2		
Interest expenses on the loan to Lighthouse	58,803	23,135	35,668	n.s.		
Interest expenses on bonds	-	6,630	(6,630)	(100.0)		
Other financial expenses	1,834	23,673	(21,839)	(92.3)		
Exchange rate expenses	7,578	1,568	6,010	n.s.		
Total interest expenses	149,827	89,706	60,121	67.0		

In particular they relate to:

- € 81,612 thousand for interest expenses on the "Senior Credit Agreement" loan between SEAT PAGINE GIALLE S.p.A. and The Royal Bank of Scotland Plc Milan Branch, which was refinanced on June 8, 2005. This amount includes *i*) € 7,631 thousand for net expenses on the two Interest Rate Swaps entered into to partially hedge the interest rate risks and *ii*) € 6,695 thousand for the amortisation of the transaction costs incurred at the acquisition and refinancing dates;
- € 58,803 thousand for interest expenses on the "Subordinated" loan with Lighthouse International Company S.A. through which the latter had made available to SEAT PAGINE GIALLE S.p.A. in 2004 the fund generated through a debenture loan of € 1,300 million, issued at the same date. This item also includes € 2,817 thousand for the amortisation of the transaction costs incurred at the acquisition date;
- € 1,834 thousand for other interest and financial expenses, of which € 623 thousand for commitment fees for unused credit line facilities made available to SEAT PAGINE GIALLE S.p.A. by The Royal Bank of Scotland Plc Milan Branch by virtue of the loan agreement and € 820 thousand for actuarial losses on non-current assets and liabilities, accounted for in accordance with IAS 39;
- € 7,578 thousand for exchange rate expenses, recognised as a consequence of hedging instruments on the euro/sterling exchange rate risks and counterbalanced by exchange rate income as described in the previous item.

(17) Profit (losses) on investments accounted for at equity

€ 16 thousand

(€ - 291 thousand in the first half of 2004)

This item refers to the positive valuation of the 25% interest in Lighthouse International Company S.A., accounted for using the equity method.

(18) Gains (losses) on the disposal of equity investments

€ - 144 thousand

(€ 3,732 thousand in the first half of 2004)

In the first half of 2005 there was no disposal of equity investments: the expenses incurred in the half-year relate to disposals which took place in 2004.

(19) Income taxes

€ - 16,922 thousand

(€ 57 thousand in the first half of 2004)

Income taxes, negative for \leqslant 16,922 thousand (positive for \leqslant 57 thousand in the first half of 2004), include \leqslant 4,559 thousand for current income taxes and \leqslant 12,363 thousand for deferred income taxes, of which \leqslant 20,599 thousand for deferred tax liabilities and \leqslant 8,236 thousand of deferred tax assets.

In accordance with IAS 34, income taxes for the period were measured by applying the effective annual average rates for the current fiscal year to the result before income taxes as at June 30, 2005.

(20) Minority interests

€ - 3,384 thousand

(€ -3,369 thousand in the first half of 2004)

This item corresponds to a profit of € 3,384 thousand (€ 3,369 thousand in the first half of 2004) and is mainly due to the Minority of the Telegate group.

(21) Net income (loss) for the period

€ - 46,534 thousand

(€ 10,297 thousand in the first half of 2004)

The net loss for the first half of 2005 amounts to \leq 46,534 thousand (an income of \leq 10,297 thousand in the first half of 2004). Compared to the same period in the previous year it was impacted by:

- higher net financial expenses of € 50,280 thousand arising primarily from an average net debt in the first half of 2005 higher than the one
 in the first half of 2004;
- higher tax charges of € 16,979 thousand, since the first half of 2004 benefited from the positive tax effect, amounting to about € 18 million, arising from the disposal of the interest in Consodata S.A.

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Balance Sheet of the Group as at June 30, 2005

Foreword

The long-term financing agreement with The Royal Bank of Scotland Plc Milan Branch, of € 2,570.1 million as at June 30, 2005, has requested SEAT PAGINE GIALLE S.p.A. to issue the following main guarantees that are standard for transactions of this type:

- a pledge on its main trademarks;
- a pledge on the shares of its major subsidiaries;
- a special privilege on its tangible assets that have a net book value equal or higher than € 25,000.

Assets

Non-current assets

Non-current assets amounted to \leqslant 4,396,154 thousand at June 30, 2005 a decrease of \leqslant 64,783 thousand compared to December 31, 2004. They are made up as follows:

(22) Intangible assets with indefinite useful life

€ 3,574,696 thousand

(€ 3,565,020 thousand at December 31, 2004)

They increased by € 9,676 thousand in the first half of 2005 due to the change in exchange rates of sterling against euro. They are made up as follows:

- € 3,180,174 thousand for *goodwill* (unchanged compared to December 31, 2004), of which € 3,169,868 thousand relates to deficits arising from the mergers carried out in previous years, net of the amount allocated to the "Customer Data Base" (described hereafter) and to the consequent tax liability referred to the 19% withholding tax paid by the Company in order to obtain full tax deductibility to CDB for income and regional tax purposes;
- € 394,522 thousand for *goodwill on consolidation* (€ 384,846 thousand at December 31, 2004), which represent the difference between the acquisition value of equity investments consolidated on a line-by-line basis and the value of the corresponding stake of their equity at the acquisition date.

(23) Intangible assets with finite useful life

(€ 777,654 thousand at December 31, 2004)

The table below provides a breakdown of the item and the changes over the period

	Cost	Accumulated	Net	
(euro/thousand)		amortisation	value	
Customer Data Base	972,400	(229,595)	742,805	
Software	93,981	(71,620)	22,361	
Industrial patents and intellectual property rights, trademarks, concessions and licenses	2,411	(1,411)	1,000	
Other intangible assets with finite useful life	16,425	(9,934)	6,491	
Work in progress	4,997		4,997	
Total intangible assets with finite useful life	1,090,214	(312,560)	777,654	

In particular:

- the Customer Data Base amounted to € 661,772 thousand at June 30, 2005. It is the customer-related information and relational asset (pursuant to the Legislative Decree 169/99, which considers the data base as an intellectual product protected by the law as intellectual property), made up by Seat S.p.A. It consists of an indivisible set of organised data and information, processing and classification models and specific trade and marketing know-how, which supports the Company's strategic decisions relating to customer development and retention. Goodwill arising from the merger carried out in December 2003 was partially allocated to this intangible asset (€ 972,400 thousand), on the basis also of the results of the assessments of an independent appraiser. The "Customer Data Base" is amortised over a six-year period: the amortisation of the first half of 2005 amounted to € 81,033 thousand;

(24) Property, plant and equipment

(€ 35,697 thousand at December 31, 2004)

The table below provides a breakdown of the item and the changes over the period

€ 38	3,457	thous	sand

€ 696,119 thousand

		At 12.31.2004		
	Cost	Accumulated	Net	
(euro/thousand)		depreciation	value	
Buildings	15,857	(4,438)	11,419	
Machineries and equipment	41,739	(33,805)	7,934	
Other fixed assets	69,332	(53,669)	15,663	
Work in progress	681		681	
Total property, plant and equipment	127,609	(91,912)	35,697	

Property, plant and equipment increased by € 2,760 thousand in the period, on the whole.

At June 30, 2005 they are presented net of the accumulated depreciation of \leqslant 93,726 thousand, the ratio of which to their gross value is 70.90% (72.02% at December 31, 2004).

Property includes € 10,430 thousand for the net carrying value of the building where the Thomson group operates.

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	Change	during the period		At 06.30.2005		
Purchases/	Disposals/	Amortisation	Total	Cost	Accumulated	Net
Capitalisations	Other adjustments				amortisation	value
		(81,033)	(81,033)	972,400	(310,628)	661,772
4,624	2,142	(7,183)	(417)	100,571	(78,627)	21,944
93	133	(141)	85	5,193	(4,108)	1,085
843	(246)	(1,551)	(954)	14,217	(8,680)	5,537
2,653	(1,869)		784	5,781		5,781
8,213	160	(89,908)	(81,535)	1,098,162	(402,043)	696,119

- software amounted to € 21,944 thousand at June 30, 2005 and includes the amount capitalised for the acquisition and in-house production of owned and of third-party software, used in particular in the commercial, editorial and administrative areas;
- other intangible assets with finite useful life amounted to € 5,537 thousand at June 30, 2005 and includes € 3,674 thousand for costs relating to industrial and online activities for the development of web products.

	Ch	ange during the period				At 06.30.2005	
Purchases/	Disposals	Exchange rate and	Depreciation	Total	Cost	Accumulated	Net
Capitalisations		other adjustments				depreciation	value
100		953	(658)	395	17,090	(5,276)	11,814
851	(9)	27	(1,842)	(973)	41,287	(34,326)	6,961
3,329	(147)	208	(3,496)	(106)	69,681	(54,124)	15,557
4,105		(661)		3,444	4,125		4,125
8,385	(156)	527	(5,996)	2,760	132,183	(93,726)	38,457

Other fixed assets includes \in 9,309 thousand for IT systems and equipment.

Capital expenditure in the first half of 2005 amounted to € 8,385 thousand (€ 3,547 thousand in the first half of 2004), of which € 4,105 thousand for hardware acquired in the Telegate group's call centers in order to boost its production capacity.

The current amount of accumulated depreciation (€ 93,726 thousand) is considered proper to cover the depreciation of all categories of fixed assets, based on their estimated useful life.

(25) Equity investments

€ 225 thousand

(€ 209 thousand at December 31, 2004)

This item refers to the 25% interest in Lighthouse International Company S.A..

(26) Other non-current financial assets

€ 1,240 thousand

(€ 4,917 thousand at December 31, 2004)

This item includes:

- € 1,088 thousand for loans to employees, regulated at market rates for this kind of transactions;
- € 110 thousand for the 2.2% interest in Emittenti Titoli S.p.A..

At December 31, 2004 other non-current financial assets included € 3,729 thousand for expenses paid in 2004 to enter the Interest Rate Collars. These expenses, on the basis of the accounting standards in force at that time, were deferred to the moment when the hedging starts (December 2006).

On January 1, 2005, pursuant to the provisions of IAS 39, this deferred cost was written off with a corresponding entry, net of the relevant tax effect, recognised in the equity reserve for transition to IAS/IFRS.

(27) Deferred tax assets

€ 84,122 thousand

(€ 76,027 thousand at December 31, 2004)

Deferred tax assets are accounted for net of deferred tax liabilities of \leq 90,291 thousand (\leq 70,019 thousand at December 31, 2004), arising mainly from the decision to amortise the "Customer Data Base" on a three year basis for tax purposes. The main entries which generate deferred tax assets are the non-deducted allowance for doubtful accounts, the reserves for risks and charges as well as net losses carry formards.

In the first half of 2005 they increased by \in 8,095 thousand, of which i) \in 20,121 thousand for deferred tax assets, net accounted for in the period with a corresponding entry in reserves of equity. They represent the tax effects on derivative instruments entered to hedge interest and exchange rate risks recognised in the balance sheet, as from January 1, 2005, in line with the provision of IAS 39 and ii) \in 12,026 thousand for deferred income taxes for the period.

(28) Other non-current assets

€ 1,295 thousand

(€ 1,413 thousand at December 31, 2004)

Other non-current assets decreased by € 118 thousand compared to December 31, 2004 and include € 1,070 thousand for advance tax payments on the reserve for severance indemnities (Law No. 662 of December 23, 1996 as amended, revalued according to legal criteria).

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Current assets

Current assets, of € 848,416 thousand at June 30, 2005, decreased by € 83,676 thousand compared to December 31, 2004 and include:

(29) Inventories (€ 10,313 thousand at December 31, 2004)

€ 11,787 thousand

This item is detailed as follows

	At 12.31.2004	Change during the period			At 06.30.2005	
		Increases	Exchange rates	Total		
(euro/thousand)		(Decreases)	differences			
Raw materials, suppliers and consumable items	7,330	797	48	845	8,175	
Work in progress and semi-finished goods	2,277	1,057		1,057	3,334	
Contract work in progress		2	8	10	10	
Finished goods	706	(438)		(438)	268	
Merchandising products		(10)	10			
Total inventories	10,313	1,408	66	1,474	11,787	

Raw materials valued by using the "weighted average cost" method are lower than raw materials valued at fair values.

(30) Trade account receivables

€ 653,060 thousand

(€ 684,297 thousand at December 31, 2004)

These were as follows

(euro/thousand)	At 06.30.2005	At 12.31.2004	Change
Trade account receivables within 12 months (gross)	778,331	812,282	(33,951)
Trade account receivables beyond 12 months (gross)	2,811	2,883	(72)
Allowance for doubtful trade account receivables	(128,082)	(130,868)	2,786
Total trade account receivables (net)	653,060	684,297	(31,237)

They amounted to € 653,060 thousand (net of the allowance for doubtful trade account receivables of € 128,082 thousand) and include receivables arising from services to be provided for € 181,389 thousand (€ 185,244 thousand at June 30, 2004 and € 104,314 at December 31, 2004).

The allowance for doubtful trade account receivables is considered adeguate to cover estimated losses on trade account receivables. All receivables fall due within 5 years.

(31) Current tax assets

€ 4,452 thousand

(€ 16,306 thousand at December 31, 2004)

Current tax assets include \leq 2,888 thousand for advance on income taxes. They decreased by \leq 11,854 thousand compared to December 31,2004 of which \leq 11,533 thousand for income tax advances paid in previous years which offset current tax payables.

(32) Other current assets

€ 90,477 thousand

(€ 81,352 thousand at December 31, 2004)

They are detailed as follows

(euro/thousand)	At 06.30.2005	At 12.31.2004	Change
Advanced sales commissions and other operating receivables from agents	65,323	66,610	(1,287)
Advances to suppliers	14,151	5,349	8,802
Prepaid expenses	7,573	7,010	563
Other current operating receivables	5,919	5,145	774
Allowance for doubtful other current operating receivables	(3,087)	(3,400)	313
Other current non-operating receivables	598	638	(40)
Total other current assets	90,477	81,352	9,125

Advanced sales commissions and other operating receivables from agents include € 5,161 thousand of receivables falling due beyond 12 months accounted for as other current assets as they are relevant to the normal business cycle. Their present value were calculated by using an average market rate for receivables of similar nature.

Advances to suppliers amounted to € 14,151 thousand at June 30, 2005, an increase of € 8,802 thousand compared to December 31, 2004. They include € 9,741 thousand for advances paid to the printer Ilte S.p.A. (€ 4,039 thousand at December 31, 2004).

(33) Current financial assets

€ 4,617 thousand

(€ 1,947 thousand at December 31, 2004)

Current financial assets amounted to € 4,617 thousand at June 30, 2005 and primarily refer to:

- € 1,927 thousand for the countervalue in euros of the residual financial loan in local currency to Icom Inc., a Canadian company previously held for a 40% stake and sold in December 2004 (€ 1,695 thousand at December 31, 2004);
- € 2,485 thousand for the fair value of hedging instruments, which were entered into to hedge euro/sterling exchange rate risks. Pursuant to IAS 39, as from January 1, 2005, these instruments were recognised in the balance sheet with a corresponding entry in the statement of operations, since they are fair value hedge instruments.

(34) Cash and cash equivalents

€ 84,023 thousand

(€ 137,877 thousand at December 31, 2004)

Cash and cash equivalents decreased by € 53,854 thousand compared to December 31, 2004. They are detailed as follows

82,523	136,810	(54,287)
1,474	1,046	428
26	21	5
84,023	137,877	(53,854)
	26	26 21

Related party transactions Transition to IAS/IFRS

57

Liabilities and Net Equity

(35) Net equity

(€ 859,956 thousand at December 31, 2004)

€ 782,240 thousand

Net equity is detailed as follows

	At 12.31.2004	31.2004 Change during the period				At 06.30.2005	
		Opening balance	Losses coverage/	Shareholders'	Other	Total	
		adjustments	allocation of	resolution	movements		
		(IAS 39)	previous year	of 04.28.2005			
(euro/thousand)			result				
Share capital	247,539						247,539
- ordinary shares	243,457						243,457
- saving shares	4,082						4,082
Additional paid-in capital	541,845		(106,299)	1,551		(104,748)	437,097
Other capital reserves	(4,850)	1	(13,217)	(1,551))	(14,768)	(19,618)
Income (loss) for the period	(119,516)	1	119,516			119,516	
Net equity of the Group (Italian GAAP)	665,018						665,018
Minority interests (Italian GAAP)	9,894						9,894
Total net equity (Italian GAAP)	674,912						674,912
- Reserve for transition to IAS/IFRS	(16,508)	(2,499)	199,446			196,947	180,439
- Reserve for exchange rate adjustments	(788)				1,626	1,626	838
- Reserve for hedging instruments		(21,133)			(16,211)	(37,344)	(37,344)
- Reserve for stock options	3,000				3,795	3,795	6,795
- Income (loss) for the period due to							
the transition to IAS/IFRS	199,446		(199,446)		(46,534)	(245,980)	(46,534)
Net equity of the Group (IAS/IFRS)	850,168	(23,632)			(57,324)	(80,956)	769,212
- Reserve for transition to IAS/IFRS	334		(440)		30	(410)	(76)
- Other reserves					(174)	(174)	(174)
- Income (loss) for the period due to							
the transition to IAS/IFRS	(440)	1	440		3,384	3,824	3,384
Minority interests (IAS/IFRS)	9,788				3,240	3,240	13,028
Total net equity	859,956	(23,632)	ı		(54,084)	(77,716)	782,240

In particular:

- the share capital of the Parent Company consisted of 8,115,215,696 ordinary shares and 136,074,786 saving shares, each of € 0.03 par
- the reserves and retained earnings of the Parent Company include, besides the Parent Company's reserves, the reserves and retained earnings of the consolidated companies. In addition, retained earnings include € 180,439 thousand for the "reserve for the transition to IAS/IFRS", € 6,795 thousand for the "reserve for stock options" and € 37,344 thousand of losses for the "reserve for hedging instruments".

Reserve for the transition to IAS/IFRS

At June 30 2005, this reserve amounted to € 180,363 thousand. It refers to:

- € 203.6 million for the derecognition of the goodwill amortisation accounted for in 2004 (IAS 36);
- € -3 million for expenses recognised in 2004 in relation to stock option plans granted to Company's employees and the Managing Director (IFRS 2). This amount is matched in the corresponding "Reserve for stock options";
- € 2.1 million for the positive net effect arising from valuating at present value non-current assets and liabilities and from the derecognition of restructuring reserves that can't be recognised under IAS/IFRS (IAS 37);
- € -14.5 million for the negative effect arising from the evaluation and accounting of pension plans and reserves for severance indemnities according to IAS 19;
- € -2.5 million for the adjustment to Interest Rate Collars entered last year for hedging purposes and outstanding at the beginning of the year following the first-time adoption of IAS 39 as of January 1, 2005.

Reserve for hedging instruments

The reserve for hedging instruments is negative for € 37,344 thousand at June 30, 2005, due to the evaluation of hedging instruments at fair values, net of the relevant tax effect.

Reserve for stock options

The reserve for stock options amounted to € 6,795 thousand at June 30, 2005 and refers to:

- € 5,827 thousand for the 2004 stock option plans;
- € 968 thousand for the 2005 stock option plans.

The reconciliation between net equity of SEAT PAGINE GIALLE S.p.A. at June 30, 2005 and at June 30, 2004 and net equity of the Group is set forth in following tables (Annex 3 and 4).

Non-current liabilities

Non-current liabilities amounted to \in 3,689,206 thousand at June 30, 2005 and decreased by \in 146,249 thousand compared to December 31, 2004. They consist of the following:

(36) Non-current financial debts

€ 3,612,038 thousand

(€ 3,760,501 thousand at December 31, 2004)

They are detailed as follows

(euro/thousand)	At 06.30.2005	At 12.31.2004	Change
Non-current financial debts due to banks	2,361,687	2,512,972	(151,285)
Non-current financial debts due to Lighthouse International Company S.A.	1,250,225	1,247,431	2,794
Non-current financial debts due to other lenders	126	98	28
Total non-current financial debts "book value"	3,612,038	3,760,501	(148,463)
Transaction costs due to banks	82,913	63,712	19,201
Transaction costs due to Lighthouse International Company S.A.	49,775	52,569	(2,794)
Total non-current financial debts	3,744,726	3,876,782	(132,056)

Non-current financial debts due to banks amounted to € 2,361,687 thousand at June 30, 2005 and referred to the long-term debt known as "Term and Revolving Facilities Agreement" with The Royal Bank of Scotland Plc Milan Branch, drawn in 2004 and refinanced during the first half of 2005. It is accounted for net of € 82,913 thousand of transaction costs not yet amortised.

On June 8, 2005, after repaying a \leqslant 84 million instalment of principal originally due on December 2005, we refinanced the outstanding debt at that date with The Royal Bank of Scotland Plc Milan Branch, for a total amount of \leqslant 2,530.1 million, plus a revolving credit line facility drawn for \leqslant 40 million and entirely repaid in August.

This loan, which saw BNP Paribas in the role of Arranger and The Royal Bank of Scotland Plc Milan Branch as Lender, is now organised as follows:

- a) tranche A, € 1,930.1 million, repayable in accordance with the amortisation plan, with six month installments, from June 2006 to June 2012, and bearing interest at a variable interest rate p.a. equal to euribor plus 1.91%;
- b) tranche B, € 600 million, repayable with a lump-sum repayment in June 2013, bearing a variable interest rate p.a. equal to euribor plus 2.41%;
- c) tranche C, € 90 million, aimed to cover any working capital needs of SEAT PAGINE GIALLE group, in the form of a revolving credit line facility, available up to May 2012, bearing a variable interest rate p.a. equal to euribor plus 1.91%, if drawn. We are requested to pay a commitment fee for the unused commitments of 0.56% p.a.

This credit line was drawn on June 8, 2005 for € 40 million, also for the payment of the transaction costs.

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The following changes were made compared to the previous loan agreement:

- the previous tranche C, bearing a 3.415% spread on the euribor, was cancelled;
- tranche A1, in sterling, was cancelled;
- tranche A, bearing a minor spread, was increased;
- spreads applied to the various tranches were reduced.

As a result of the loan reorganisation the average life of the "Senior" debt increased approximately from 5.16 to 5.9 years.

This transaction also enabled SEAT PAGINE GIALLE S.p.A. to significantly reduce the cost of the "Senior" debt, whose weighted average rate decreased by around 81 base points, equivalent to a saving of approximately € 13 million for the period from June to December 2005.

The aforementioned refinancing agreement requires SEAT PAGINE GIALLE S.p.A. to observe specific covenants, which are checked on a quarterly basis. These covenants require us to maintain specific ratios between i) net debt and EBITDA, ii) EBITDA and interest on debt, iii) cash flow and debt service (inclusive of interest and quotas of principal payable in each period referred to). We are in compliance with each of the previously mentioned covenants at June 30, 2005.

Transaction costs (€ 25,895 thousand of fees to banks and legal costs) are accounted for (in accordance with IAS 32) offsetting the total debt at June 30, 2005, as well as the transactions costs capitalised in 2004 for the financing agreement and not yet amortised at June 8, 2005. The amortisation for the first half of 2005 amounted to € 6,695 thousand.

Non-current financial debts due to Lighthouse International Company S.A. at June 30, 2005 amounted to € 1,250,225 thousand. In accordance with IAS 32 it was accounted for in the balance sheet net of € 49,775 thousand for transaction costs not yet amortised at the end of the period. The amortisation for the first half of 2005 amounted to € 2,817 thousand.

In 2004, SEAT PAGINE GIALLE S.p.A. had provided € 350,000 thousand for guarantees to withstand possible accessory costs of the bond.

(37) Non-current reserves to employees

(€ 52,916 thousand at December 31, 2004)

They are detailed as follows

	At 12.31.2004		Change during the period					
		Provision	Utilisation/	Actuarial	Other	Total		
(euro/thousand)			Repayments	(income) losses	movements			
Reserve for defined benefit plans	21,783	1,904	(4,785)	(51)	3,421	489	22,272	
Reserves for severance indemnities	30,691	1,803	(1,952)	576	(42)	385	31,076	
Reserves for termination indemnities	442	305	(67)	-	-	238	680	
Total non-current reserves to employees	52,916	4,012	(6,804)	525	3,379	1,112	54,028	

In particular:

the reserve for defined benefit plans amounted to € 22,272 thousand at June 30, 2005 and are accounted for net of assets (€ 59,669 thousand at June 30, 2005) designated to fund these plans (€ 81,941 thousand at June 30, 2005). Both the liabilities and the related assets were assessed by an independent actuary, using the projected unit credit method.

At the first time adoption of IAS/IFRS all the cumulative actuarial losses, which amounted to € 23,119 thousand as at January 1, 2004, were recognised. Following that date it was decided to use the "corridor approach": thus € 242 thousand corresponding to the net actuarial losses as at June 30, 2005 has not been recognised, since less than 10% of the higher value between liabilities for the defined benefit plans and fair value of the relevant assets at that date.

During the first half of 2005 the assets of the Thomson's pension plan increased by € 4,785 thousand thanks to cash contributions paid in the period;

the reserves for severance indemnities amounted to, € 31,076 thousand at June 30, 2005. They were accounted for according with IAS 19, since they are considered as defined benefit plans.

In particular the SEAT PAGINE GIALLE group decided this reserve to be accounted for by using the corridor approach: thus € 534 thousand corresponding to the net actuarial losses at June 30, 2005 has not been recognised, since less than 10% of this liability at that date.

€ 54,028 thousand

(38) Other non-current liabilities

€ 22,799 thousand

(€ 22,028 thousand at December 31, 2004)

The table below provides a breakdown of the item

(euro/thousand)	At 06.30.2005	At 12.31.2004	Change
Reserve for sales agents' termination indemnities	19,197	17,861	1,336
Reserve for restructuring expenses	3,084	3,684	(600)
Reserve for operating risks and charges	491	483	8
Other non-operating liabilities	27		27
Total other non-current liabilities	22,799	22,028	771

In particular, the reserve for sales agents' termination indemnities, of \in 19,197 thousand at June 30, 2005, increased by \in 1,336 thousand in the first half of 2005. This reserve represents the debt accrued at the end of the period towards sales agents for the indemnity due to them in the event their agency agreement is terminated, as required by current laws.

The carrying amount of non-current reserves at the end of the period was discounted, taking into account the expected outflows of resources and using an average market rate for debts of similar duration, which reflects the current market assessments of the time value of money. The increase due to the passage of time and the change in the discount rate was recognised in the statement of operations as interest expenses (€ 244 thousand).

Current liabilities

Current liabilities amounted to € 773,124 thousand at June 30, 2005 and decreased by € 75,506 thousand compared to December 31, 2004. They are made up as follows:

(39) Current financial debts

€ 199,601 thousand

(€ 192,233 thousand at December 31, 2004)

Current financial debts amounted to € 199,601 thousand at June 30, 2005 (€ 192,233 thousand at December 31, 2004) and mainly relate to:

- € 85,500 thousand for the short-term portion of the refinancing with The Royal Bank of Scotland Plc Milan Branch, due in June 2006;
- € 40,000 thousand for the revolving credit line facility, designated to cover any working capital needs, as settled on the loan agreement with The Royal Bank of Scotland Plc Milan Branch. This credit line was used in June 2005, in particular, to pay the transaction costs incurred for the refinancing;
- € 17,375 thousand for the accrued interest expences which has not been paid yet on the loan from Lighthouse International Company S.A. (€ 19,306 thousand at December 31, 2004);
- € 55,738 thousand for liabilities on hedging instruments.

The "Senior" debt with The Royal Bank of Scotland Plc Milan Branch features variable interest rates linked to the euribor. In order to limit the exposure to risks arising from the fluctuation in interest rates, the following hedging agreements have been entered in the past with major international financial counterparties:

- a) two *Interest Rate Swaps*, through which the variable euribor rate has been replaced by a fixed rate around 3.26% to hedge the risk exposure of approximately 55% of the financial debt expected to be outstanding until December 2006 and approximately 25% of the financial debt expected to be outstanding until June 2007;
- b) three *Interest Rate Collars*, to enhance the previous hedging instruments, through which a floating band of the variable six-month euribor is fixed with a maximum (in a range between 5 and 5.35%) and a minimum threshold (in a range between 3 and 3.75%) in order to achieve with the two Interest Rate Swaps an overall hedging of around 75% of the financial debt in euros expected to be outstanding between December 2006 and December 2009.

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Forward Rate Agreements (F.R.A.) were also entered in June 2005, through which a six-month euribor was fixed at approximately 2.05% between December 28, 2005 and June 28, 2006 for a "Senior" debt amounted to approximately € 590 million.

As from January 1, 2005 SEAT PAGINE GIALLE group adopted IAS 39. As a consequence, the aforementioned hedging instruments have been valued at their fair value and recognised as a liability in the balance sheet, with a corresponding entry in the equity "reserve for hedging instruments", net of the relevant tax impact, since they are cash flow hedge instruments.

Liabilities on hedging instruments at June 30, 2005 were as follows:

- a) Interest Rate Swaps: € 26,243 thousand (€ 19,185 thousand at January 1, 2005);
- b) Interest Rate Collars: € 29,342 thousand (€ 12,350 thousand at January 1, 2005);
- c) Forward Rate Agreements: € 153 thousand.

Furthermore, it should be noted that in July and September 2005 SEAT PAGINE GIALLE S.p.A. entered into Forward Rate Agreements for i) \in 100 million for the interest period between December 28, 2005 - June 28, 2006 and ii) \in 350 million for the interest period between June 28, 2006 - December 28, 2006, fixing six-month euribor at 2.05% and 2.17% respectively.

(40) Trade account payables

(€ 274,257 thousand at December 31, 2004)

Trade payables are detailed as follows

(€ 2/4,237 thousand at Decer

(euro/thousand)	At 06.30.2005	At 12.31.2004	Change
Payables due to suppliers	137,416	164,181	(26,765)
Payables due to sales agents	56,656	73,313	(16,657)
Payables due to employees	17,006	24,001	(6,995)
Payables due to social security institutions	11,042	11,021	21
Payables due to directors and statutory auditors	2,064	1,351	713
Payables due to associates	-	390	(390)
Total trade account payables	224,184	274,257	(50,073)

All trade account payables at June 30, 2005 fall due within 12 months.

Payables due to sales agents amounted to \in 56,656 thousand at June 30, 2005 (\in 73,313 thousand at December 31, 2004): they are to be analysed together with the item "advanced sales commissions to sales agents" classified under "other current assets", which amounted to \in 62,236 thousand net of the allowance for doubtful account at June 30, 2005 (\in 63,210 thousand at December 31, 2004).

(41) Reserves for current risks and charges

(€ 60,890 thousand at December 31, 2004)

€ 50,445 thousand

€ 224,184 thousand

They are as follows

	At 12.31.2004		At 06.30.2005				
		Provision	Utilisation	Reversal to the statement of	Other movements	Total	
(euro/thousand)				operations			
Reserve for commercial risks	17,303	10,372	(11,632)			(1,260)	16,043
Reserve for contractual risks and							
other operating charges	33,392	72	(1,836)	(1,440)	(2,604)	(5,808)	27,584
Reserve for current restructuring expenses	10,195	100	(3,062)	(432)	17	(3,377)	6,818
Total reserves for current risks and charg	es 60,890	10,544	(16,530)	(1,872)	(2,587)	(10,445)	50,445

In particular:

- the reserve for commercial risks amounted to € 16,043 thousand at June 30, 2005 and it is accrued to cover the claims for publishing errors on PAGINEGIALLE®, PAGINEBIANCHE® and Annuari;
- the reserve for contractual risks and other operating charges amounted to € 27,584 thousand at June 30, 2005. This reserve includes € 12,745 thousand for expenses incurred with Deutsche Telekom for the purchase of the subscribers data base used for providing Directory Assistance services. These costs, which had been prudently recognised in the past as cost of external services, were disputed and will be paid only if the pending legal proceedings have a negative judgment. This item also includes € 13,679 thousand for provisions for outstanding legal disputes;
- the reserve for current restructuring expenses amounted to € 6,818 thousand at June 30, 2005 (€ 3,084 thousand at June 30, 2005). It should be considered together with the revelant non-current item. It was used overall for € 3,062 thousand during the first half of 2005.

(42) Current tax payables

€ 33,301 thousand

(€ 43,057 thousand at December 31, 2004)

They amounted to € 33,301 thousand at June 30, 2005. They include € 25,191 thousand for VAT payables and € 6,489 thousand for income tax payables.

(43) Payables for services to be rendered and other current liabilities

€ 265,593 thousand

(€ 127,181 thousand at December 31, 2004)

They are detailed as follows

(euro/thousand)	At 06.30.2005	At 12.31.2004	Change
Services to be rendered	243,062	116,365	126,697
Advances from customers	5,559	5,252	307
Deferred income	5,067	3,994	1,073
Other operating liabilities	11,313	461	10,852
Other non-operating liabilities	592	1,109	(517)
Total payables for services to be rendered and other current liabilities	265.593	127.181	138.412

In particular, services to be rendered refer to advertising services invoiced in advance and amounted to € 243,062 thousand at June 30, 2005. They include € 303 thousand for payables due beyond 12 months (€ 135 thousand at December 31, 2004).

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Exchange rates used to translate the interim half-year financial statements of foreign companies

	Average exchange rate for	Exchange rate at	Average exchange rate for the	Exchange rate at	Average exchange rate for	Exchange rate at
Currency/euro	the first half of 2005	June 30, 2005	first half of 2004	June 30, 2004	the year 2004	December 31, 2004
Pound sterling	1.4579	1.4832	1.4848	1.4908	1.4734	1.4184
US dollar	0.7784	0.8270	0.8148	0.8227	0.8039	0.7342

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Annex 1

List of equity investments consolidated on a line-by-line basis

Annex 2

List of equity investments accounted for by using the equity method

Annex 3

Reconciliation between the SEAT PAGINE GIALLE S.p.A.'s Net Equity and the Net Equity of the Group at June 30, 2005

Annex 4

Reconciliation between the SEAT PAGINE GIALLE S.p.A.'s Net Equity and the Net Equity of the Group at June 30, 2004

Annex 1
List of equity investments consolidated on a line-by-line basis

Company	Registered office Share capital			Ordinary shares held	% held by SEAT	
(business)					by	PAGINE GIALLE
CONSODATA S.p.A.	Rome	Euro	2,446,330	100.00	SEAT PAGINE GIALLE S.p.A.	100.00
(direct marketing services: data base	Rome	Luio	2,440,330	100.00	JENI I NOINE GINELE J.P.N.	100.00
creation, management and distribution)						
PUBBLIBABY S.p.A.	Cusago - Milan	Euro	120,000	100.00	CONSODATA S.p.A.	100.00
(data base creation, management and	Cusago - Milan	Eulo	120,000	100.00	CONSODAIA S.P.A.	100.00
distribution for the neonatal market)						
CONSODATA GROUP Ltd. (in liquidation)	London	CPD	25,146,140	100.00	SEAT PAGINE GIALLE S.p.A.	100.00
(data base management and sales)	(United Kingdom)	UDP	23,146,140	100.00	SEAT PAGINE GIALLE S.P.A.	100.00
EUREDIT S.A.	Paris	Euro	2,800,000	07.562	SEAT PAGINE GIALLE S.p.A.	93.562
(production, promotion and marketing	(France)	Eulo	2,800,000	93.362	SEAT PAGINE GIALLE S.P.A.	93.362
of the directory "Europages")	(Flance)					
PRONTOSEAT S.r.l.	Turin	Euro	10,500	100.00	CEAT DACINE CIALLE C A	100.00
(call center services)	TUTTI	Eulo	10,500	100.00	SEAT PAGINE GIALLE S.p.A.	100.00
TDL INFOMEDIA Ltd.	Hampshire	CPD	139,524.78	100.00	CEAT DACINE CIALLE C A	100.00
	(United Kingdom)	GBP	139,324.76	100.00	SEAT PAGINE GIALLE S.p.A.	100.00
(holding) TDL INFOMEDIA FINANCE Ltd	Hampshire	GBP	0.774.00	100.00	TDL INFOMEDIA Ltd.	100.00
(holding)	(United Kingdom)	UDP	9,734.09	100.00	TDL INFOIVIEDIA LIG.	100.00
TDL INFOMEDIA HOLDINGS Plc	Hampshire	CDD	70712047	100.00	TOLINICOMEDIA FINIANICE I	td 100.00
		GBP	397,126.43	100.00	TDL INFOMEDIA FINANCE I	_td. 100.00
(holding) TDL INFOMEDIA GROUP Plc	(United Kingdom) Hampshire	CDD	624,576.64	100.00	TDL INICOMEDIA LIQUDINICO	C Dla 100.00
		GBP	624,376.64	100.00	TDL INFOMEDIA HOLDING:	S Plc 100.00
(holding) TDL GROUP Ltd.	(United Kingdom) Hampshire	CDD	00.004.25	100.00	TOLINICOMEDIA COOLID DI	c 100.00
	•	GBP	89,864.25	100.00	TDL INFOMEDIA GROUP PL	C 100.00
(holding) THOMSON DIRECTORIES Ltd.	(United Kingdom) Hampshire	GBP	1,340,000	100.00	TDL GROUP Ltd.	100.00
		GBP	1,340,000	100.00	TDL GROUP LIG.	100.00
(publishing and distribution of trade directories) THOMSON DIRECTORIES PENSION COMPANY Ltd.	(United Kingdom) Hampshire	GBP	2	100.00	THOMSON DIRECTORIES L	td. 100.00
(administration of Thomson	(United Kingdom)	UDP	2	100.00	INOMISON DIRECTORIES LI	.d. 100.00
Directories Pension Fund)	(Officed Kingdom)					
TELEGATE HOLDING GmbH	Martinsried-Munich	Euro	26 100	100.00	CEAT DACINE CIALLE C A	100.00
		EUIO	26,100	100.00	SEAT PAGINE GIALLE S.p.A.	100.00
(holding) TELEGATE A.G.	(Germany) Martinsried-Munich	Fure	20.007.045	10.47	CEAT DACINE CIALLE C = A	70.20
		EUIO	20,987,045		SEAT PAGINE GIALLE S.p.A.	78.28
(call center services) DATAGATE GmbH	(Germany) Martinsried-Munich	Fura	25.000	61.85	TELEGATE A C	
		Euro	25,000	100.00	TELEGATE A.G.	78.28
(call center services)	(Germany) Martinsried-Munich	F	25,000	100.00	DATACATE C	70.20
11880.com GmbH		EUIO	25,000	100.00	DATAGATE GmbH	78.28
(call center services) TELEGATE AKADEMIE GmbH	(Germany)	F	25.000	100.00	TELECATE A C	70.20
	Rostock	Euro	25,000	100.00	TELEGATE A.G.	78.28
(Training of call center personnel)	(Germany)	F	222.000	100.00	TELECATE A C	70.20
11811 NUEVA INFORMACION TELEFONICA S.A.U.	Las Matas - Madrid	EUIO	222,000	100.00	TELEGATE A.G.	78.28
(call center services)	(Spain)	F	75.000	100.00	TELECATE A C	70.20
11880 TELEGATE GmbH	Wien	Euro	35,000	100.00	TELEGATE A.G.	78.28
(call center services)	(Austria)	Г.	120,000	100.00	TELECATE A C	70.00
TELEGATE ITALIA S.r.l.	Turin	Euro	129,000	100.00	TELEGATE A.G.	78.28
(call center services)					TELECATE A C	
TELEGATE FRANCE Eurl	Paris	Euro	1	100.00	TELEGATE A.G.	78.28
(call center services)	(France)					

Annex 2 List of equity investments accounted for by using the equity method

Company (business)	Registered office	Share capital		0	% held by SEAT PAGINE		
(business)				%	by	GIALLE	
Subsidiaries							
MOBILSAFE A.G.	Martinsried -Munich	Euro	150,000	100.00	DATAGATE GmbH	78.28	
(internet services)	(Germany)						
Associates							
LIGHTHOUSE INTERNATIONAL COMPANY S.A.	Luxembourg	Euro	31,000	25.00	SEAT PAGINE GIALLE S.p.A.	25.00	
(holding)							
INDIRECT S.P.R.L. (in liquidation)	Brussels	BEF	6,000,000	27.00	TDL INFOMEDIA Ltd.	27.00	
(supply of services)	(Belgium)						
TDL BELGIUM S.A. (in liquidation)	Brussels	BEF 7	50,087,200	49.60	TDL INFOMEDIA Ltd.	49.60	
(publishing and distribution of directories)	(Belgium)						

Annex 3

Reconciliation between the SEAT PAGINE GIALLE S.p.A.'s Net Equity and the Net Equity of the Group at June 30, 2005

		SEAT	PG S.p.A.		Min	Total		
(euro/thousand)	Share capital	Reserves	Income (loss) for the period	Total	Share capital and reserves	Income (loss) for the period	Total	
SEAT PG S.p.A. at June 30, 2005	247,539	615,488	(46,127)	816,900		·		816,900
Net income (loss) of consolidated companies			2,753	2,753		3,393	3,393	6,146
Share capital and reserves of consolidated companies		123,344		123,344	9,594		9,594	132,938
Carrying value of consolidated companies		(332,338)		(332,338)				(332,338)
Consolidation adjustments: Goodwill on consolidation of								
equity investments		165,736		165,736				165,736
equity investments Intra-group disposals		165,736 (7,189)	(179)	165,736 (7,368)				165,736 (7,368)
			(179) (2,292)					
Intra-group disposals Elimination of dividends		(7,189)			50	(9)	41	
		(7,189) 2,292	(2,292)	(7,368)	50	(9)	41	(7,368)

Annex 4

Reconciliation between the SEAT PAGINE GIALLE S.p.A.'s Net Equity and the Net Equity of the Group at June 30, 2004

		SEAT	PG S.p.A.		Min	ority interests		Total
	Share	Reserves	Income (loss)	Total	Share capital	Income (loss)	Total	
(euro/thousand)	capital		for the period		and reserves	for the period		
SEAT PG S.p.A. at June 30, 2004	247,539	616,582	407	864,528				864,528
Net income (loss) of consolidated companies			2,352	2,352		3,369	3,369	5,721
Share capital and reserves of consolidated companies		99,656		99,656	3,522		3,522	103,178
Carrying value of consolidated companies		(360,580)	12,554	(348,026)				(348,026)
Consolidation adjustments: Goodwill on consolidation of								
equity investments		171,265	(3,067)	168,198				168,198
Intra-group disposals		(6,992)	(23)	(7,015)				(7,015)
Elimination of dividends		1,965	(1,965)					
Other adjustments and exchange rate differences		1,631	39	1,670	209		209	1,879
Share capital, reserves and results								
at June 30, 2004	247,539	523,527	10,297	781,363	3,731	3,369	7,100	788,463

Related party transactions

In compliance with CONSOB resolutions No. DAC/RM 97001574 dated February 20, 1997 and No. DAC/RM 98015375 dated February 27, 1998, on related party transactions, the table below sets out the economic and financial effects on these transactions on the first half-year financial statements of the SEAT PAGINE GIALLE group for 2005.

The economic and financial effects of transactions among consolidated companies have been eliminated in the consolidated financial

All transactions that the Group's companies entered into with related parties, including transactions among consolidated companies, are ordinary operations and are regulated at market conditions or in accordance with specific law provisions. There were no atypical and/or unusual transactions, or transactions that may represent a conflict of interests.

Main economic and financial items of the SEAT PAGINE GIALLE group

	From/to subsidiaries	Notes
(euro/thousand)	and associates	
Interest expenses	58,803	they refer to interest expenses on the long-term
		"Subordinated" loan to Lighthouse International
		Company S.A.
Non-current financial debts	1,250,225	they refer to the long-term "Subordinated" loan to
		Lighthouse International Company S.A., net of
		€ 49,775 thousand for transaction costs incurred
		at the inception of the loan and not yet amortised.
Current financial debts	17,375	they refer to interest expenses accrued but not
		paid at the end of the period on the loan due to
		Lighthouse International Company S.A.

▶ Transition to IAS/IFRS on the Financial Statements of the Group for the first half-year 2004

The section "Transition to IAS/IFRS: SEAT PAGINE GIALLE group" provides more detailed information on the effects on the Balance Sheet as at June 30, 2004 and on the Statement of Operations for the first half of 2004, which are set out in the tables below.

Effects of the transition to IAS/IFRS on the Balance Sheet of the Group as at June 30, 2004

	1 06.30.2004	Note	Reclassi-	Adjustments	At 06.30.2004	
(euro/million)	ITA GAAP		fications		IAS/IFRS	
Fixed assets	4,508.4		(23.5)	111.7	4,596.6	Non-current assets
Intangible assets	4,459.0	(1)	(128.2)	101.4	4,432.2	Intangible assets
- Goodwill	3,476.6	(A)	()	101.9	3,578.5	- Intangible assets with indefinite useful life
- Other intangible assets	982.4	(B)	(128.2)	(0.5)	853.7	- Intangible assets with finite useful life
Tangible assets	37.2		2.5	0.1	39.8	Property, plant and equipment
Long-term investments						
- Equity investments	9.2	(C)	(0.1)		9.1	Equity investments
- Other	3.0		(2.1)		0.9	Other non-current financial assets
			2.5		2.5	Other non-current assets
		(D)	101.9	10.2	112.1	Deferred tax assets
Current assets	1,165.0		(80.7)	(14.4)	1,069.9	Current assets
Inventories	12.4				12.4	Inventories
Trade account receivables	699.4		0.2		699.6	Trade account receivables
Other receivables						
- tax receivables	156.1	(D)	(101.8)		54.3	Current tax assets
- other receivables	91.2	(E)	19.1	(14.4)	95.9	Other current assets
Current financial assets	3.1		(1.3)	, ,	1.8	Current financial assets
Cash and cash equivalents	202.8		3.1		205.9	Cash and cash equivalents
Accrued income and prepaid expenses	25.1		(25.1)			
TOTAL ASSETS	5,698.5		(129.3)	97.3	5,666.5	TOTAL ASSETS
Liabilities	4,923.4				3,930.3	Non-current liabilities
Reserve for severance indemnities	32.8	(F)	(32.8)		3,500.5	Troil carrolle nabilities
Reserve for risks and charges	78.2	(F)	(44.6)	22.6	56.2	Non-current reserves to employees
TRESELVE IST HISTORIAN CHARGES	, 0.2	(G)	28.4	(6.8)	21.6	Other non-current liabilities
Bonds	110.3	(B)	3,742.2	(0.0)	3,852.5	Non-current financial debts
Debts due to other lenders	1.300.3	(5)	(1,300.3)		3,032.3	Non carrent intaricial debio
Bebls add to other renders	1,500.5		(1,500.5)			
					947.7	Current liabilities
Debts due to banks	2,721.7		(2,525.1)		196.6	Current financial debts
			55.9	3.1	59.0	Reserve for current risks and charges
Trade account payables	176.0		33.7		209.7	Trade account payables
Tax payables	219.6		4.0	(1.4)	222.2	Current tax debts
Debts due to social security institutions	9.8		(9.8)	, ,		
Other liabilities	274.7		(14.5)		260.2	Payables for services to be rendered and
			, ,			other current liabilities
Accrued expenses and deferred incom	ie 66.5		(66.5)			
Minority interests	7.2		0.3	(0.4)	7.1	Minority interests
Net equity of the Group	701.4		(0.2)	80.2	781.4	Net equity of the Group
Share capital and reserves	794.0				794.0	Share capital and reserves
				0.3	0.3	Reserve for stock options
			(0.7)	(16.2)	(16.9)	Reserve for transition to IAS/IFRS
Reserve for exchange rate adjustments	(5.7)		0.5	(1.1)	(6.3)	Reserve for exchange rate adjustments
Income (loss) for the period	(86.9)		<u> </u>	97.2	10.3	Income (loss) for the period
TOTAL LIABILITIES AND NET EQUITY	5,698.5		(129.3)	97.3	5,666.5	TOTAL LIABILITIES AND NET EQUITY

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Effects of the transition to IAS/IFRS on the Statement of Operations of the Group for the first half-year 2004

(euro/million)	1st half-year 2004 ITA GAAP	Note	Reclassi- fications	Adjustments	1st half-year 2004 IAS/IFRS	
Product sales and services	559.9		0.4		560.4	Product sales and services
- Sales of goods	11.8				11.8	- Sales of goods
- Revenues from services	548.1		0.5		548.6	- Revenues from services
Cost capitalised as tangible						
or intangible assets:						
- Intangible assets	0.8		(0.8)			
Other income and revenues	1.8		0.1		1.9	Other income and revenues
TOTAL PRODUCTION VALUE	562.5		(0.2)		562.3	TOTAL REVENUES
Raw materials, supplies						
and consumable items	(27.9)		(0.4)		(28.3)	Cost of raw materials
Services	(177.6)		(10.9)	(0.8)	(189.3)	Cost of external services
Use of third-party property	(15.6)		15.6			
Personnel	(95.3)	(H)	(3.7)	(3.0)	(102.0)	Salaries, wages and employees benefits
Write-downs	(23.3)				(23.3)	Other valuation adjustments
Changes in inventories of raw materi	als,					
supplies and consumable items	(0.4)		0.4			
Provision for risks	(13.8)				(13.8)	Provisions to reserves for risks and charges, net
Miscellaneous operating costs	(1.3)				(1.3)	Other operating expenses
EBITDA	207.3		0.8	(3.8)	204.3	Operating income before amortisation, depreciation, non-recurring and restructuring costs (EBITDA)
Operating amortisation and deprecia	tion (14.6)			(0.3)	(14.9)	Operating amortisation and depreciation
Non-operating amortisation	(193.3)	(B);(A)	7.1	101.9	(84.3)	Non-operating amortisation and write-downs
		(1)	(4.8)	(0.3)	(5.1)	Non-recurring costs, net
		(G)	(2.1)	(1.6)	(3.7)	Restructuring costs, net
OPERATING INCOME (LOSS)	(0.6)		1.0	95.9	96.3	OPERATING INCOME (LOSS)
Interest income	3.3			0.3	3.6	Interest income
Interest expenses	(73.3)	(L)	(15.8)	(0.6)	(89.7)	Interest expenses
Valuation adjustments to financial as:	sets (0.3)				(0.3)	Losses on investment accounted for at equity
		(M)	3.7		3.7	Gains (losses) on disposal of equity investments
Extraordinary income	10.5		(10.5)			or equity investments
Extraordinary expenses	(21.6)		21.6			
Income taxes	(1.1)		21.0	1.2	0.1	Income taxes
Income (loss) of Minority interests	(3.8)	(N)		0.4	(3.4)	Income (loss) of Minority interests
INCOME (LOSS) FOR THE PERIOD	(86.9)	(11)		97.2	10.3	INCOME (LOSS) FOR THE PERIOD

Effects of the transition to IAS/IFRS on the Cash Flow Statement of the Group for the first half-year of 2004

(euro/million)	1 st	half-year 2004 ITA GAAP	Note	Reclassifications	Adjustments	1st half-year 2004 IAS/IFRS
Net cash inflow from operating activities						
Income (loss) for the period		(83.1)			96.8	13.7
Amortisation and depreciation		207.9	(A)	(7.1)	(101.6)	99.2
Interest expenses, net		70.0		15.8	0.4	86.2
Stock options			(1)		0.3	0.3
Income taxes		1.1			(1.2)	(0.1)
(Gains) losses on disposal of non-current assets		(5.2)				(5.2)
(Write-up) write-down of non-current assets		9.0		(8.5)		0.5
Changes in working capital		50.4		1.4	7.1	58.9
Changes in non-current liabilities		1.7		0.6	(1.3)	1.0
Exchange rates and other adjustments		27.5		(1.1)	(0.3)	26.1
Net cash inflow from operating activities	(A)	279.3		1.1	0.2	280.6
Net cash outflow for investments						
Investments on intangible assets		(144.0)		129.1		(14.9)
Investments on property, plant and equipment		(3.2)		(0.2)	(0.2)	(3.6)
Investments on other non-current assets		(0.4)		0.4		
Proceed from disposal of non-current assets		9.3		(2.4)		6.9
Net cash outflow for investments	(B)	(138.3)		126.9	(0.2)	(11.6)
Net cash outflow for financing						
Proceeds from non-current financial debts		4,050.0				4,050.0
Repayment of non-current financial debts		(28.4)				(28.4)
Repayment of current financial debts		(528.4)				(528.4)
Repayment of transaction costs on loans				(129.0)		(129.0)
Paid interest expenses, net		(28.2)		(0.2)		(28.4)
Changes in current financial debts		4.4		(0.5)		3.9
Changes in current financial assets		4.9		(4.0)		0.9
Paid dividends		(3,578.4)				(3,578.4)
Net cash outflow for financing	(C)	(104.1)		(133.7)		(237.8)
Increase in cash and cash equivalents in the period	(A+B+C)	36.9		(5.7)		31.2
Cash and cash equivalents at the beginning of the	period	165.9		8.8		174.7
Cash and cash equivalents at the end of the period		202.8		3.1		205.9

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Effects of the transition to IAS/IFRS on the Net Equity of the Group as at June 30, 2004

	At 01.01.2004	Change during	At 06.30.2004
(euro/million)		the period	
Share capital	247.5		247.5
Additional paid-in capital	4,189.5	(3,647.6)	541.9
Other capital reserves	(35.3)	34.2	(1.1)
Income (losses) for the year	(32.5)	(54.4)	(86.9)
Net equity of the Group	4,369.2	(3,667.8)	701.4
Minority interests	5.4	1.8	7.2
Totale net equity (Italian GAAP)	4,374.6	(3,666.0)	708.6
Reserve for transition to IAS/IFRS	(16.2)	96.8	80.6
- IAS 36 - derecognition of goodwill amortisation		101.9	101.9
- IFRS 2 - stock options		(0.3)	(0.3)
- IAS 19 - benefits to employees	(16.1)	0.7	(15.4)
- IAS 19 - present value of T.F.R.	0.8	(0.3)	0.5
- IAS 2 - deferred expenses related to salaries,			
wages and employees benefits	(5.9)	(4.8)	(10.7)
- IAS 37 - present value of non-current assets and liabilities	1.9	0.2	2.1
- IAS 37 - derecognition of restructuring reserves	1.6	(1.6)	
- IAS 38 - intangible assets with finite useful life and others	1.5	1.0	2.5
Reserve for exchange rate adjustments		(1.0)	(1.0)
Reserve for stock options		0.3	0.3
Total adjustments for transition to IAS/IFRS	(16.2)	96.1	79.9
of which Minority interests	0.3	(0.4)	(0.1)
Total net equity	4,358.4	(3,569.9)	788.5



First half-year Financial Statements of SEAT PAGINE GIALLE S.p.A.



Basis of presentation

On January 1, 2005 SEAT PAGINE GIALLE S.p.A. adopted the IAS/IFRS International Accounting Standards.

This 2005 half-year report is the first interim financial report prepared in accordance with these standards.

The comparative figures for the same period in 2004 have been restated and reclassified in accordance with IAS/IFRS, except for IAS 39, only applied to the figures of 2005.

For further information about the transition to IAS/IFRS on the previously reported figures for the year 2004, please refer to the specific sections of this interim report.

Statement of Operations for the first half-year 2005 of SEAT PAGINE GIALLE S.p.A.

	Note	1st half-year	1st half-year	Ch	ange	Year
(euro/thousand)		2005	2004	Absolute	%	2004
Sales of goods		7,903	9,258	(1,355)	(14.6)	27,099
Revenues from services		407,290	409,118	(1,828)	(0.4)	1,032,575
Product sales and services	(1)	415,193	418,376	(3,183)	(8.0)	1,059,674
Other income and revenues		2,583	1,810	773	42.7	5,018
Total revenues		417,776	420,186	(2,410)	(0.6)	1,064,692
Cost of raw materials	(2)	(21,574)	(24,376)	2,802	11.5	(61,912)
Cost of external services	(3)	(135,919)	(138,052)	2,133	1.5	(331,385)
Salaries, wages and employees benefits	(4)	(42,113)	(41,540)	(573)	(1.4)	(85,239)
Other valuation adjustments	(5)	(15,958)	(18,647)	2,689	14.4	(28,511)
Provisions to reserves for risks and charges, net	(6)	(9,016)	(13,839)	4,823	34.9	(23,922)
Other operating expenses		(1,445)	(930)	(515)	(55.4)	(2,878)
Operating income before amortisation, depreciation	,					
non-recurring and restructuring costs (EBITDA)	(7)	191,751	182,802	8,949	4.9	530,845
Operating amortisation and depreciation	(8)	(9,151)	(8,281)	(870)	(10.5)	(17,335)
Non-operating amortisation	(9)	(81,033)	(81,033)	-	-	(162,067)
Non-recurring costs, net	(10)	(4,173)	(2,864)	(1,309)	(45.7)	(27,622)
Restructuring costs, net	(11)	(2,040)	(1,711)	(329)	(19.2)	(2,769)
Operating income	(12)	95,354	88,913	6,441	7.2	321,052
Interest income	(13)	23,568	9,505	14,063		21,571
Interest expenses	(14)	(150,123)	(81,530)	(68,593)		(238,401)
Write-down of equity investments		-	(13,554)	13,554		(31,484)
Gains (losses) on disposal of equity investments		(136)	(1,872)	1,736		4,541
Income (loss) before income taxes		(31,337)	1,462	(32,799)		77,279
Income taxes	(15)	(14,790)	(1,055)	(13,735)		(43,963)
Net income (loss) for the period	(16)	(46,127)	407	(46,534)		33,316

尽 Balance Sheet as at June 30, 2005 of SEAT PAGINE GIALLE S.p.A.

Assets

(euro/thousand)	Note	At 06.30.2005	At 12.31.2004	Change	At 06.30.2004
Non-current assets					
Intangible assets with indefinite useful life	(17)	3,187,161	3,187,161	-	3,187,161
Intangible assets with finite useful life	(18)	687,833	770,844	(83,011)	846,927
Property, plant and equipment	(19)	9,039	10,009	(970)	9,482
Equity investments	(20)	265,502	265,502	-	289,483
Other non-current financial assets	(21)	176,211	172,243	3,968	880
Deferred tax assets	(22)	58,908	52,268	6,640	86,895
Other non-current assets	(23)	1,161	1,308	(147)	2,316
Total non-current assets (A)		4,385,815	4,459,335	(73,520)	4,423,144
Current assets					
Inventories	(24)	9,885	8,807	1,078	10,552
Trade account receivables	(25)	590,385	617,618	(27,233)	648,943
Current tax assets	(26)	2,755	14,963	(12,208)	52,579
Other current assets	(27)	87,738	73,435	14,303	90,891
Current financial assets	(28)	83,304	71,088	12,216	140,107
Cash and cash equivalents	(29)	44,540	107,859	(63,319)	179,637
Total current assets (B)		818,607	893,770	(75,163)	1,122,709
Total assets (A+B)		5,204,422	5,353,105	(148,683)	5,545,853

Liabilities and Net Equity

(euro/thousand)		Note	At 06.30.2005	At 12.31.2004	Change	At 06.30.2004
Net equity						
Share capital			247,539	247,539	-	247,539
Additional paid-in capital			437,097	541,845	(104,748)	541,845
Other reserves			49,620	62,869	(13,249)	62,869
Reserve for transition to IAS/IFRS			160,412	11,598	148,814	11,598
Reserve for stock options			5,703	2,476	3,227	270
Reserve for hedging instruments			(37,344)	-	(37,344)	-
Income (loss) for the period			(46,127)	33,316	(79,443)	407
Total net equity	(A)	(30)	816,900	899,643	(82,743)	864,528
Non-current liabilities						
Non-current financial debts		(31)	3,611,912	3,760,403	(148,491)	3,745,490
Non-current reserves to employees		(32)	29,207	28,717	490	29,548
Other non-current liabilities		(33)	19,197	17,861	1,336	16,367
Total non-current liabilities	(B)		3,660,316	3,806,981	(146,665)	3,791,405
Current liabilities						
Current financial debts		(34)	252,819	232,525	20,294	210,618
Trade account payables		(35)	192,209	231,338	(39,129)	186,797
Reserve for current risks and charges		(36)	35,253	40,535	(5,282)	41,565
Current tax payables		(37)	21,337	28,578	(7,241)	211,063
Payables for services to be rendered and						
other current liabilities		(38)	225,588	113,505	112,083	239,877
Total current liabilities	(C)		727,206	646,481	80,725	889,920
Table Habitation and an according (1)	V . D . C)		5 204 422	F 7F7 10F	(140,007)	F F 4 F 0 F 7
Total liabilities and net equity (A	A+B+C)		5,204,422	5,353,105	(148,683)	5,545,853

7 Cash Flow Statement for the first half-year 2005 of SEAT PAGINE GIALLE S.p.A.

	1st half-year	1st half-year	Change	Year
(euro/thousand)	2005	2004		2004
Net cash inflow from operating activities				
Income (loss) for the period	(46,127)	407	(46,534)	33,316
Amortisation and depreciation	90,184	89,314	870	179,402
Interest expenses, net	126,588	72,048	54,540	216,844
Stock options	3,227	270	2,957	2,476
Income taxes	14,790	1,055	13,735	43,963
(Gains) losses on disposal of non-current assets	200	1,851	(1,651)	(4,567)
(Write-up) write-down of non-current assets	(33)	12,451	(12,484)	30,111
Changes in operating working capital	85,456	86,739	(1,283)	65,397
Changes in non-operating working capital	(2,708)	(18,804)	16,096	(182,864)
Changes in non-current operating liabilities	1,826	1,957	(131)	2,619
Net cash inflow from operating activities (A) 273,403	247,288	26,115	386,697
Net cash outflow for investments				
Investments on intangible assets	(4,976)	(4,155)	(821)	(16,904)
Investments on property, plant and equipment	(1,442)	(1,670)	228	(3,667)
Equity investments	-	(39,280)	39,280	(40,531)
Investments on assets available for sale	-	-	-	(110)
Investments on other non-current assets	(16)	(17)	1	(26)
Proceeds from disposal of non-current assets	148	(1,494)	1,642	13,755
Net cash outflow for investments (B) (6,286)	(46,616)	40,330	(47,483)
Net cash outflow for financing				
Proceeds from non-current financial debts	_	4,050,000	(4,050,000)	4,159,075
Proceeds from revolving credit facility	40,000	-	40,000	-
Repayment of non-current financial debts	(220,364)	(28,366)	(191,998)	(108,474)
Repayment of current financial debts	(220/301)	(528,375)	528,375	(528,375)
Payment of transaction costs on loans	(25,920)	(128,959)	103,039	(129,309)
Paid interest expenses, net	(135,248)	(17,432)	(117,816)	(170,836)
Changes in current financial debts	12,817	16,442	(3,625)	39,750
Changes in current financial assets	(1,670)	63,725	(65,395)	130,229
Changes in non-current financial assets	(51)	(72)	21	(175,417)
Paid dividends	-	(3,578,238)	3,578,238	(3,578,238)
	C) (330,436)	(151,275)	(179,161)	(361,595)
Increase (decrease) in cash and cash equivalents in the period (A+B+	C) (63,319)	49,397	(112,716)	(22,381)
Cash and cash equivalents at the				
beginning of the period	107,859	130,240	(22,381)	130,240
			,	
Cash and cash equivalents at the				
end of the period	44,540	179,637	(135,097)	107,859

■ Statement of changes in Net Equity for the first half-year 2005 of SEAT PAGINE GIALLE S.p.A

	At 12.31.2004		Change o	luring the period			At 06.30.2005
		Opening balance adjustments	Coverage of previous	Shareholders' resolutions	Other movements	Total	
(euro/thousand)		(IAS 39)	year loss	at 04.28.2005			
Share capital	247,539						247,539
- ordinary shares	243,457						243,457
- saving shares	4,082						4,082
Additional paid-in capital (*)	541,845		(106,299)	1,551		(104,748)	437,097
Other capital reserves	62,869		(11,698)	(1,551)		(13,249)	49,620
- Legal reserve	49,508						49,508
- Revaluation reserves	11,698		(11,698)			(11,698)	
- Reserve for grants to research	80						80
- Reserve for grants to equity	32						32
- Reserve for early depreciation	1,551			(1,551)		(1,551)	
Income (loss) for the period	(117,997))	117,997			117,997	
Total net equity (Italian GAAP)	734,256						734,256
Reserve for transition to IAS/IFRS	11,598	(2,499)	151,313			148,814	160,412
Reserve for hedging instruments		(21,133)			(16,211)	(37,344)	(37,344)
Reserve for stock options	2,476	·			3,227	3,227	5,703
Income (loss) for the period due				·	·		
to the trasition to IAS/IFRS	151,313		(151,313)		(46,127)	(197,440)	(46,127)
Total net equity	899,643	(23,632)			(59,111)	(82,743)	816,900

^(*) Of which \in 115,894 thousand subject to tax imposition in case of distribution.

■ Statement of changes in Net Equity for the first half-year 2004 of SEAT PAGINE GIALLE S.p.A

	At 12.31.2004	At 12.31.2004 Change during the period At					
(euro/thousand)		Coverage of previous year loss	Shareholders' resolutions at 04.15.2004	Dividend distribution	Other movements	Total	
Share capital	247,539						247,539
- ordinary shares	243,457						243,457
- saving shares	4,082						4,082
Additional paid-in capital	4,189,537	(41,154)	(28,300)	(3,578,238)		(3,647,692)	541,845
Other capital reserves	34,569		28,300			28,300	62,869
- Legal reserve	21,823		27,685			27,685	49,508
- Revaluation reserves	11,698						11,698
- Reserve for grants to research			80			80	80
- Reserve for grants to equity			32			32	32
- Reserve for early depreciation	1,048		503			503	1,551
Income (loss) for the period	(41,154)	41,154			(71,774)	(30,620)	(71,774)
Total net equity (Italian GAAP)	4,430,491			(3,578,238)	(71,774)	(3,650,012)	780,479
Reserve for transition to IAS/IFRS		11,598				11,598	11,598
Reserve for stock options					270	270	270
Income (loss) for the period due							
to the transition to IAS/IFRS	11,598	(11,598)			72,181	72,181	72,181
Total net equity	4,442,089			(3,578,238)	677	(3,577,561)	864,528

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Notes to the first half-year Financial Statements of SEAT PAGINE GIALLE S.p.A.

As regard to the structure and the content the Financial Statements of SEAT PAGINE GIALLE S.p.A. as at June 30, 2005 were prepared in accordance with the provisions of IAS 34 "Interim financial report", in compliance with requirements of art. 81 of No. 19771/1999 Regulation for Listed Companies, as subsequently amended by CONSOB and of the IAS/IFRS standards issued by the International Accounting Standards Board and ratify by European Union, including all the interpretations of the International Reporting Interpretations Committee (IFRIC), previously denominated Standing Interpretations Committee (SIC).

The comparative figures for the same period in 2004 have been restated and reclassified in accordance with IAS/IFRS, except for IAS 39, only applied to the figures of 2005.

For further information about the transition to IAS/IFRS on the previously reported figures of 2004, please refer to the specific sections of this interim report.

During the period there were no exceptional facts requiring to apply exemptions allowed by IAS1.

Information about the nature of the Company operations and the significant events happened after the end of the period are included in the "Report on operations".

All amounts in the Balance Sheet, in the Statement of Operations and in the Notes are in thousand of euro, unless different stated.

The accounting standards used for the preparation of the Financial Statements are detailed in the Notes to the first half-year Financial Statements of the Group, except for the "Equity Investments" accounting standards set forth below.

Accounting standards

Equity investments in subsidiaries and associates

Equity investments in subsidiaries and associates are accounted for at purchase cost according to IAS 27. Positive differences at the date of acquisition between their carrying value and the corresponding stake of net equity (measured at fair value), are included in their carrying value and subjected almost once a year to impairment test in order to verify if possible losses may exist. These impairment losses, recognised in the statement of operations as "write-down of equity investments", can not be reversed in future.

If these investments have losses, which pertained to the Company, higher than their carrying value, the latter are written off and the remaining amount of losses is recognised in the balance sheet as a "Reserve for risks and charges on equity investments", in case the Company is required to cover them.

The carrying value of foreign equity investments is translated in euro at their historical acquisition or subscription exchange-rates.

Statement of Operations for the first half-year 2005 of SEAT PAGINE GIALLE S.p.A.

(1) Product sales and services

€ 415,193 thousand

(€ 418,376 thousand in the first half of 2004)

Product sales and services amounted to € 415,133 thousand in the first six months of 2005, slightly down compared to the same period in the previous year. They were made up as follows:

- "print", which amounted to € 332,380 thousand in the first half of 2005 (€ 346,081 thousand in the first half of 2004);
- "online", which amounted to € 41,082 thousand, an increase of 15.0% compared to the same period in the previous year;
- "voice", which increased by 25.1% to € 27,097 thousand in the first half of 2005, thanks to the strong growth of the 89.24.24 services.

More detailed analysis on the product sales and services over the first half of 2005 are available in the "Economic and financial performance of the Business Area - Italian Directories".

(2) Cost of raw materials

€ 21,574 thousand

(€ 24,376 thousand in the first half of 2004)

Cost of raw materials amounted to € 21,574 thousand in the first half of 2005 and is detailed as follows

	1st half-year	1st half-year	Cha	inges
(euro/thousand)	2005	2004	Absolute	%
Paper consumption	17,435	19,255	(1,820)	(9.5)
Purchase of merchandise and finished goods for resale	4,376	4,801	(425)	(8.9)
Purchase of other materials	369	341	28	8.2
Changes in inventories of work in progress, semi-finished and finished goods and mechandise	(606)	(21)	(585)	n.s.
Total cost of raw materials	21,574	24,376	(2,802)	(11.5)

They decreased by \leq 2,802 thousand or 11.5% compared to the same period in the previous year, thanks to reduced paper consumption as a consequence of improvements in the yield per page and reductions in the number of signature marks.

During the period 25,941 tons of paper (28,747 tons in the first half of 2004) and 4.9 million of sheets (3.7 million in the first half of 2004) were used.

(3) Cost of external services

€ 135,919 thousand

(€ 138,052 thousand in the first half of 2004)

Cost of external services can be detailed as follows

	1st half-year	1st half-year	Changes	
(euro/thousand)	2005	2004	Absolute	%
Commission and other sales agent costs	45,356	50,338	(4,982)	(9.9)
Production costs of printed directories	26,322	27,635	(1,313)	(4.8)
Professional services, consultancy and collaboration costs	13,462	12,595	867	6.9
Advertising and promotion	12,232	9,648	2,584	26.8
Call center services	6,877	5,155	1,722	33.4
Distribution and postage costs	4,541	5,094	(553)	(10.9)
Rent expenses and costs for using third-party property	3,390	3,996	(606)	(15.2)
Rent expenses for building	3,364	3,712	(348)	(9.4)
Transport, stocking and postage costs	2,635	2,557	78	3.1
Royalties	2,382	2,727	(345)	(12.7)
Assistance and maintenance	1,798	1,944	(146)	(7.5)
Network hosting and costs	1,625	1,616	9	0.6
Utility costs	1,587	1,767	(180)	(10.2)
IT services	1,510	1,778	(268)	(15.1)
Cleaning, canteen and security services	1,309	1,425	(116)	(8.1)
Other costs	7,529	6,065	1,464	24.1
Total cost of external services	135,919	138,052	(2,133)	(1.5)

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Cost of external services amounted to \in 135,919 thousand, a slightly decrease (-1.5%) compared to the first half of 2004, due to the increase of \in 2,584 thousand in advertising expenses offset by the reduction of \in 4,982 thousand in commissions to sales agent. In particular:

- commission and other sales agent costs amounted to € 45,356 thousand in the first half of 2005, a decrease of 9.9% compared to the first half of 2004 due to the derecognition of sales commissions of previous years that were no longer due and a different sales mix;
- production costs of printed directories amounted to € 26,322 thousand in the first half of 2005 (€ 27,635 thousand in the first half of 2004), a decrease of € 1,313 thousand due to a reduction in printing costs;
- professional services, consultancy and collaboration costs amounted to € 13,462 thousand in the first half of 2005 (€ 12,595 thousand in the first half of 2004) and refer to fees for legal, administrative and information technology services;
- advertising and promotion amounted to € 12,232 thousand in the first half of 2005 (€ 9,648 thousand in the first half of 2004) and refer to the radiophonic and television campaigns launched to support PAGINEGIALLE® directories;
- call center services amounted to € 6,877 thousand in the first half of 2005 (€ 5,155 thousand in the first half of 2004) a 33.4% increase compared to the same period in previous year due to the strong growth in call volumes and average time of conversation.

(4) Salaries, wages and employee benefits

(€ 41,150 thousand in the first half of 2004)

€ 42,113 thousand

Salaries, wages and employee benefits amounted to € 42,113 thousand in the first half of 2005, an increase of 1.4% compared to the first half of 2004 (€ 41,540 thousand). The reduction in the average work force, as a consequence of the reorganisation carried out starting from the second half of 2004, offset the impact of an increased average per-capita cost due to a more qualified personnel mix and the renewal of the National Collective Labor Contract (CCNL).

The Company had 1,313 employees at June 30, 2005 (1,290 employees at December 31, 2004). The average number of employees during the first half of 2005 was 1,216 units (1,297 units in the first half of 2004).

	1st half-year 20	105	1st half-year 20	04
	Number at	Average	Number at	Average
	the end of the period	number	the end of the period	number
Senior Managers	79	70.9	61	59.4
Managers	246	238.5	238	242.2
White collars	981	899.7	1,068	987.4
Blue collars	6	5.8	7	7.0
Journalists	1	1.0	1	1.0
Total employees	1,313	1,215.9	1,375	1,297.0
Directors, project-based workers	78	62.3	42	34.8
Total personnel	1,391	1,278.2	1,417	1,331.8

(5) Other valuation adjustments

(€ 18,647 thousand in the first half of 2004)

€ 15,958 thousand

Other valuation adjustments amounted to \leqslant 15,958 thousand in the first half of 2005 and include \leqslant 15,731 thousand for the provision to the allowance for doubtful accounts. This provision decreased by \leqslant 2,916 thousand compared to the same period in 2004 thanks to the new credit management policy introduced by the Company in the previous year, which enabled to reduce bad debts by 5.9% compared to June 30, 2004.

(6) Provisions to reserves for risks and charges (net)

€ 9,016 thousand

(€ 13,839 thousand in the first half of 2004)

Provisions to reserves for risks and charges (net), negative for € 9,016 thousand in the first half of 2005, are the balance of:

- provisions amounted to € 10,372 thousand in the first half of 2005 (€ 12,453 thousand in the first half of 2004) and mainly referred to provisions to the reserve for commercial risks accrued to cover the claims by costumers for publishing errors, in particular on PAGINEGIALLE®, PAGINEBIANCHE® and Annuari. This provision decreased by € 2,081 thousand compared to the same period in the previous year thanks to the reduction in the number of claims and a faster process for their resolution;
- reversal to the statement of operations of € 1,356 thousand in the first half of 2005 referred to unused reserves for risks.

(7) Operating income before amortisation, depreciation, non-recurring and restructuring costs (EBITDA)

€ 191,751 thousand

(€ 182,802 thousand in the first half of 2004)

EBITDA increased by 4.9% compared to the first half of 2004 (€ 182,802 thousand). It has a ratio to product sales and services of 46.2% (43.7% in the first half of 2004).

(8) Operating amortisation and depreciation

€ 9,151 thousand

(€ 8,281 thousand in the first half of 2004)

The following table sets forth a breakdown of this item.

	Depreciation	1st half-year	1st half-year	Char	nges
(euro/thousand)	rate (*)	2005	2004	Absolute	%
Software		5,984	3,453	2,531	73.3
Industrial patent and intellectual property rights					
trademarks, concessions and licenses		97	1,353	(1,256)	(92.8)
Other intangibles assets		873	1,021	(148)	(14.5)
Total amortisation of intangible assets with finite useful life		6,954	5,827	1,127	19.3
Buildings	3%	156	7	149	n.s.
Machineries and equipment	10%	118	49	69	140.8
Other fixed assets	10-25%	1,923	2,398	(475)	(19.8)
Total depreciation of property, plant and equipment		2,197	2,454	(257)	(10.5)
Total operating amortisation and depreciation		9,151	8,281	870	10.5

^(*) Depreciation rates of property, plant and equipment were reducted by 50% in their first year of life, depending on their technical use.

(9) Non-operating amortisation

€ 81,033 thousand

(€ 81,033 thousand in the first half of 2004)

They amounted to € 81,033 thousand and refer to the customer data base amortisation over a six-year period.

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(10) Non-recurring costs

€ 4,173 thousand

(€ 2,864 thousand in the first half of 2004)

Non-recurring costs amounted to € 4,173 thousand in the first half of 2005 and are detailed as follows:

- € 3,227 thousand for stock option expenses arising from the stock option plans in favour of the Managing Director and the employees, which are considered "Key people" for the Company. For more detailed information on these stock option plans, please refer to the same item in the Notes to the consolidated first half-year financial statements;
- € 846 thousand for expenses arising from transactions involving the organisational structure of the Group.

(11) Restructuring costs (net)

€ 2,040 thousand

(€ 1,711 thousand in the first half of 2004)

They mainly refer to expenses incurred for the reorganisation of the Commercial Area of the Company.

(12) Operating income

€ 95,354 thousand

(€ 88,913 thousand in the first half of 2004)

Operating income is positive for € 95,354 thousand in the first half of 2005, an increase of € 6,441 thousand compared to the first half of 2004.

(13) Interest income

€ 23,568 thousand

(€ 9,505 thousand in the first half of 2004)

Interest income of € 23,568 thousand (€ 9,505 thousand in the first half of 2004) are made up as follow

	1st half-year	1st half-year	Char	nges
(euro/thousand)	2005	2004	Absolute	%
Income on exchange rates	11,845	213	11,632	n.s.
Interest income from other non-current financial assets	6,734	20	6,714	n.s.
Dividends from subsidiaries and associates	2,292	2,360	(68)	(2.9)
Other interest income	2,697	6,912	(4,215)	(61.0)
Total interest income	23,568	9,505	14,063	148.0

In particular they relate to:

- € 11,845 thousand for exchange rate income mainly recognised as a consequence of hedging transactions on the euro/sterling exchange rate risks and partially offset by exchange rate expenses (€ 7,111 thousand in the first half of 2005). This item includes € 2,485 thousand of income arising from the Forex transactions outstanding at June 30, 2005 and accounted for at their fair value, in accordance with the provisions of IAS 39;
- € 6,734 thousand for *interest income from other non-current financial assets*, which include € 6,722 of interest income on non-current loans to TDL Infomedia Ltd.;
- € 2,292 thousand for *dividends* from the subsidiary Eurédit S.A.

(14) Interest expenses

€ 150,123 thousand

(€ 81,530 thousand in the first half of 2004)

Interest expenses amounted to € 150,123 thousand in the first half of 2005 and are detailed as follows

	1st half-year	1st half-year	Char	nges
(euro/thousand)	2005	2004	Absolute	%
Interest expenses on the loan to RBOS	81,612	34,700	46,912	135.2
Interest expenses on the loan to Lighthouse	58,803	23,135	35,668	n.s.
Other financial expenses	2,597	23,177	(20,580)	(88.8)
Exchange rate expenses	7,111	518	6,593	n.s.
Total interest expenses	150,123	81,530	68,593	84.1

More detailed information on this item are included in the same item in the "Notes to the first half-year Financial Statements of the Group".

(15) Income taxes

(€ -1,055 thousand in the first half of 2004)

€ - 14,790 thousand

Income taxes, negative for \leqslant 14,790 thousand, include \leqslant 2,408 thousand for current taxes for IRAP and \leqslant 12,382 thousand for deferred taxes, of which \leqslant 20,262 thousand for deferred tax liabilities and \leqslant 7,880 thousand of deferred tax assets.

In accordance with IAS 34 - "Interim Financial Statements", income taxes for the period were measured by applying the effective annual average rates for the current fiscal year to the result before income taxes as at June 30, 2005.

(16) Net income (loss) for the period

€ - 46,127 thousand

(€ 407 thousand in the first half of 2004)

The net loss for the first half of 2005 amount to \leq 46,127 thousand (an income of \leq 407 thousand in the first half of 2004). Compared to the same period in the previous year it was impacted by:

- higher net financial expenses of € 54,530 thousand arising primarily from an average net debt in the first half of 2005 higher than the one in the first half of 2004;
- higher tax charges of € 13,735 thousand, since the first half of 2004 benefited from the positive tax effect, amounting to about € 18 million, arising from the disposal of Consodata S.A..

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Balance Sheet as at June 30, 2005 of SEAT PAGINE GIALLE S.p.A.

Foreword

The long-term financing agreement with The Royal Bank of Scotland Plc Milan Branch, of € 2,570.1 million as at June 30, 2005, has requested SEAT PAGINE GIALLE S.p.A. to issue the following main guarantees that are standard for transactions of this type:

- a pledge on its main trademarks;
- a pledge on the shares of its major subsidiaries;
- a special privilege on its tangible assets that have a net book value equal or higher than € 25,000.

Assets

Non-current assets

Non-current assets amounted to € 4,385,815 thousand at June 30, 2005, a decrease of € 73,520 thousand compared to December 31, 2004. They are made up as follows

(17) Intangible assets with indefinite useful life

(€ 3,187,161 thousand at December 31, 2004)

This item includes goodwill arising from mergers carried out in previous years.

€ 3,187,161 thousand

(18) Intangible assets with finite useful life

(€ 770,844 thousand at December 31, 2004)

The table below provides a breakdown of the item and the changes over the period

		At 12.31.2004		
	Cost	Accumulated	Net	
(euro/thousand)		amortisation	value	
Customer Data Base	972,400	(229,595)	742,805	
Industrial patents and intellectual property rights, trademarks, concessions and licenses	1,696	(1,162)	534	
Software	81,001	(62,066)	18,935	
Other intangible assets with finite useful life	8,726	(4,179)	4,547	
Work in progress	4,023		4,023	
Total intangible assets with finite useful life	1,067,846	(297,002)	770,844	

(19) Property, plant and equipment

(€ 10,009 thousand at December 31, 2004)

The table below provides a breakdown of the item and the changes over the period

		At 12.31.2004				
	Cost	Accumulated	Net			
(euro/thousand)		depreciation	value			
Buildings	1,328	(588)	740			
Machineries and equipment	4,793	(3,890)	903			
Other fixed assets	44,792	(36,927)	7,865			
Work in progress	501		501			
Total property, plant and equipment	51,414	(41,405)	10,009			

At June 30, 2005 they are presented net of the accumulated depreciation of \leqslant 41,127 thousand (\leqslant 41,405 thousand at December 31, 2004).

Investments in the first half of 2005 amounted to € 1,442 thousand, of which € 1,244 thousand for IT systems, as server and other IT hardware.

The ratio of accumulated depreciation to cost of property, plant and equipment amounted to 82% at June 30, 2005.

€ 687,833 thousand

€ 9,039 migliaia

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	Change during the	At 06.30.2005				
Purchases/	Amortisation	Other	Total	Cost	Accumulated	Net
Capitalisations		adjustments			amortisation	value
	(81,033)		(81,033)	972,400	(310,628)	661,772
	(97)		(97)	1,697	(1,260)	437
3,872	(5,984)	1,855	(257)	86,297	(67,619)	18,678
	(873)		(873)	8,726	(5,052)	3,674
1,104		(1,855)	(751)	3,272		3,272
4,976	(87,987)		(83,011)	1,072,392	(384,559)	687,833

	Change during the period				At 06.30.2005			
Purchases	Depreciation	Write-downs/	Total	Cost	Accumulated	Net		
Capitalisations	ations Other adjustments			depreciation	value			
52	(156)	481	377	1,861	(744)	1,117		
85	(118)		(33)	4,878	(4,008)	870		
1,305	(1,923)	(215)	(833)	43,407	(36,375)	7,032		
		(481)	(481)	20		20		
1,442	(2,197)	(215)	(970)	50,166	(41,127)	9,039		

(20) Equity investments

€ 265,502 thousand

(€ 265,502 thousand at December 31, 2004)

This item includes € 265,293 thousand for subsidiaries and € 209 thousand for associates. This item was unchanged in the period. Breakdown and changes of this item are set out in Annex 1 and 2.

(21) Other non-current financial assets

€ 176,211 thousand

(€ 172,243 thousand at December 31, 2004)

This item amounted to € 176,211 thousand at June 30, 2005 and includes:

- € 175,012 thousand for the countervalue in euro of loans in pounds to TDL Infomedia Ltd., regulated at maket rates and due date in 2009 and 2010;
- € 1,088 thousand for loans to employees, regulated at market rates for this kind of transactions;
- € 110 thousand for the 2.2% interest in Emittenti Titoli S.p.A..

With regard to the financial loans to TDL Informedia Ltd., in order to optimise the financial structure of that subsidiary, in July 2005 SEAT PAGINE GIALLE S.p.A. converted two intercompany loans into share capital for an amount in pounds equivalent to € 103 million (of which 31.6 million of pounds recognised as "Current financial assets" at June 30, 2005).

A part from this transaction other non-current financial assets included the outstanding financial loan to TDL Infomedia Ltd amounted to 75 million of pounds, regulated at market rates.

Other non-current financial assets included € 3,729 thousand at December 31, 2004 for expenses paid in 2004 to enter the Interest Rate Collars. These expenses, according to the accounting standards effective at that time, were deferred to the moment when the hedging will start (December 2006).

On January 1, 2005, pursuant to the provisions of IAS 39, this deferred cost was written off with a corresponding entry, net of the relevant tax effect, recognised in the "Reserve for transition to IAS/IFRS" in the net equity.

(22) Deferred tax assets

€ 58,908 thousand

(€ 52,268 thousand at December 31, 2004)

Deferred tax assets are accounted for net of deferred tax liabilities of \leq 89,624 thousand (\leq 69,362 thousand at December 31, 2004), arising mainly from the decision to amortise (for tax purposes) the "Customer Data Base" on a three year basis. The main items which generate deferred tax assets are the non-deducted allowance for doubtful accounts and reserves for risks and charges as well as net losses carry forwards.

In the first half of 2005 they increased by i) \in 19,624 thousand, for deferred tax assets, net accounted for in the period with a corresponding entry in equity reserves also as a consequence of tax effects on derivative instruments entered to hedge interest and exchange rate risks and recognised in the balance sheet, as from January 1, 2005, in line with the provision of IAS 39 and ii) \in 12,984 thousand for deferred income taxes for the period.

(23) Other non-current assets

€ 1,161 thousand

(€ 1,308 thousand at December 31, 2004)

Other non-current assets decreased by \in 147 thousand compared with December 31, 2004 and include \in 1,070 thousand for taxes paid in advance on the reserve for severance indemnities (Law No. 662 of December 23, 1996 as amended, revalued according to legal criteria).

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Current assets

Current assets amounted to \leqslant 818,607 thousand at June 30, 2005, a decrease of \leqslant 75,163 thousand compared to December 31, 2004. They are detailed as follows

(24) Inventories

€ 9,885 thousand

(€ 8,807 thousand as at December 31, 2004)

Inventories are detailed as follows

	At 12.31.2004	Change during the period			At 06.30.2005	
		Increases	Provisions	Total		
(euro/thousand)		(Decreases)				
Raw materials, suppliers and consumable items	5,826	471		471	6,297	
Work in progress and semi-finished goods	2,277	1,057		1,057	3,334	
Finished goods	704	(438)	(12)	(450)	254	
- Finished goods (gross value)	780	(438)		(438)	342	
- Allowance for finished goods	(76)		(12)	(12)	(88)	
Total inventories	8,807	1,090	(12)	1,078	9,885	

Raw materials valued by using the weighted average cost method are substantially equivalent to raw materials valued at current values.

(25) Trade account receivables

€ 590,385 thousand

(€ 617,618 thousand at December 31, 2004)

Trade account receivables are detailed as follows

	At 12.31.2004		Change during the period		
(euro/thousand)		Provisions	Utilisations	Total	
Trade account receivables (gross value)	728,372			(29,572)	698,800
Trade account receivables from subsidiaries	12,357			(383)	11,974
Allowance for doubtful trade account receivables	(123,111)	(15,731)	18,453	2,722	(120,389)
Total trade account receivables	617,618	(15,731)	18,453	(27,233)	590,385

- Trade account receivables amounted to € 698,800 thousand at June 30, 2005, of which € 2,811 thousand due beyond 12 months. They also included € 181,389 thousand for receivables on services to be rendered;
- trade account receivables from subsidiaries amounted to € 11,974 thousand at June 30, 2005 and include € 9,853 thousand for receivables from Telegate Italia S.r.l., arising from the telephone service 89.24.24 Pronto PAGINEGIALLE®;
- allowance for doubtful trade account receivables amounted to € 120,389 thousand at June 30, 2005. It is considered adequate to cover likely losses.

(26) Current tax assets

€ 2,755 thousand

(€ 14,963 thousand at December 31, 2004)

Current tax assets included € 1,580 thousand for income tax advances, of which € 659 thousand for IRES. They decreased by € 12,208 thousand compared to December 31, 2004 of which € 11,533 thousand for income tax advances paid in previous years which offset tax payables.

(27) Other current assets

€ 87,738 thousand

(€ 73,435 thousand at December 31, 2004)

Other current assets are detailed as follows

(euro/thousand)	At 06.30.2005	At 12.31.2004	Change
Advanced sales commissions and other operating receivables from agents	62,236	63,210	(974)
- Advanced sales commissions and other operating receivables from agents within 12	60,162	61,020	(858)
- Advanced sales commissions and other operating receivables from agents beyond 12	5,161	5,590	(429)
- Allowance for doubtful other operating receivables from agents	(3,087)	(3,400)	313
Advances to suppliers	14,045	5,160	8,885
Other operating receivables from subsidiaries	5,090	318	4,772
Other non-operating receivables from subsidiaries	2,897	1,153	1,744
Prepaid expenses	604	1,153	(549)
Other current operating receivables	2,854	2,441	413
Prepaid expenses from subsidiaries	12		12
Totale other current assets	87,738	73,435	14,303

- Advanced sales commissions to sales agents included € 5,161 thousand due beyond 12 months on the basis of specific repayments plans. Their present value were calculated by using an average market rate for receivables of similar nature;
- advances to suppliers amounted to € 14,045 thousand at June 30, 2005 and increased by € 8,885 thousand compared to December 31, 2004 mainly as a consequence to contractual advances paid to Ilte S.p.A.;
- other operating receivables from subsidiaries included € 4,743 thousand for advances paid to Eurédit S.A. pursuant to the agreement for publishing the Europages directory.

(28) Current financial assets

€ 83,304 thousand

(€ 71,088 thousand at December 31, 2004)

Current financial assets amounted to $\,\in\,$ 83,304 thousand at June 30, 2005 and are detailed as follows

(euro/thousand)	At 06.30.2005	At 12.31.2004	Change
Loans and financial receivables from subsidiaries	78,694	69,224	9,470
Fair value of hedging instruments	2,485		2,485
Loans and financial receivables from third parties	1,927	1,673	254
Loans and financial receivables from employees	182	170	12
Loans and financial receivables from agents	16	21	(5)
Total current financial assets	83,304	71,088	12,216

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- Loans and financial receivables from subsidiaries amounted to € 78,694 thousand at June 30, 2005 and refer to € 72,679 thousand for short-term loans (of which € 46,934 thousand to TDL Infomedia Ltd. and € 25,745 thousand to Telegate Holding Gmbh) and to € 6,015 thousand for cash deposits (of which € 5,771 thousand to Consodata S.p.A.), regulated at market rates;
- fair value of hedging instruments amounted to € 2,485 thousand at June 30, 2005. These instruments were entered to hedge euro/sterling exchange rate risks. Pursuant to the provisions of IAS 39, as from January 1, 2005, these instruments were accounted for in the balance sheet with a corresponding entry in the statement of operations, since they are "fair value hedge" instruments.

(29) Cash and cash equivalents

€ 44,540 thousand

(€ 107,859 thousand at December 31, 2004)

Cash and cash equivalents are detailed as follows

(euro/thousand)	At 06.30.2005	At 12.31.2004	Change
Bank deposits	43,072	106,829	(63,757)
Postal deposits and cash	1,468	1,030	438
Total cash and cash equivalents	44,540	107,859	(63,319)

Liabilities and Net Equity

(30) Net equity

(€ 899,643 thousand at December 31, 2004)

Net equity is made up as follows

	At 12.31.2004		Change du	iring the period			At 06.30.2005
(euro/thousand)		Opening balance adjustments (IAS 39)	Coverage of previous year loss	Shareholders' resolutions at 04.28.2005	Other movements	Total	
Share capital	247,539						247,539
- ordinary shares	243,457						243,457
- saving shares	4,082						4,082
Additional paid-in capital (*)	541,845		(106,299)	1,551		(104,748)	437,097
Other capital reserves	62,869		(11,698)	(1,551))	(13,249)	49,620
- Legal reserve	49,508						49,508
- Revaluation reserves	11,698		(11,698)			(11,698)	
- Reserve for grants to research	80						80
- Reserve for grants to equity	32						32
- Reserve for early depreciation	1,551			(1,551))	(1,551)	
Income (loss) for the year	(117,997)		117,997			117,997	
Total net equity (Italian GAAP)	734,256						734,256
Reserve for transition to IAS/IFRS	11,598	(2,499)	151,313			148,814	160,412
Reserve for hedging instruments		(21,133)			(16,211)	(37,344)	(37,344)
Reserve for stock options	2,476				3,227	3,227	5,703
Income (loss) for the period due							
to the transition to IAS/IFRS	151,313		(151,313)		(46,127)	(197,440)	(46,127)
Total net equity	899,643	(23,632)			(59,111)	(82,743)	816,900

€ 816,900 thousand

Share capital

Share capital consisted of No. 8,115,215,696 ordinary shares and No. 136,074,786 saving shares, each of € 0.03 par value.

The Board of Directors approved over time the possibility to increase the share capital through the issue of a maximum of 160,000,000 ordinary shares each of € 0.03 par value, servicing the 2004 and 2005 stock option plans.

It should be noted that € 13,741 thousand of the share capital is subject to tax imposition in case of distribution: on this amount, deferred tax liabilities were not accrued as the Company is not planning to pay-back its share capital.

^(*) Of which \in 115,894 thousand subject to tax imposition in case of distribution.

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Additional paid-in capital

The additional paid-in capital decreased by € 104,748 thousand compared to December 31, 2004 of which:

- € 106,299 thousand used for the coverage of the 2003 loss;
- € 1,551 thousand as an increase due to the derecognition of the "Reserve for early depreciation".

Pursuant to art. 109 of T.U.I.R., as amended by Legislative Decree No. 344/2003, some costs, amounting to € 115,894 thousand net of the relevant tax effect, were deducted from the taxable income even if they have not been still recognised in the statement of operations (i. e. the so called "doppio binario"). Therefore, in case of distribution of all equity reserves, if that minimum amount is reduced, the relevant decrease will be considered a taxable distribution as Company income.

It should be noted that this amount is unchanged compared to December 31, 2004, since the current fiscal period is not yet closed.

Revaluation reserves

They amounted to € 11,698 thousand at December 31, 2004 and were entirely used in the period for the coverage of 2004 net losses.

Reserve for the transition to IAS/IFRS

At June 30, 2005, this reserve amounted to € 160,412 thousand and refers to:

- € 162,749 thousand for the derecognition of the goodwill amortisation accounted for in 2004 (IAS 36);
- € 2,476 thousand for expenses recognised in 2004 in relation to stock option plans granted to Company's employees and the Managing Director (IFRS 2). This amount is matched in the corresponding "Reserve for stock options";
- € 2,193 thousand for the positive net effect arising from valuating at present value non-current assets and liabilities and from the derecognition of restructuring reserves that can't be recognised under IAS/IFRS (IAS 37);
- € 449 thousand for the negative effect arising from the evaluation and accounting of the reserve for severance indemnities according to IAS 19;
- € 4 thousand for the effect arising from the derecognition of start-up costs, recognised as intangible assets according to Italian accounting standards (IAS 38);
- € -2,499 thousand for the adjustment to Interest Rate Collars entered last year for hedging purposes and outstanding at the beginning of the year following the first-time adoption of IAS 39 as of January 1, 2005.

Reserve for hedging instruments

The reserve for hedging instruments is negative for € 37,344 thousand at June 30, 2005, due to the evaluation of hedging instruments at fair values, net of the relevant tax effect. This reserve includes, among others:

- € 17,684 thousand for Interest Rate Swaps;
- € 19,660 thousand for Interest Rate Collars.

Reserve for stock options

The reserve for stock options amounted to € 5,703 thousand at June 30, 2005 and refers to:

- € 4,800 thousand for the 2004 stock option plans;
- € 903 thousand for the 2005 stock option plans.

Non-current liabilities

Non-current liabilities amounted to € 3,660,316 thousand at June 30, 2005 and decreased by € 146,665 thousand compared to December 31, 2004. They consist of the following

(31) Non-current financial debts

€ 3,611,912 thousand

(€ 3,760,403 thousand at December 31, 2004)

They are detailed as follows

(euro/thousand)	At 06.30.2005	At 12.31.2004	Change
Non-current debts due to banks	2,361,687	2,512,972	(151,285)
Non-current debts due to Lighthouse S.A.	1,250,225	1,247,431	2,794
Total non-current financial debts	3,611,912	3,760,403	(148,491)

- Non-current debts due to banks amounted to € 2,362 million at June 30, 2005 and refer to the non current portion of the "Term and Revolving Facilities Agreement" with The Royal Bank of Scotland Plc Milan Branch, net of the relevant transaction costs not yet amortised (€ 82,913 thousand);
- non-current debts due to Lighthouse International Company S.A. amounted to € 1,250 million at June 30, 2005 and refer to the "Subordinated loan" due in April 2014, net of the relevant transaction costs not yet amortised (€ 49,775 thousand).

More detailed information on the outstanding loans and their accounting are included in the corresponding section of the first half-year financial statements of the Group.

(32) Non-current employee expense reserves

€ 29,207 thousand

(€ 28,717 thousand at December 31, 2004)

They are detailed as follows

	At 12.31.2004		Change during the period					
		Provisions	Utilisations/	Actuarial	Other	Total		
(euro/thousand)			Repayments	(income) losses	movements			
Reserve for severance indemnities	28,275	1,481	(1,763)	576	(42)	252	28,527	
Reserve for temination indemnities for project workers	442	305	(67)			238	680	
Total non-current reserves due to employees	28,717	1,786	(1,830)	576	(42)	490	29,207	

The reserve for severance indemnities, amounted to € 28,527 thousand at June 30, 2005, was valued according to the provision of the accounting standard IAS 19, since it is considered as a defined benefit plan. At the first time adoption of IAS/IFRS all the cumulative actuarial losses were recognised. Following that date it was decided to use the corridor approach: thus € 534 thousand corresponding to the net actuarial losses at June 30, 2005 has not been recognised, since less than 10% of this liability at that date.

(33) Other non-current liabilities

€ 19,197 thousand

(€ 17,861 thousand at December 31, 2004)

	At 12.31.2004	2.31.2004 Change during the period		Change during the period			Change during the period		
		Provisions	Actuarial	Utilisations	Total				
(euro/thousand)		(in	come) losses						
Reserve for sales agents' termination indemnities	17,861	2,056	236	(956)	1,336	19,197			
Total other non-current liabilities	17.861	2.056	236	(956)	1.336	19.197			

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The reserve for sales agents' termination indemnities, of € 19,197 thousand at June 30, 2005, increased by € 1,336 thousand in the first half of 2005. This reserve represents the debt accrued at the end of the period towards sales agents for their indemnity in the event their agency agreement is terminated, as required by current laws. Its carrying amount at the end of the period was discounted using a discount pre-tax rate, which reflects the current market assessments of the time value of money. The increase due to the passage of time and the change in the discount rate was recognised in the statement of operations as an interest expense (€ 236 thousand).

Current liabilities

Current liabilities amounted to € 727.206 thousand at June 30, 2005 and increased by € 80,725 thousand compared to December 31, 2004. They are made up as follows

(34) Current financial debts

€ 252,819 thousand

(€ 232,525 thousand at December 31, 2004)

Current financial debts amounted to € 252,819 thousand at June 30, 2005 and are made up as follows

(euro/thousand)	At 06.30.2005	At 12.31.2004	Change
Financial debts due to banks	126,325	172,795	(46,470)
Fair value of hedging instruments	55,738		55,738
Financial debts due to subsidiaries	53,381	40,424	12,957
Financial debts due to associates	17,375	19,306	(1,931)
Total current financial debts	252,819	232,525	20,294

The financial debts due to subsidiaries amounted to \leq 53,381 thousand at June 30, 2005 and refer to Telegate A.G. for \leq 40,036 thousand and to Consodata Group Ltd. for \leq 3,476 thousand. These financial debts are regulated at market rates.

More detailed information on these items are included in the corresponding section of the first half-year financial statements of the Group.

(35) Trade account payables

€ 192,209 thousand

(€ 231,338 thousand at December 31, 2004)

They are detailed as follows

(euro/thousand)	At 06.30.2005	At 12.31.2004	Change
Payables due to suppliers	99,624	126,025	(26,401)
Payables due to sales agents	56,656	73,313	(16,657)
Payables due to employees	14,954	16,335	(1,381)
Trade payables due to subsidiaries	9,970	5,866	4,104
Payables due to social security institutions	8,941	8,058	883
Payables due to directors and statutory auditors	2,064	1,351	713
Trade payables due to associates		390	(390)
Total trade account payables	192,209	231,338	(39,129)

- Payables due to sales agents amounted to € 56,656 thousand at June 30, 2005 (€ 73,313 thousand at December 31, 2004). They are to be matched with advanced sales commissions to agents included among other current assets which amounted to € 62,236 thousand at June 30, 2005 (€ 63,210 thousand at December 31, 2004);
- trade account payables to subsidiaries amounted to € 9,970 thousand at June 30, 2005 and included debts to Eurédit S.A. for € 4,473 thousand, to Telegate Italia S.r.l. for € 1,846 thousand and to Consodata S.p.A. for € 1,784 thousand.

All trade account payables at June 30, 2005 are due within 12 months.

(36) Reserves for current risks and charges

(€ 40,535 thousand at December 31,2004)

They are detailed as follows

	At 12.31.2004		At 06.30.2005			
		Provisions	Utilisations	Reversals	Total	
(euro/thousand)						
Reserve for commercial risks	17,303	10,372	(11,632)		(1,260)	16,043
Reserve for litigations	17,108		(1,405)	(1,356)	(2,761)	14,347
Reserve for current Company's restructuring	5,355	100	(861)		(761)	4,594
Reserve for risks and charges on equity investments	769		(500)		(500)	269
Total reserves for current risks and charges	40,535	10,472	(14,398)	(1,356)	(5,282)	35,253

In particular:

- the reserve for commercial risks amounted to € 16,043 thousand at June 30, 2005 and it is accrued to cover the claims for publishing errors on PAGINEGIALLE® , PAGINEBIANCHE® and Annuari;
- the *reserve for contractual risks* amounted to € 14,347 thousand at June 30, 2005 and it includes € 7,863 thousand for pending litigations and € 6,484 thousand for lawsuits with sales agents and personnel;
- the reserve for restructuring expenses amounted to € 4,594 thousand and it was used during the period for € 861 thousand following the reorganisation and downsizing actions carried out by the Company since last year.

(37) Current tax payables

(€ 28,578 thousand at December 31, 2004)

€ 21,337 thousand

€ 35,253 thousand

They amounted to € 21,337 thousand at June 30, 2005 and include € 18,339 thousand for VAT debts and € 2,998 thousand for income tax payables, of which € 2,408 thousand referred to the current year.

(38) Payables for services to be rendered and other current liabilities

(€ 113,505 thousand at December 31,2004)

 \in 225,588 thousand

They are detailed as follows

(euro/thousand)	At 06.30.2005	At 12.31.2004	Change
Services to be rendered	217,166	106,565	110,601
Advances and cash received from customers and not yet mached	5,559	5,252	307
Other operating liabilities due to subsidiaries	1,613	4	1,609
Other non-operating liabilities due to subsidiaries	741	497	244
Other operating liabilities	509	1,187	(678)
Total payables for services to be rendered and other current liabilities	225,588	113,505	112,083

Payables for services to be rendered refer to advertising services invoiced in advance and amounted to € 217,166 thousand at June 30, 2005 of which € 60,769 thousand already paid by customers.

They include € 303 thousand for payables due beyond 12 months.

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Equity investments in subsidiaries and associates

Annex 2

Major interests in equity investments

Annex 1

Equity investments in subsidiaries and associates

		At	06.30.2005 (*)	
(euro/thousand)	Cost	Write-downs	Net value	
Subsidiaries				
TDL INFOMEDIA Ltd.	168,576	(80,944)	87,632	
TELEGATE A.G.	21,563		21,563	
TELEGATE GmbH	78,406		78,406	
EUREDIT S.A.	38,039		38,039	
PRONTOSEAT S.r.l.	431		431	
CONSODATA ITALIA S.p.A.	23,000	(45)	22,955	
CONSODATA GROUP Ltd.	39,271	(23,004)	16,267	
Total equity investments in subsidiaries	369,286	(103,993)	265,293	
Associates				
LIGHTHOUSE INTERNATIONAL COMPANY S.A.	209		209	
Total equity investments in associates	209		209	
Total equity investments	369,495	(103,993)	265,502	

^(*) Figures did not change during the first half-year 2005.

Annex 2

Major interests in equity investments

Ex. Art. 120 of Legislative Decree February 24 1998, No. 58 (Disclosure pursuant to Art. 126 of Consob resolution No. 11971 of May 14, 1999 as amended) All equity investments are held through ownership

Company Registered Office		Share	capital	Held by % o	wnership
CONSODATA S.p.A.	Rome	Euro	2,446,330	SEAT PAGINE GIALLE S.p.A.	100
PUBBLIBABY S.p.A.	Cusago (MI)	Euro	120,000	Consodata S.p.A.	100
CONSODATA GROUP Ltd. in liquidation	London (United Kingdom)	GBP	25,146,140	SEAT PAGINE GIALLE S.p.A.	100
EUREDIT S.A.	Paris (France)	Euro	2,800,000	SEAT PAGINE GIALLE S.p.A.	93.562
LIGHTHOUSE INTERNATIONAL COMPANY S.A.	Luxembourg	Euro	31,000	SEAT PAGINE GIALLE S.p.A.	25
PRONTOSEAT S.r.l.	Turin	Euro	10,500	SEAT PAGINE GIALLE S.p.A.	100
TELEGATE HOLDING GmbH	Munich (Germany)	Euro	26,100	SEAT PAGINE GIALLE S.p.A.	100
TELEGATE A.G.	Munich (Germany)	Euro	20,987,045	Telegate Holding GmbH	61.85
				SEAT PAGINE GIALLE S.p.A.	16.43
11811 NUEVA INFORMACION TELEFONICA S.A.U.	Madrid (Spain)	Euro	222,000	Telegate A.G.	100
11880 TELEGATE GmbH	Wien (Austria)	Euro	35,000	Telegate A.G.	100
DATAGATE GmbH	Munich (Germany)	Euro	25,000	Telegate A.G.	100
11880.COM GmbH	Munich (Germany)	Euro	25,000	Datagate GmbH	100
MOBILSAFE AG	Munich (Germany)	Euro	150,000	Datagate GmbH	100
TELEGATE AKADEMIE GmbH	Rostock (Germany)	Euro	25,000	Telegate A.G.	100
TELEGATE FRANCE Eurl	Paris (France)	Euro	1	Telegate A.G.	100
TELEGATE ITALIA S.r.l.	Turin	Euro	129,000	Telegate A.G.	100
TDL INFOMEDIA Ltd.	Hampshire (United Kingdom)	GBP	139,524.78	SEAT PAGINE GIALLE S.p.A.	100
TDL INFOMEDIA FINANCE Ltd.	Hampshire (United Kingdom)	GBP	9,734,09	TDL Infomedia Ltd.	100
TDL INFOMEDIA GROUP Plc	Hampshire (United Kingdom)	GBP	624,576.64	TDL Infomedia Ltd.	100
TDL INFOMEDIA HOLDINGS Plc	Hampshire (United Kingdom)	GBP	397,126.43	TDL Infomedia Ltd.	100
TDL GROUP Ltd.	Hampshire (United Kingdom)	GBP	89,864.25	TDL Infomedia Ltd.	100
TDL BELGIUM S.A. in liquidation	Bruxelles (Belgium)	BEF	750,087,200	TDL Infomedia Ltd.	49.6
THOMSON DIRECTORIES Ltd.	Hampshire (United Kingdom)	GBP	1,340,000	TDL Infomedia Ltd.	100
MOBILE COMMERCE Ltd.	Cirencester (United Kingdom)	GBP	242.36	Thomson Directories Ltd.	6.43
THOMSON DIRECTORIES PENSION COMPANY Ltd.	Hampshire (United Kingdom)	GBP	2	Thomson Directories Ltd.	100
INDIRECT S.P.R.L. in liquidation	Bruxelles (Belgium)	BEF	6,000,000	TDL Infomedia Ltd.	27

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Related party transactions

In compliance with CONSOB resolutions No. DAC/RM 97001574, dated February 20, 1997, and No. DAC/RM 98015375, dated February 27, 1998, on related party transactions, the table below sets out the economic and financial effects of these transactions on the first half-year financial statements of SEAT PAGINE GIALLE S.p.A. for 2005.

All transactions that the Company entered into with related parties are ordinary operations and are regulated at market conditions or in accordance with specific law provisions. There were no atypical and/or unusual transactions, or transactions that may represent a conflict of

Main economic and financial items of SEAT PAGINE GIALLE S.p.A.

	From/to	Notes
	subsidiaries and	
(euro/thousand)	associates	
Product sales and services	14,354	they refer to revenues for rebates from Telegate Italia S.r.l. on 89.24.24 phone calls.
Other income and revenues	245	they refer to \leqslant 0.2 million for rental revenues and recovery of expenses deriving from
		rental contracts with Prontoseat S.r.l.
Cost of external services	12,156	it refers to call center costs incurred by SEAT PAGINE GIALLE S.p.A. to Prontoseat S.r.l.
		(€ 3.8 million) and Telegate Italia S.r.l. (€ 2.9 million). This item also includes
		€ 5.1 million for direct marketing services incurred versus Consodata S.A.
Interest income	10,758	it refers to i) \in 6.7 million for interest income on loans to TDL Infomedia Ltd.; ii)
		\in 1.7 million for interest income on short-term loans and cash deposits to
		subsidiaries (of which \in 1.2 million to TDL Infomedia Ltd. and \in 0.4 million to
		Telegate GmbH); iii) € 2.3 million for dividends from Eurédit S.A.
Interest expenses	59,611	they refer to \leqslant 58.8 million for interest expenses on the long-term "Subordinated" loan
		with Lighthouse International Company S.A. and to \leqslant 0.8 million for interest expenses on
		current financial debts (of which \in 0.6 million from Telegate A.G. and \in 0.2 million from
		Consodata Ltd.).
Income taxes	602	they represent the net amount recognised to the italian subsidiaries which last year
		had agreed to joint the italian tax consolidation, of which Telegate Italia S.r.I (€ 0.4 million)
		and Prontoseat S.r.l. (€ 0.2 million).
Financial non-current assets	175,012	they refer to long-term loans in UKE currency to TDL Infomedia Ltd
Current financial assets	78,693	they refer to € 46.9 million for current loans to TDL infomedia Ltd., € 26 million for
		current loans to Telegate Holding GmbH and to € 5,8 million for cash deposits to
		Consodata S.p.A.
Trade account receivables	11,975	they refer to € 9.9 million for trade accounts receivables from Telegate Italia S.r.l. and to
		€ 1.7 million for trade accounts receivables from Eurédit S.A. for royalties which have not
		been paid yet.
Other current assets	7,999	they mainly refer to receivables from Eurédit S.A., of which € 4.7 million for advances and
		€ 2.2 million for the dividend which has not been paid yet.
Financial non-current liabilities	1,250,225	they refer to € 1.300 million the "Subordinated" loan with Lighthouse International
		Company S.A., net of the transaction costs incurred for the inception of the loan and not yet
		amortised (€ 43.8 million).
Financial current liabilities	70,756	they refer to € 40 million for cash deposits of Telegate A.G., to € 12.8 million for cash
		deposits of Consodata Group Ltd., to € 0.5 million for cash deposits of Prontoseat S.r.l.,
		and to € 17.4 million for financial liabilities to Lighthouse International Company S.A. for
		interest expenses.
Trade account payables	9,970	they refer to € 4.7 million for trade account payables to Eurédit S.A., to € 1.8 million for
		trade account receivables to Telegate Italia S.r.l., to € 1.8 million for trade account
		payables to Consodata S.p.A. and to €1.5 million for trade account receivables to
		Prontoseat S.r.l.
Payables for services to be rendered	2,355	they refer to € 1.7 million for services to be rendered to Eurédit, and € 0.5 million
and other current liabilities		to Telegate Italia S.r.l.

▶ Transition to IAS/IFRS on the Financial Statements for the first half-year 2004 of SEAT PAGINE GIALLE S.p.A.

The section "Transition to IAS/IFRS: SEAT PAGINE GIALLE S.p.A." provides more detailed information on the effects on the Balance Sheet as at June 30, 2004 and on the Statement of Operations for the first half of 2004, which are set out in the tables below.

Effects of the transition to IAS/IFRS on the Balance Sheet as at June 30, 2004 of SEAT PAGINE GIALLE S.p.A.

	At 06.30.2004	Note	Reclassifications Adj	ustments	At 06.30.2004		
(euro/million)	ITA GAAP				IAS/IFRS		
Fixed assets	4,380.2		(37.2)	80.1	4,423.1	Non-current assets	
Intangible assets	4,079.5		(126.8)	81.4	4,034.1	Intangible assets	
- Goodwill	3,105.8	(A)		81.4	3,187.2	- Intangible assets with indefinite useful lit	
- Other intangible assets	973.7	(B)	(126.8)		846.9	 Intangible assets with finite useful life 	
Tangible assets	8.4		1.1		9.5	Property, plant and equipment	
Long-term investments							
- Equity investments	289.5	(A)			289.5	Equity investments	
- Other	2.8		(2.0)		0.8	Other non-current financial assets	
			2.3		2.3	Other non-current assets	
		(C)	88.2	(1.3)	86.9	Deferred tax assets	
Current assets	1,205.8		(82.3)	(0.7)	1,122.8	Current assets	
Inventories	10.6				10.6	Inventories	
Trade account receivables	636.9		12.0		648.9	Trade account receivables	
Receivables from subsidiaries							
and associates	152.7		(152.7)				
Other receivables							
- tax receivables	140.8	(C)	(88.2)		52.6	Current tax assets	
- other receivables	85.2	(D)	6.4	(0.7)	90.9	Other current assets	
Current financial assets			140.2		140.2	Current financial assets	
Cash and cash equivalents	179.6				179.6	Cash and cash equivalents	
Accrued income and prepaid expens	es 6.3		(6.3)				
TOTAL ASSETS	5,592.3		(125.8)	79.4	5,545.9	TOTAL ASSETS	
Liabilities	4,767.6				3,791.4	Non-current liabilities	
Reserve for severance indemnities	30.5	(E)	(30.5)		3,73111	Tron carrent napinales	
Reserve for risks and charges	63.9	(E)	(33.5)	(0.9)	29.5	Non-current reserves to employees	
reserve for histo and charges	00.5	(F)	20.2	(3.8)	16.4	Other non-current liabilities	
Bonds		(B)	3,745.5	(0.0)	3,745.5	Non-current financial debts	
Debts due to Lighthouse	1,300.0	(2)	(1,300.0)		37, 13.3	Tron carrent mariour debte	
Debte add to Elementate	.,500.0		(1/500.0)		889.9	Current liabilities	
Debts due to banks	2,721.7		(2,511.1)		210.6	Current financial debts	
			41.6		41.6		
Trade account payables	156.5		30.2		186.7	Trade account payables	
Debts due to Group's companies	35.7		(35.7)				
Tax payables	208.9		2.2		211.1	Current tax debts	
Debts due to social security institutions			(7,4)		2.111		
Other liabilities	243.0		(3.1)		239.9	Payables for services to be rendered and	
Accrued expenses and deferred inco	me 44.2		(44.2)			other current liabilities	
Net equity	780.5		` '	84.1	864.6	Net equity	
Share capital and reserves	852.3				852.3	Share capital and reserves	
				0.3	0.3	Reserve for stock options	
				11.6	11.6	Reserve for transition to IAS/IFRS	
Income (loss) for the period	(71.8)			72.2	0.4	Income (loss) for the period	
TOTAL LIABILITIES AND NET EQUITY	5,592.3		(125.8)	79.4	5,545.9	TOTAL LIABILITIES AND NET EQUITY	

Effects of the transition to IAS/IFRS on the Statement of Operations for the first half-year 2004 of SEAT PAGINE GIALLE S.p.A.

	1st half-year 2004	Note	Reclassifications	Adjustments	1st half-year 2004	
(euro/million)	ITA GAAP				IAS/IFRS	
Product sales and services	417.9		0.5		418.4	Product sales and services
- Sales of goods	9.2				9.2	- Sales of goods
- Revenues from services	408.7		0.5		409.2	- Revenues from services
Other income and revenues	1.8				1.8	Other income and revenues
TOTAL PRODUCTION VALUE	419.7		0.5		420.2	TOTAL REVENUES
Raw materials, supplies						
and consumable items	(23.3)		(1.1)		(24.4)	Cost of raw materials
Services	(129.4)		(8.7)		(138.1)	Cost of external services
Use of third-party property	(10.4)		10.4			
Personnel	(40.2)		(1.7)	0.4	(41.5)	Salaries, wages and employees benefits
Changes in inventories of raw materials,						
supplies and consumable items	(1.1)		1.1			
Write-downs	(18.7)				(18.7)	Other valuation adjustments
Provision for risks	(13.8)				(13.8)	Provision to reserves for risks and charge
Micellaneous operating costs	(1.0)		0.1		(0.9)	Other operating expenses
EBITDA	181.8		0.6	0.4	182.8	Operating income before
						amortisation, depreciation,
						non-recurring and restructuring
						costs EBITDA
Operating amortisation and depreciation	(8.3)				(8.3)	Operating amortisation and depreciation
Non-operating amortisation	(169.5)	(B);(A)	7.1	81.4	(81.0)	Non-operating amortisation
		(G)	(2.6)	(0.3)	(2.9)	Non-recurring costs, net
			(1.7)		(1.7)	Restructuring costs, net
OPERATING INCOME (LOSS)	4.0		3.4	81.5	88.9	OPERATING INCOME (LOSS)
Interest income	9.3			0.2	9.5	Interest income
Interest expenses	(65.3)		(15.6)	(0.6)	(81.5)	Interest expenses
Valuation adjustments to financial assets			(1.0)		(13.5)	Write-down of equity investments
			(- 2)		(2 2)	Gains (losses) on disposal
			(1.9)		(1.9)	of equity investments
Extraordinary income	11.5	(A)	(1.3)	(10.2)	,	
Extraordinary expenses	(17.7)	(A)	16.4	1.3		
Income taxes	(1.1)				(1.1)	Income taxes
INCOME (LOSS) FOR THE PERIOD	(71.8)			72.2	0.4	INCOME (LOSS) FOR THE PERIOD

Effects of the transition to IAS/IFRS on the Cash Flow Statement for the first half-year 2004 of SEAT PAGINE GIALLE S.p.A.

(euro/million)	1 st	half-year 2004 ITA GAAP	Note	Reclassifications	Adjustments	1 st half-year 2004 IAS/IFRS
Net cash inflow from operating activities						
Income (loss) for the period		(71.8)			72.2	0.4
Amortisation and depreciation		177.8	(A)	(7.1)	(81.4)	89.3
Interest expenses, net		56.0		15.6	0.4	72.0
Stock options			(G)		0.3	0.3
Income taxes		1.1		1.3	(1.3)	1.1
(Gains) losses on disposal of non-current assets				1.9		1.9
(Write-up) write-down of non-current assets		10.8	(A)	(8.5)	10.2	12.5
Changes in operating working capital		87.1		(0.2)	(0.2)	86.7
Changes in non-operating working capital		(17.5)		(1.3)		(18.8)
Changes in non-current operating liabilities		1.7			0.2	1.9
Net cash inflow from operating activities	(A)	245.2		1.7	0.4	247.3
Net cash outflow for investments						
Investments on intangible assets		(133.0)		128.9		(4.1)
Investments on property, plant and equipment		(1.8)		0.1		(1.7)
Equity investments		(39.7)		0.4		(39.3)
Proceed from disposals of non-current assets		0.7		(2.2)		(1.5)
Net cash outflow for investments	(B)	(173.8)		127.2		(46.6)
Net cash outflow for financing						
Proceeds from non-current financial debts		4,050.0				4.050.0
Repayment of non-current financial debts		(28.4)				(28.4)
Repayment of current financial debts		(528.4)				(528.4)
Repayment of transaction costs on loans		(129.0)				(129.0)
Change in current financial debts		145.4		(129.0)		16.4
Paid interest expenses, net		(17.0)		(/	(0.4)	(17.4)
Changes in current financial debts		63.7			(\$1.1)	63.7
Changes in non-current financial assets		(0.1)		0.1		
Paid dividends		(3,578.2)				(3.578.2)
Net cash outflow for financing	(C)	(22.0)		(128.9)	(0.4)	(151.3)
Increase in cash and cash equivalents in the period (A+B+C)	49.4				49.4
Cash and cash equivalents at the beginning of the pe	riod	130.2				130.2
Cash and cash equivalents at the end of the period		179.6				179.6

Effects of the transition to IAS/IFRS on the Net Equity as at June 30, 2004 of SEAT PAGINE GIALLE S.p.A.

	At 01.01.2004	Change during	At 06.30.2004
(euro/million)		the period	
Share capital	247.5		247.5
Additional paid-in capital	4,189.5	(3,647.6)	541.9
Other reserves	34.6	28.3	62.9
Income (loss) for the period	(41.1)	(30.7)	(71.8)
Total net equity (ITA GAAP)	4,430.5	(3,650.0)	780.5
Adjustments IAS/IFRS	11.6	72.2	83.8
- IAS 36 - derecognition of goodwill amortisation	8.9	72.6	81.5
- IFRS 2 - stock options		(0.3)	(0.3)
- IAS 19 - present value of T.F.R.	0.8	(0.2)	0.6
- IAS 37 - present value of non-current assets and liabilities	1.9	0.1	2.0
Reserve for stock options		0.3	0.3
Total adjustments for transition to IAS/IFRS	11.6	72.5	84.1
Total net equity	4,442.1	(3,577.5)	864.6



Other information





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Auditors' review report on the review of the First Half Year Financial Statements for the six months period ended June 30, 2005 prepared in accordance with Article 81 of the Consob Regulation, adopted by the resolution no. 11971 of May 14, 1999 and subsequent modifications and integrations

(Translation from the original Italian version)

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

- 1. We have performed a review of the First Half Year Financial Statements represented by the Balance Sheets, the Statements of Income, the Statements of Changes in Shareholders' Equity and the Statements of Cash flows and related Notes of SEAT Pagine Gialle S.p.A. (Parent Company Statements) and SEAT Pagine Gialle Group (Consolidated Statements) as of and for the six months period ended June 30, 2005. The First Half Year Financial Statements are the responsibility of SEAT Pagine Gialle S.p.A.'s management. Our responsibility is to prepare this review report based on our review. We have also reviewed that part of the financial information presented by the Board of Directors in the Report on operations, solely for the purpose of evaluating its consistency with the remaining part of the First Half Year Financial Statements.
- Our review was conducted in accordance with auditing standards governing 2.. the review of interim financial statements recommended by Consob (the Italian Stock Exchange Regulatory Agency) in its resolution No. 10867 of July 31, 1997. A review consists mainly of obtaining information with respect to the accounts included in the Parent Company Statements and in the Consolidated Statements and the consistency of the accounting principles applied through discussions with appropriate members of management, and analytical procedures applied to the financial data presented in such Parent Company Statements and Consolidated Statements. A review does not include performing auditing procedures such as tests of compliance of internal controls and substantive procedures on assets and liabilities. Consequently, the scope of a review engagement provides significantly less assurance than a full scope audit performed in accordance with generally accepted auditing standards. Accordingly, we do not express an audit opinion on the First Half Year Financial Statements of SEAT Pagine Gialle S.p.A. as of and for the six months period ended June 30, 2005, as we do in connection with reporting on our full scope audits of the annual Parent Company and Consolidated Financial Statements of SEAT Pagine Gialle S.p.A..

Reconta Ernst & Young S.p.A.
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(vecchio numero R.I. 6697/89 - numero R.E.A. 250904)

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- 3. With respect to the Parent Company and the consolidated comparative data as of and for the year ended December 31, 2004 presented in the First Half Year Financial Statements, reference should be made to our audit reports issued on September 12, 2005.
 - The comparative data as of and for the six months ended June 30, 2004, prepared in accordance with IFRS, and the related statements of reconciliation to IFRS, are based on the Half Year Report prepared in accordance with Italian law and accounting principles which we have previously reviewed and on which we issued our review report dated September 8, 2004.
- 4. Based on our review, we did not become aware of any significant modifications that should be made to the Statements and related Notes of SEAT Pagine Gialle S.p.A. and SEAT Pagine Gialle Group identified in paragraph 1 of this report, in order for them to be in conformity with the criteria for the presentation of the six months Financial Statements, as required by art. 81 of Consob regulations as approved in its resolution no. 11971 of May 14, 1999 and subsequent modifications and integrations.

Turin, September 12, 2005

Reconta Ernst & Young S.p.A. Signed by: Mario Lamprati, Partner





▶ Transition to International Accounting Standards (IAS/IFRS): SEAT PAGINE GIALLE group

As the European regulation No. 1606 dated July 2002 became effective, as from January 1, 2005, the SEAT PAGINE GIALLE group adopted the International Accounting Standards (IAS/IFRS) issued by the International Accounting Standards Board and approved by the European Union, including all the interpretations of the International Financial Reporting Interpretations Committee (IFRIC), previously called the Standing Interpretations Committee (SIC).

Taking into account the Recommendation of CESR (Committee of European Securities Regulators) issued on December 30, 2003 and the Regulation for listed companies, as modified by CONSOB with Resolution No. 14990 dated April 14, 2005, hereafter is set out the information required by IFRS 1. In particular this report describes:

- a) IAS/IFRS adopted in preparing the opening Balance Sheet as at January 1, 2004, the Statement of Operations for the year 2004 and the Balance Sheet as at December 31, 2004;
- b) the effects of the transition to IAS/IFRS on the previously reported financial statements (prepared in accordance with Italian accounting standards) and the reconciliations with the corresponding figures restated on the basis of IAS/IFRS.

The Balance Sheet and Statement of Operations for 2004 were prepared in accordance with the provisions of IFRS 1 "First time adoption of IAS/IFRS". In particular, IAS/IFRS that are already applicable as from January 1, 2005 were used, a part from IAS 39. (It should be noted that IAS 39 became effective on January 1, 2005 and gave companies the possibility of adopting it without applying it to the 2004 figures for comparative purposes).

a) Accounting standards adopted in preparing the opening Balance Sheet as at January 1, 2004, the Statement of Operations for 2004 and the Balance Sheet as at December 31, 2004

Please refer to the section "First half-year financial statements of the SEAT PAGINE GIALLE group - Consolidation principles and accounting standards" for a brief description of the IAS/IFRS which were adopted.

First time adoption of IAS/IFRS

General principle

IAS/IFRS, which were effective at December 31, 2004 (as well as IFRS 2) were applied retrospectively by the SEAT PAGINE GIALLE group to the opening balance sheet as at January 1, 2004, the statement of operations for the year 2004 and the balance sheet as at December 31, 2004, except for some exemptions adopted by the Group in compliance with IFRS 1, as described below.

The financial statements thus prepared will represent the official values reported for comparative purposes in the consolidated financial statements as at December 31, 2005. These values may be subject to variations that might be necessary if some International Accounting Standards should be reviewed or changed during 2005. If new versions or interpretations of IAS/IFRS should be issued, possibly with retroactive impact, before the consolidated financial statements as at December 31, 2005 will be approved, these might have effects on the balance sheet and statement of operations for 2004 restated in accordance with IAS/IFRS and here presented.

The reconciliation tables to IAS/IFRS were prepared only for transition purposes in order to produce the first consolidated financial statements in compliance with IAS/IFRS as approved by the European Commission. Therefore, these reconciliation tables don't include comparative figures and notes which are requested by IAS/IFRS for a fairly representation of the consolidated financial position and economic performance.

→	Transition to IAS/IFRS
	Other information
	1st half-year Financial Statements of SEAT PG S.p./
	1st half-year Financial Statements of the Group
	Report on operations
	Highlights and general information

Transition to IAS/IFRS: SEAT group
Transition to IAS/IFRS: SEAT PG S.p.A.
Independent Auditors' report

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The opening balance sheet as at January 1, 2004 reflects the following accounting differences compared to the consolidated financial statements as at December 31, 2003, prepared in accordance with Italian accounting standards:

- all assets and liabilities, which are to be recognised under IAS/IFRS, including those not recognised under Italian accounting standards, were recognised and evalueted in compliance with IAS/IFRS;
- all assets and liabilities, which are to be recognised under Italian accounting standards, but not permitted by IAS/IFRS, were written-off;
- some items were reclassified in accordance with IAS/IFRS;

The effects of these adjustments were directly recognised in the opening net equity at the transition date (January 1, 2004). The transition to IAS/IFRS required the estimates previously performed in accordance with Italian accounting standards remained unchanged, unless the adoption of IAS/IFRS required the application of different criteria to produce these estimates.

Accounting policies in opening IFRS balance sheet

In order to restate the consolidated balance sheet as at January 1, 2004 and December 31, 2004, among other things, the SEAT PAGINE GIALLE group had to choose among the options provided for IAS/IFRS:

- presentation of financial statements: for the face of the balance sheet it was decided to use the "current/non-current" criterion (which is generally applied by manufacturing and trading companies), while for the face of statement of operations it was decided to classify the costs by nature; this decision implied the reclassification of the historic financial statements that were prepared in accordance with the formats provided for by Legislative Decree 127/1991;
- optional exemptions allowed by IFRS 1 at the transition date to IAS/IFRS (January 1, 2004):
- business combinations: the SEAT PAGINE GIALLE group decided not to apply IFRS 3 "Business combinations" retrospectively for transactions that took place before the date of transition to IAS/IFRS;
- employee benefits: the SEAT PAGINE GIALLE group decided to recognise all cumulative actuarial gains and losses as at January 1, 2004, and to adopt the "corridor approach" for the actuarial gains and losses that will arise following that date;
- share-based payments: the SEAT PAGINE GIALLE group adopted the transitory provisions of IFRS 2 and, therefore, applied this standard to all the stock option plans granted after November 7, 2002 and not yet vested at the effective date of IFRS 2 (January 1, 2005). According to transitory provisions of IFRS 2, no expenses are to be recognised for stock options granted before November 7, 2002;
- measurements of financial instruments: IAS 39, in relation to the measurements of financial instruments, was adopted as from January 1, 2005 (effective date).

b) Effects of the transition to IAS/IFRS on the previously reported financial statements (prepared in accordance with Italian accounting standards) and reconciliation tables with the corresponding figures restated on the basis of IAS/IFRS

1. Effects of the transition to IAS/IFRS on the Balance Sheet of the Group as at January 1, 2004

(euro/million)	At 01.01.2004 ITA GAAP	Note	Reclassifications Adj	justments	At 01.01.2004 IAS/IFRS	
Fixed assets	4,613.8		86.7	9.5	4,710.0	Non-current assets
Intangible assets	4,557.5		(14.8)	(0.3)	4,542.4	Intangible assets
- Goodwill	3,602.8	(A)			3,602.8	- Intangible assets with indefinite useful life
- Other intangible assets	954.7	(B)	(14.8)	(0.3)	939.6	- Intangible assets with finite useful life
Tangible assets	42.6		2.5	(0.1)	45.0	Property, plant and equipment
Long-term investments						
- Equity investments	8.3	(C)	(0.2)		8.1	Equity investments
- Other	5.4		(2.6)		2.8	Other non-current financial assets
			2.8		2.8	Other non-current assets
		(D)	99.0	9.9	108.9	Deferred tax assets
Current assets	1,193.5		(84.2)	(9.3)	1,100.0	Current assets
Inventories	12.9		(0.2)		12.7	Inventories
Trade account receivables	754.7		0.2		754.9	Trade account receivables
Other receivables						
- tax receivables	169.6	(D)	(100.3)		69.3	Current tax assets
- other receivables	81.3	(E)	15.4	(9.3)	87.4	Other current assets
Current financial assets	9.1		(8.1)		1.0	Current financial assets
Cash and cash equivalents	165.9		8.8		174.7	Cash and cash equivalents
Accrued income and prepaid expenses	20,4		(20,4)			
TOTAL ASSETS	5,827.7		(17.9)	0.2	5,810.0	TOTAL ASSETS
Liabilities	1,425.9				165.3	Non-current liabilities
Reserve for severance indemnities	32.4	(F)	(32.4)			
Reserve for risks and charges	95.6	(F)	(61.9)	21.9	55.6	Non-current reserves to employees
			0.2		0.2	Deferred tax liabilities and non-current
						payables for income taxes
		(G)	26.1	(5.3)	20.8	Other non-current liabilities
Bonds	105.0		(16.3)		88.7	Non-current financial debts
Debts due to other lenders	0.3		(0.3)			
					1,286.3	Current liabilities
Debts due to banks	528.3		6.1		534.4	Current financial debts
			67.1	(0.1)	67.0	Reserve for current risks and charges
Advances to suppliers	0.5		(0.5)			
Trade account payables	229.8		55.7		285.5	Trade account payables
Tax payables	243.7				243.7	Current tax debts
Debts due to social security institutions	9.0		(9.0)			
Other liabilities	181.3		(25.5)	(0.1)	155.7	Payables for services to be rendered and other current liabilities
Accrued expenses and deferred income	e 27.2		(27.2)			
Minority interests	5.4		0.3		5.7	Minority interests
Net equity of the Group	4,369.2		(0.3)	(16.2)	4,352.7	Net equity of the Group
Share capital and reserves	4,374.8		()	(4,374.8	Share capital and reserves
Reserve for exchange rate adjustments	(5.6)		0.3		(5.3)	Reserve for exchange rate adjustments
	(2.0)		(0.6)	(16.2)	(16.8)	Reserve for transition to IAS/IFRS
TOTAL LIABILITIES AND NET EQUITY	5,827.7		(17.9)	0.2	5,810.0	TOTAL LIABILITIES AND NET EQUITY

2. Effects of the transition to IAS/IFRS on the Balance Sheet of the Group as at December 31, 2004

(euro/million)	At 12.31.2004 ITA GAAP	Note	Reclassifications Ad	justments	At 12.31.2004 IAS/IFRS	
Fixed assets	4,296.1		(46.5)	211.3	4,460.9	Non-current assets
Intangible assets	4,259.2		(118.7)	202.2	4,342.7	Intangible assets
- Goodwill	3,362.2	(A)		202.8	3,565.0	- Intangible assets with indefinite useful life
- Other intangible assets	897.0	(B)	(118.7)	(0.6)	777.7	- Intangible assets with finite useful
Tangible assets	33.2		2.5		35.7	Property, plant and equipment
Long-term investments						
- Equity investments	0.4	(C)	(0.2)		0.2	Equity investments
- Other	3.3		1.6		4.9	Other non-current financial assets
			1.4		1.4	Other non-current assets
		(D)	66.9	9.1	76.0	Deferred tax assets
Current assets	992.6		(51.4)	(9.1)	932.1	Current assets
Inventories	10.3				10.3	Inventories
Trade account receivables	684.2		0.1		684.3	Trade account receivables
Other receivables						
- tax receivables	83.2	(D)	(66.9)		16.3	Current tax assets
- other receivables	76.9	(E)	13.6	(9,1)	81.4	Other current assets
Current financial assets	9.6		(7.7)		1.9	Current financial assets
Cash and cash equivalents	128.4		9.5		137.9	Cash and cash equivalents
Accrued income and prepaid expense	s 19.4		(19.4)			
TOTAL ASSETS	5,308.1		(117.3)	202.2	5,393.0	TOTAL ASSETS
Liabilities	4,585.3				3.835.4	Non-current liabilities
Reserve for severance indemnities	31.4	(F)	(31.4)			
Reserve for risks and charges	75.3	(F)	(43.5)	21.1	52.9	Non-current reserves to employees
		(G)	27.9	(5.9)	22.0	Other non-current liabilities
Bonds		(B)	3.760.5		3.760.5	Non-current financial debts
Debts due to other lenders	0.2		(0.2)			
					697.6	Current liabilities
Debts due to banks	2,747.9		(2,555.7)		192.2	Current financial debts
			58.9	2.0	60.9	Reserve for current risks and charges
Trade account payables	227.6		46.6		274.2	Trade account payables
Debts due to Group's companies	1,300.4		(1,300.4)			
Tax payables	43.1				43.1	Current tax debts
Debts due to social security institutions	11.0		(11.0)			
Other liabilities	148.4		(21.2)		127.2	Payables for services to be rendered and other current liabilities
Accrued expenses and deferred incom	ne 47.9		(47.9)			
Minority interests	9.9		0.3	(0.4)	9.8	Minority interests
Net equity of the Group	665.0		(0.2)	185.4	850.2	Net equity of the Group
Share capital and reserves	793.2				793.2	Share capital and reserves
				3.0	3.0	Reserve for stock options
			(0.7)	(16.2)	(16.9)	Reserve for transition to IAS/IFRS
Reserve for exchange rate adjustments	(8.7)		0.5	(0.8)	(9.0)	Reserve for exchange rate adjustments
Income (loss) for the year	(119.5)			199.4	79.9	Income (loss) for the year
TOTAL LIABILITIES AND NET EQUITY	5,308.1		(117.3)	202.2	5,393.0	TOTAL LIABILITIES AND NET EQUITY

3. Effects of the transition to IAS/IFRS on the Statement of Operations of the Group for the year 2004

	Year 2004	Note	Reclassifications	Adjustments	Year 2004	
(euro/million)	ITA GAAP				IAS/IFRS	
Product sales and services	1,406.3		(0.5)		1,405.7	Product sales and services
- Sales of goods	32.5				32.5	- Sales of goods
- Revenues from services	1,373.8		(0.5)		1,373.3	- Revenues from services
Costs capitalised as tangible						
or intangible assets	1.4		(1.4)			
Other income and revenues	5.0		(0.6)		4.4	Other income and revenues
TOTAL PRODUCTION VALUE	1,412.7		(2.6)		1,410.1	TOTAL REVENUES
Raw materials, supplies and						
consumable items	(71.8)		(2.6)		(74.4)	Cost of raw materials
Services	(423.5)		(23.2)	0.4	(446.3)	Cost of external services
Use of third-party property	(33.8)		33.8			
Personnel	(200.7)	(H)	(7.7)	1.8	(206.6)	Salaries, wages and employees benefits
Changes in inventories of raw materials,						
supplies and consumable items	(2.4)		2.4			
Write-downs	(38.6)		0.6		(38.0)	Other valuation adjustments
Provision for risks	(26.9)		0.2		(26.7)	Provision to reserves for risks and charges
Miscellaneous operating costs	(3.5)		(0.3)		(3.8)	Other operating expenses
EBITDA	611.5		0.7	2.2	614.4	Operating income before amortisation,
						depreciation, non-recurring and
						restructuring costs (EBITDA)
Operating amortisation and depreciation	(29.9)			(0.4)	(30.3)	Operating amortisation and depreciation
Non-operating amortisation	(389.2)	(B);(A)	16.9	203.5	(168.8)	Non-operating amortisation and write-down
		(1)	(28.3)	(3.0)	(31.3)	Non-recurring costs, net
		(G)	(2.7)	(1.9)	(4.6)	Restructuring costs, net
OPERATING INCOME (LOSS)	192.4		(13.5)	200.5	379.4	OPERATING INCOME (LOSS)
Interest income	8.5			0.5	9.0	Interest income
Interest expenses	(232.9)	(L)	(25.8)	(1.2)	(259.9)	Interest expenses
Valuation adjustments to financial assets	(2.0)		0.2		(1.8)	Losses on investments accounted
						for at equity
		(1.1)				Gains (losses) on disposal
		(M)	8.4		8.4	of equity investments
Extraordinary income	27.3		(27.3)			
Extraordinary expenses	(58.1)		58.1			
Income taxes	(48.1)	(N)	(0.1)	(0.7)	(48.9)	Income taxes
Minority interests	(6.6)			0.4		Minority interests
INCOME (LOSS) FOR THE YEAR	(119.5)			199.4	79.9	INCOME (LOSS) FOR THE YEAR

4. Effects of the transition to IAS/IFRS on the Statement Cash Flow of the Group for the year 2004

(euro/million)		Year 2004 ITA GAAP	Note	Reclassifications	Adjustments	Year 2004 IAS/IFRS
Net cash inflow from operating activities						
Income (loss) for the year		(112.9)			199.0	86.1
Amortisation and depreciation		419.1	(A)	(16.9)	(203.2)	199.0
Interest expenses, net		224.4		25.8	0.8	251.0
Stock options			(l)		3.0	3.0
Income taxes		48.1		0.1	0.7	48.9
(Gains) losses on disposal of non-current assets		(10.8)				(10.8)
(Write-up) write-down of non-current assets		9.3		(8.5)		0.9
Changes in working capital		(134.4)		(0.1)	2.2	(132.3)
Changes in non-current liabilities		2.5		(1.7)	(2.4)	(1.6)
Exchange rates and other movements		38.3		1.7		40.0
Net cash inflow from operating activities	(A)	483.6		0.4	0.1	484.1
Net cash outflow for investments		(150.0)		170.0		(20.0)
Investments on intangible assets		(159.2)		130.2	(0.1)	(29.0)
Investments on property, plant and equipment		(9.9)		(0.9)	(0.1)	(10.9)
Equity investments		(0.2)				(0.2)
Investments on financial assets available for sale		(0.1)				(0.1)
Investments on other non-current assets		(1.4)		1.4		
Proceeds from disposal of non-current assets	(5)	24.0		(1.9)	(0.1)	22.1
Net cash outflow for investments	(B)	(146.8)		128.7	(0.1)	(18.2)
Net cash outflow for financing						
Proceeds from non-current financial debts		4,159.1				4,159.1
Repayment of non-current financial debts		(217.6)				(217.6)
Repayment of current financial debts		(528.4)				(528.4)
Repayment of transaction costs on loans				(129.3)		(129.3)
Paid interest expenses, net		(206.0)		(0.2)		(206.2)
Changes in current financial debts		0.4		0.6		1.0
Changes in non-current financial assets		(3.7)		0.6		(3.1)
Stock options and contributions from Shareholders		0.1				0.1
Paid dividends		(3,578.4)				(3,578.4)
Net cash outflow for financing	(C)	(374.4)		(128.4)		(502.7)
Increase in cash and cash equivalents in the year	(A+B+C)	(37.6)		0.7		(36.8)
Cash and cash equivalents at the beginning of the year		165.9		8.8		174.7
Cash and cash equivalents at the end of the year		128.4		9.5		137.9

5. Effects on the Balance Sheet of the Group as at January 1, 2005 arising from the adoption of IAS 39

	At 12.31.2004	Note	Adjustments	At 01.01.2005
(euro/million)	IAS/IFRS			IAS/IFRS
Non-current assets	4,460.9		7.9	4,468.8
Intangible assets	4,342.7			4,342.7
- Intangible assets with indefinite useful life	3,565.0			3,565.0
- Intangible assets with finite useful life	777.7			777.7
Property, plant and equipment	35.7			35.7
Equity investments	0.2			0.2
Other financial assets	4.9	(0)	(3.7)	1.2
Other non-current assets	1.4			1.4
Deferred tax assets	76.0	(0)	11.6	87.6
Current assets	932.1			932.1
Inventories	10.3			10.3
Trade account receivables	684.3			684.3
Current tax assets	16.3			16.3
Other current assets	81.4			81.4
Current financial assets	1.9			1.9
Cash and cash equivalents	137.9			137.9
TOTAL ASSETS	5,393.0		7.9	5,400.9
Non-current liabilities	3,835.4			3,835.4
Non-current reserves to employees	52.9			52.9
Other non-current liabilities	22.0			22.0
Non-current financial debts	3,760.5			3,760.5
Current liabilities	697.6		31.5	729.1
Current financial debts	192.2	(0)	31.5	223.7
Reserve for current risks and charges	60.9	(-)		60.9
Trade account payables	274.2			274.2
Current tax debts	43.1			43.1
Payables for services to be rendered and other current liabilities	127.2			127.2
Minority interests	9.8			9.8
Net equity of the Group	850.2		(23.6)	826.6
Share capital and reserves	793.2			793.2
Reserve for stock options	3.0			3.0
Reserve for transition to IAS/IFRS	(16.9)	(0)	(2.5)	(19.4)
Reserve for hedging instruments	, ,	(0)	(21.1)	(21.1)
Reserve for exchange rate adjustments	(9.0)	` ` ` /	, ,	(9.0)
Income (loss) for the year	79.9			79.9
TOTAL LIABILITIES AND NET EQUITY	5,393.0		7.9	5,400.9

6. Effects of the transition to IAS/IFRS on the Net Equity of the Group

	At 01.01.2004	Change during	At 12.31.2004	At 01.01.2005
(euro/million)		the year		
Share capital	247.5	·	247.5	247.5
Additional paid-in capital	4,189.5	(3,647.6)	541.9	541.9
Other capital reserves	(35.3)	30.5	(4.8)	(4.8)
Income (loss) for the year	(32.5)	(87.0)	(119.5)	(119.5)
Total net equity of the Group	4,369.2	(3,704.1)	665.1	665.1
Minority interests	5.4	4.5	9.9	9.9
Total net equity Italian GAAP	4,374.6	(3,699.6)	675.0	675.0
Reserve for transition to IAS/IFRS	(16.2)	199.0	182.8	180.3
IAS 36 - derecognition of goodwill amortisation		203.6	203.6	203.6
IFRS 2 - stock options		(3.0)	(3.0)	(3.0)
IAS 19 - benefits to employees	(16.1)	1.3	(14.8)	(14.8)
IAS 19 - present value of T.F.R.	0.8	(0.5)	0.3	0.3
IAS 2 - deferred expenses related to salaries,				
wages and employees benefits	(5.9)	(0.2)	(6.1)	(6.1)
IAS 37 - present value of non-current assets and liabilities	1.9	0.4	2.4	2.4
IAS 37 - derecognition of restructuring reserves	1.6	(1.9)	(0.3)	(0.3)
IAS 38 - intangible assets with finite useful life and others	1.5	(0.7)	0.8	0.8
IAS 39 - hedging instruments: Interest Rate Collars				(2.5)
Reserve for exchange rate adjustments		(0.8)	(0.8)	(0.8)
Reserve for hedging instruments				(21.1)
Reserve for stock options		3.0	3.0	3.0
Total adjustments for transition to IAS/IFRS	(16.2)	201.2	185.0	161.4
of which Minority interests	0.3	(0.4)	(0.1)	(0.1)
Total net equity	4,358.4	(3,498.4)	860.0	836.4

Notes on the main differences arising from the adoption of IAS/IFRS

(A) Intangible assets with indefinite useful life

Adjustments

(euro/million)	At 01.01.2004	At 12.31.2004	Note
derecognition of goodwill amortisation		202.8	(A1)
Total		202.8	

(A1) Derecognition of goodwill amortisation

The SEAT PAGINE GIALLE group amortised goodwill arising from mergers and consolidation on the basis of Italian accounting standards. Goodwill was recognised in the balance sheet over a period of time between 5 and 20 years in relation to the estimated useful life of the assets which the goodwill referred to. Useful lives of more than five years were based on internal or expert analyses and evaluations, which enabled SEAT to consider the amortisation periods consistent with the expected duration and development plans of the activities as well as with the possibility of maintaining the positions gained in different markets. In the cases where the net carrying value of goodwill, following amortisation for the period, was higher than the recoverable value, further write-downs were recognised in the statement of operations. According to IAS 36 goodwill, initially recognised at cost, is now tested once a year to identify any indication that it may be impaired, or more frequently if specific events or significant changes indicate possible losses. The method followed to perform this evaluation is consistent with that used according to the Italian accounting standards. Amortisation of goodwill is no longer recognised.

(B) Intangible assets with finite useful life

Reclassifications

(euro/million)	At 01.01.2004	At 12.31.2004	Note
to non-current financial debts	(12.3)	(116.3)	(B1)
to property, plant and equipment	(2.5)	(2.4)	(B2)
Total	(14.8)	(118.7)	

(B1) Transaction costs on non current financial loans

The SEAT PAGINE GIALLE group recognised the transaction costs incurred at the acquisition and refinancing dates as intangible assets according to the Italian accounting standards. These costs were amortised based on the amount and useful life of the outstanding loans. The relevant amortisation was recognised in the statement of operations as non-operating amortisation.

IAS 38 does not allow such costs to be recognised as intangible assets.

These costs should, instead, be recognised in reduction of the long-term debts they refer to, according - only for representation purposes - to IAS 32. The relevant amortisation for the period is now recognised as interest expenses (€ 16.9 million in 2004).

(B2) Capitalized expenses on third party property

The SEAT PAGINE GIALLE group recognised expenses incurred for carrying out improvements to third party property (mainly rented offices) as intangible assets according to the Italian accounting standards. Amortisation was measured over the duration of the rent period. According to IAS 38 such expenses cannot be recognised as intangible assets since they lack the requirement of identifiability. Consequently these expenses were analysed in order to verify if they can be considered fixed assets (new plant or equipment) and therefore if they can be recognised under the item "Property, plant and equipment". Should these requirements not be satisfied, the related amounts recognised in the balance sheet as at January 1, 2004 were derecognised, net of the relevant tax effect, against net equity.

Transition to IAS/IFRS

(C) Equity investments

Reclassifications

(euro/million)	At 01.01.2004	At 12.31.2004	Note
to financial assets available for sale	(0.2)	(0.2)	(C1)
Total	(0.2)	(0.2)	

(C1) Equity investments in other companies

The SEAT PAGINE GIALLE group recognised as "Equity investments" not only not consolidated subsidiaries and associates accounted for at equity, but also equity investments with a non significative interest accounted for at cost on the basis of Italian accounting standards. Pursuant to IAS 27 and 28 these equity investments cannot be recognised as "equity investments", "but as "financial assets available for sale" according to IAS 32.

(D) Deferred tax assets

Reclassifications

(euro/million)	At 01.01.2004	At 12.31.2004	Note
from other tax receivables	100.3	66.9	
from deferred tax liabilities	(1.3)	-	
Total	99.0	66.9	

Adjustments

(euro/million)	At 01.01.2004	At 12.31.2004	Note
tax effects on IAS/IFRS adjustments	9.9	9.1	(D1)
Total	9.9	9.1	

(D1) Deferred tax assets

Deferred tax assets were adjusted to reflect the net tax effects on the adjustments arising in balance sheet from the transition to IAS/IFRS. When these IAS/IFRS adjustments had a corresponding entry in the net equity, also the relevant tax effects were recognised directly in the net equity.

Deferred tax assets, included in working capital pursuant to the Italian accounting standards, are recognised as non-current assets according to IAS/IFRS.

(E) Other current assets

Adjustments

(euro/million)	At 01.01.2004	At 12.31.2004	Note
present value of receivables due to sales agents	(0.9)	(0.6)	(E1)
prepaid expenses	(8.4)	(8.6)	(E2)
Total	(9.3)	(9.1)	

(E1) Present value of receivables due to sales agents

A portion of receivables due to sales agents fall due beyond 12 months. These receivables are included among "other current assets", since they fall within the company's normal operating cycle. They were discounted using an average market rate for receivables of similar duration. The cumulative actuarial losses as at January 1, 2004 were recognised with a corrisponding entry in the net equity. Actuarial gains for 2004 were recognised in the statement of operations as interest income.

(E2) Deferred expenses referred to costs for sales employees

Deferred expenses referred to costs for sales employees were recognised in accordance with Italian accounting standards, in order to have a correspondence between costs and revenues, for an amount equivalent to the cost for sales employees incurred for securing advertising orders for future periods.

According to IAS/IFRS it is no longer possible to defer selling costs.

(F) Non-current reserves to employees

Adjustments

(euro/million)	At 01.01.2004	At 12.31.2004	Note
present value of the reserve for severance indemnities	(1.2)	(0.7)	(F1)
reserve for defined benefit plans	66.6	74.1	(F1)
pension plans	(43.4)	(52.3)	(F1)
Total	21.9	21.1	

(F1) Reserves to employees - reserve for severance indemnities (TFR)

The Group recognises various forms of benefits for its employees that may be classified as defined benefit pension plans or as other long term benefits.

A part from the reserve for severance indemnities (TFR) accounted for pursuant specific Italian laws, employee benefits had been already accounted for on the basis of Italian accounting standards according to requirements of IAS 19 "Employee benefits" using the "corridor approach". The portion of cumulative actuarial gains and losses which exceeds the greater of 10% of the present value of the defined benefit obligation and 10% of the fair value of each plan asset is divided by the expected average remaining working life of employees. The portion included in the 10% corridor is not recognised.

With the adoption of IAS/IFRS the reserve for severance indemnities (TFR) is considered as a defined benefit obligation to be accounted for in accordance with IAS 19 and, consequently, it was restated by applying the projected unit credit method.

In addition, as noted in the paragraph "Optional exemptions allowed by IFRS 1", the SEAT PAGINE GIALLE group decided to recognise all the cumulative actuarial losses as at January 1, 2004. Therefore costs for pension plans and other post employee benefits, recognised in the statement of operations for 2004 and the first half of 2005 according to IAS/IFRS, do not include any amortisation of the actuarial losses, which were not previously recognised using the corridor approach in accordance with Italian accounting standards.

Finally, the Group decided to apply the corridor approach to actuarial gains and losses arising after January 1, 2004.

→ Transition to IAS/IFRS

(G) Other non-current liabilities

Adjustments

(euro/million)	At 01.01.2004	At 12.31.2004	Note
present value of reserve for sales agents' temination indemnities	(3.8)	(3.8)	(G1)
present value of reserve for non-current risks and charges	-	(0.1)	(G1)
write-off of restructuring reserves	(1.5)	(2.0)	(G2)
Total	(5.3)	(5.9)	

(G1) Other non-current liabilities - reserve for termination indemnities to sales agents

The reserve for termination indemnities to sales agents was considered a non-current liability. Therefore, following the transition to IAS/IFRS, it was discounted (according to IAS 37) using an average market rate for payables of similar duration: the expected future outflow of resource was estimated also on the basis of the average life of sales agency agreements.

(G2) Reserves for restructuring costs

The SEAT PAGINE GIALLE group recognised reserves for restructuring costs for an amount equivalent to the best estimate carried out by the management in relation to the expected expenditure for each restructuring plan, at the time the relevant plans were formally approved, according to Italian accounting standards.

IAS/IFRS requirements for the recognition of a constructive obligation are more restrictive. Therefore some restructuring reserves, recognised according to Italian accounting standards, were derecognised at January 1, 2004 with a consequent increase in restructuring costs recorded in the statement of operations for 2004.

(H) Salaries, wages and employees benefits

Reclassifications

(euro/million)	Year 2004	Note
salaries, wages and benefits employees	(0.2)	(E2)
adjustments of reserve for defined benefits plan to IAS 19	1.3	(F1)
adjustments of reserve for severance indemnities to IAS 19	0.7	(F1)
Total	1.8	

(I) Non-recurring costs

Adjustments

(euro/million)	Year 2004	Note
stock option costs	(3.0)	(11)
Total	(3.0)	

(I1) Non-recurring costs - share-based benefits

No costs referred to share-based benefits were recognised in the past in the statement of operations according to Italian accounting standards. Pursuant to IFRS 2 "Share-based payments", the current value of stock options at grant date is to be recognised in the statement of operations. Changes in the fair value subsequent to grant date will have no impact on this first evaluation. The stock options cost - equivalent to their fair value at grant date - is recognised as a non-recurring cost to employees split in straight-line amounts in the vesting period, with a corresponding entry in a specific reserve of net equity.

(L) Interest expenses

Parl	assifications

(euro/million)	Year 2004	Note
from non-operating amortisation	(16.9)	(B1)
from extraordinary expenses	(8.7)	(B1)
from valuation adjustments to equity investments	(0.2)	(C1)
Total	(25.8)	

Adjustments

(euro/million)	Year 2004	Note
reserve for severance indemnities	(1.2)	(F1)
Total	(1.2)	

(M) Gains (losses) on disposal of equity investments

Reclassifications

(euro/million)	Year 2004	Note
from extraordinary income from the disposal of equity investments	22.8	
from extraordinary expenses from the disposal of equity investments	(14.4)	
Total	8.4	

(N) Minority interests

Adjustments

(euro/million)	Year 2004	Note
IAS adjustments on the result to Minority (Telegate)	0.4	
Total	0.4	

→ Transition to IAS/IFRS

(O) Effects at January 1, 2005 arising from the adoption of IAS 39

a) Interest Rate Swaps as hedging instruments

The SEAT PAGINE GIALLE group in the past entered into two Interest Rate Swaps with major international financial counterparties. The adoption of IAS 39 as from January 1, 2005 required the recognition of:

- a liability of € 19.1 million;
- deferred tax assets of € 6.3 million;
- a reserve of equity of €-12.8 million.

b) Interest Rate Collar hedging instruments

The SEAT PAGINE GIALLE group last year entered into three Interest Rate Collars with major international financial counterparties to enhance the previous hedging instruments. The adoption of IAS 39 as from January 1, 2005 required the recognition of:

- a liability of € 12.4 million;
- deferred tax assets of € 4.1 million;
- a reserve of equity of €-8.3 million.

In addition, pursuant to Italian accounting standards, the expenses, which amounted to € 3.7 million, incurred for entering the aforementioned Interest Rate Collars were deferred until the relevant hedging instruments are effective (December 2006).

On January 1, 2005 according to IAS 39, these deferred costs were written off with a corresponding entry in the "Reserve for the transition to IAS/IFRS", net of \in 1.2 million for the relevant tax effect.

▶ Transition to International Accounting Standards (IAS/IFRS): SEAT PAGINE GIALLE S.p.A.

As the European regulation No. 1606 dated July 2002 became effective, as from January 1, 2005, SEAT PAGINE GIALLE S.p.A. adopted the International Accounting Standards (IAS/IFRS) issued by the International Accounting Standards Board and approved by the European Union, including all the interpretations of the International Financial Reporting Interpretations Committee (IFRIC), previously called the Standing Interpretations Committee (SIC).

Taking into account the Recommendation of CESR (Committee of European Securities Regulators) issued on December 30, 2003 and the Regulation for listed companies, as modified by CONSOB with Resolution No. 14990 dated April 14, 2005, hereafter is set out the information required by IFRS 1. In particular this report describes:

- a) IAS/IFRS adopted in preparing the opening Balance Sheet as at January 1, 2004, the Statement of Operations for 2004 and the Balance Sheet as at December 31, 2004;
- b) the effects of the transition to IAS/IFRS on the previously reported financial statements (prepared in accordance with Italian accounting standards) and the reconciliations with the corresponding figures restated on the basis of IAS/IFRS.

The Balance Sheet and Statement of Operations for 2004 were prepared in accordance with the provisions of IFRS 1 "First time adoption of IAS/IFRS". In particular, IAS/IFRS that are already applicable as from January 1, 2005 were used, a part from IAS 39. (It should be noted that IAS 39 became effective on January 1, 2005 and gave companies the possibility of adopting it without applying it to the 2004 figures for comparative purposes).

a) Accounting standards adopted in preparing the opening Balance Sheet as at January 1, 2004, the Statement of Operations for 2004 and Balance Sheet as at December 31, 2004

Please refer to the section "First half-year financial statements of SEAT PAGINE GIALLE S.p.A. - Accounting standards" for a brief description of the IAS/IFRS adopted.

First time application of IAS/IFRS

General principle

IAS/IFRS, which were effective at December 31, 2004 (as well as IFRS 2) were applied retrospectively by SEAT PAGINE GIALLE S.p.A., to the opening balance sheet as at January 1, 2004, the statement of operations for the year 2004 and the balance sheet as at December 31, 2004, except for some exemptions adopted by the Group in compliance with IFRS 1, as described below.

The financial statements thus prepared will represent the official values reported for comparative purposes in the financial statements as at December 31, 2005 of SEAT PAGINE GIALLE S.p.A.. These values may be subject to variations that might be necessary if some international accounting standards should be reviewed or changed during 2005. If new versions or interpretations of IAS/IFRS should be issued, possibly with retroactive impact, before the financial statements as at December 31, 2005 will be approved, these might have effects on the balance sheet and statement of operations for 2004 restated in accordance with IAS/IFRS and here presented.

The reconciliation tables to IAS/IFRS were prepared only for transition purposes in order to produce the first consolidated financial statements in compliance with IAS/IFRS as approved by the European Commission. Therefore, these reconciliation tables don't include comparative figures and notes which are requested by IAS/IFRS for a fairly representation of the financial position and economic performance.

→	Transition to IAS/IFRS
	Other information
	1st half-year Financial Statements of SEAT PG S.p.A.
	1st half-year Financial Statements of the Group
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The opening balance sheet as at January 1, 2004 reflects the following accounting differences compared to the financial statements as at December 31, 2003, prepared in accordance with Italian accounting standards:

- all assets and liabilities, which are to be recognised under IAS/IFRS, including those not recognised under Italian accounting standards, were recognised and evalueted in compliance with IAS/IFRS;
- all assets and liabilities, which are to be recognised under Italian accounting standards, but not permitted by IAS/IFRS, were written-off;
- some items were reclassified in accordance with IAS/IFRS.

The effects of these adjustments were directly recognised in the opening net equity at the transition date (January 1, 2004). The transition to IAS/IFRS required the estimates previously performed in accordance with Italian accounting standards remained unchanged, unless the adoption of IAS/IFRS required the application of different criteria to produce these estimates.

Accounting policies in opening IFRS balance sheet

In order to restate the balance sheet as at January 1, 2004 and December 31, 2004, among other things, SEAT PAGINE GIALLE S.p.A. had to choose among the options provided for IAS/IFRS:

- presentation of financial statements: for the face of the balance sheet it was decided to use the "current/non-current" criterion (which is generally applied by manufacturing and trading companies), while for the face of statement of operations it was decided to classify the costs by nature; this decision implied the reclassification of the historic financial statements that were prepared in accordance with the formats provided for by Legislative Decree 127/1991;
- optional exemptions allowed by IFRS 1 at the transition date to IAS/IFRS (January 1, 2004):
- business combinations: SEAT PAGINE GIALLE S.p.A. decided not to apply IFRS 3 "Business combinations" retrospectively for transactions that took place before the date of transition to IAS/IFRS;
- employee benefits: SEAT PAGINE GIALLE S.p.A. decided to recognise all cumulative actuarial gains and losses as at January 1, 2004, and to adopt the "corridor approach" for the actuarial gains and losses that will arise following that date;
- share-based payments: SEAT PAGINE GIALLE S.p.A. adopted the transitory provisions of IFRS 2 and, therefore, applied this standard to all the stock option plans granted after November 7, 2002 and not yet vested at the effective date of IFRS 2 (January 1, 2005). according to transitory provisions of IFRS 2, no expenses are to be recognised for stock options granted before November 7, 2002;
- measurements of financial instruments: IAS 39, in relation to the measurements of financial instruments, was adopted as from January 1, 2005 (effective date).
- b) Effects of the transition to IAS/IFRS on the previously reported financial statements (prepared in accordance with Italian accounting standards) and reconciliation tables with the corresponding figures restated on the basis of IAS/IFRS

1. Effects of the transition to IAS/IFRS on the Balance Sheet of SEAT PAGINE GIALLE S.p.A. as at January 1, 2004

	At 01.01.2004	Note	Reclassifications	Adjustments	At 01.01.2004	
(euro/million)	ITA GAAP			,	IAS/IFRS	
Fixed assets	4,394.9		76.0	7.6	4,478.5	Non-current assets
Intangible assets	4,120.0		(13.4)	10.2	4,116.8	Intangible assets
- Goodwill	3,177.0	(A)		10.2	3,187.2	- Intangible assets with indefinite useful life
- Other intangible assets	943.0	(B)	(13.4)		929.6	- Intangible assets with finite useful life
Tangible assets	9.2		1.1		10.3	Property, plant and equipment
Long-term investments						
- Equity investments	262.9				262.9	Equity investments
- Other	2.8		(2.0)		0.8	Other non-current financial assets
			2.4		2.4	Other non-current assets
		(C)	87.9	(2.6)	85.3	Deferred tax assets
Current assets	1,248.0		(83.0)	(1.0)	1,164.0	Current assets
Inventories	11.6		,		11.6	Inventories
Trade account receivables	671.0		4.5		675.5	Trade account receivables
Receivables from subsidiaries and						
associates	203.3		(203.3)			
Other receivables						
- tax receivables	154.2	(C)	(87.9)		66.3	Current tax assets
- other receivables	77.7	(D)	1.2	(1.0)	77.9	Other current assets
Current financial assets			202.5		202.5	Current financial assets
Cash and cash equivalents	130.2				130.2	Cash and cash equivalents
Accrued income and prepaid expenses	5.3		(5.3)			
TOTAL ASSETS	5,648.2		(12.3)	6.6	5,642.5	TOTAL ASSETS
Liabilities	1,214.2				31.6	Non-current liabilities
Reserve for severance indemnities	30.0	(E)	(30.0)			
Reserve for risks and charges	63.2	(E)	(33.2)	(1.2)	28.8	Non-current reserves to employees
		(F)	18.9	(3.8)	15.1	Other non-current liabilities
Bonds			(12.3)		(12.3)	Non-current financial debts
					1,168.8	Current liabilities
Debts due to banks	528.3		3.4		531.7	Current financial debts
			44.3		44.3	Reserve for current risks and charges
Trade account payables	198.4		29.7		228.1	Trade account payables
Debts due to Group's companies	7.1		(7.1)			
Tax payables	227.2				227.2	Current tax debts
Debts due to social security institutions	6.6		(6.6)			
Other liabilities	153.4		(15.9)		137.5	Payables for services to be rendered and other current liabilities
Accrued expenses and deferred incom	e 3.5		(3.5)			
Net equity	4,430.5		` ` ` ` ` ` ` ` ` ` ` ` ` ` ` ` ` ` ` `	11.6	4,442.1	Net equity
Share capital and reserves	4,430.5				4,430.5	Share capital and reserves
				11.6	11.6	Reserve for transition to IAS/IFRS

2. Effects of the transition to IAS/IFRS on the Balance Sheet of SEAT PAGINEGIALLE S.p.A. as at December 31, 2004

(euro/million)	At 12.31.2004 ITA GAAP	Note	Reclassifications	Adjustments	At 12.31.2004 IAS/IFRS	
Fixed assets	4,357.7		(59.8)	161.4	4,459.3	Non-current assets
Intangible assets	3,913.1		(117.9)	162.7	3,957.9	Intangible assets
- Goodwill	3,024.4	(A)		162.7	3,187.1	- Intangible assets with indefinite useful life
- Other intangible assets	888.7	(B)	(117.9)		770.8	- Intangible assets with finite useful life
Fixed assets	8.4		1.6		10.0	Property, plant and equipment
Long-term investments						
- Equity investments	265.6		(0.1)		265.5	Equity investments
- Other	170.6		1.7		172.3	Other non-current financial assets
			1.3		1.3	Other non-current assets
		(C)	53.6	(1.3)	52.3	Deferred tax assets
Current assets	943.4		(49.1)	(0.5)	893.8	Current assets
Inventories	8.8				8.8	Inventories
Trade account receivables	605.3		12.4		617.7	Trade account receivables
Receivables from subsidiaries						
and associates	79.9		(79.9)			
Other receivables						
- tax receivables	68.5	(C)	(53.6)		14.9	Current tax assets
- other receivables	73.0	(D)	0.9	(0.5)	73.4	Other current assets
Current financial assets			71.1		71.1	Current financial assets
Cash and cash equivalents	107.9				107.9	Cash and cash equivalents
Accrued income and prepaid expense	es 8.1		(8.1)			
TOTAL ASSETS	5,309.2		(117.0)	160.9	5,353.1	TOTAL ASSETS
Liabilities	4,553.9				3,807.0	Non-current liabilities
Reserve for severance indemnities	28.9	(E)	(28.9)			
Reserve for risks and charges	63.3	(E)	(33.9)	(0.7)	28.7	Non-current reserves to employees
		(F)	21.7	(3.8)	17.9	Other non-current liabilities
Bonds		(B)	3,760.4		3,760.4	Non-current financial debts
Debts due to Lighthouse	1,300.4		(1,300.4)			
					646.4	Current liabilities
Debts due to banks	2,747.9		(2,515.4)		232.5	Current financial debts
			40.5		40.5	Reserve for current risks and charges
Trade account payables	199.3		32.0		231.3	Trade account payables
Debts due to Group's companies	46.7		(46.7)			
Tax payables	28.6				28.6	Current tax debts
Debts due to social security institutions	8.1		(8.1)			
Other liabilities	130.7		(17.2)		113.5	Payables for services to be rendered and
Accrued expenses and deferred incor	ne 21.0		(21.0)			other current liabilities
Net equity	734.3			165.4	899.7	Net equity
Share capital and reserves	852.3				852.3	Share capital and reserves
				2.5	2.5	Reserve for stock options
				11.6	11.6	Reserve for transition to IAS/IFRS
Income (loss) for the year	(118.0)			151.3	33.3	Income (loss) for the year
TOTAL LIABILITIES AND NET EQUITY	5,309.2		(117.0)	160.9	5,353.1	TOTAL LIABILITIES AND NET EQUITY

3. Effects of the transition to the IAS/IFRS on the Statement of Operations of SEAT PAGINEGIALLE S.p.A. for the year 2004

	Year 2004	Note	Reclassifications	Adjustments	Year 2004	
(euro/million)	ITA GAAP				IAS/IFRS	
Product sales and services	1,060.4		(0.7)		1,059.7	Product sales and services
- Sales of goods	27.1				27.1	- Sales of goods
- Revenues from services	1,033.3		(0.7)		1,032.6	- Revenues from services
Other income and revenues	5.0				5.0	Other income and revenues
TOTAL PRODUCTION VALUE	1,065.4		(0.7)		1,064.7	TOTAL REVENUES
Raw materials, supplies and						
consumable items	(59.1)		(2.8)		(61.9)	Cost of raw materials
Services	(312.2)		(19.1)		(331.3)	Cost of external services
Use of third-party property	(24.2)		24.2			
Personnel	(82.0)		(4.1)	0.8	(85.3)	Salaries, wages and employees benefits
Changes in inventories of raw materials,						
supplies and consumable items	(2.8)		2.8			
Write-downs	(28.5)				(28.5)	Other valuation adjustments
Provision for risks	(23.9)				(23.9)	Provision to reserves for risks and charges
Miscellaneous operating costs	(2.9)				(2.9)	Other operating expenses
EBITDA	529.8		0.3	0.8	530.9	Operating income before
						amortisation, depreciation,
						non-recurring and restructuring
						costs (EBITDA)
Operating amortisation and depreciation	(17.3)				(17.3)	Operating amortisation and depreciation
Non-operating amortisation	(341.7)	(B);(A)	16.9	162.7	(162.1)	Non-operating amortisation
		(G)	(25.1)	(2.5)	(27.6)	Non-recurring costs, net
			(2.8)		(2.8)	Restructuring costs, net
OPERATING INCOME (LOCS)	170.0		(10.7)	161.0	701.1	ODEDATING INCOME (LOCG)
OPERATING INCOME (LOSS)	170.8		(10.7)	161.0	321.1	OPERATING INCOME (LOSS)
Interest income	21.2		(25.0)	0.4	21.6	Interest income
Interest expenses	(211.6)		(25.6)	(1.2)	(238.4)	Interest expenses
Valuation adjustments to financial assets	(30.0)		(1.5)		(31.5)	Write-down of equity investments
			4.5		4.5	Gains (losses) on disposal
		4				of equity investments
Extraordinary income	26.0	(A)	(15.8)	(10.2)		
Extraordinary expenses	(50.5)	(A)	49.2	1.3		
Income taxes	(43.9)		(0.1)		(44.0)	Income taxes
INCOME (LOSS) FOR THE YEAR	(118.0)			151.3	33.3	INCOME (LOSS) FOR THE YEAR

4. Effects of the transition to IAS/IFRS on the Statement of Cash Flow of SEAT PAGINE GIALLE S.p.A. for the year 2004

		Year 2004	Note	Reclassifications	Adjustments	Year 2004
(euro/million)		ITA GAAP				IAS/IFRS
Net cash inflow from operating activities						
Income (loss) for the year		(118.0)			151.3	33.3
Amortisation and depreciation		359.0	(A)	(16.9)	(162.7)	179.4
Interest expenses, net		190.4		25.6	0.9	216.9
Stock options			(G)		2.5	2.5
Income taxes		43.9		1.4	(1.3)	44.0
(Gains) losses on disposal of non-current assets		(7.0)		2.4		(4.6)
(Write-up) write-down of non-current assets		32.4	(A)	(12.5)	10.2	30.1
Changes in operating working capital		66.5		(0.7)	(0.4)	65.4
Changes in non-operating working capital		(181.6)		(1.3)		(182.9)
Changes in non-current operating liabilities		2.9		(0.7)	0.4	2.6
Net cash inflow from operating activities	(A)	388.5		(2.7)	0.9	386.7
Net cash outflow for investments						
Investments on intangible assets		(145.3)		128.4		(16.9)
Investments on property, plant and equipment		(4.6)		0.9		(3.7)
Equity investments		(213.3)		172.8		(40.5)
Investments on financial assets available for sale				(0.1)		(0.1)
Proceeds from disposal of non-current assets		16.0		(2.2)		13.8
Net cash outflow for investments	(B)	(347.2)		299.8		(47.4)
Net cash outflow for financing						
Proceeds from non-current financial debts		4.159.1				4.159.1
Repayment of non-current financial debts		(108.5)				(108.5)
Repayment of current financial debts		(528.4)				(528.4)
Repayment of transaction costs on loans		(129.3)				(129.3)
Changes in current financial debts		169.0		(129.3)		39.7
Paid interest expenses, net		(173.7)		3.8	(0.9)	(170.8)
Changes in current financial assets		130.2				130.2
Changes in non-current financial assets		(3.8)		(171.6)		(175.4)
Paid dividends		(3.578.2)				(3.578.2)
Net cash outflow for financing	(C)	(63.6)		(297.1)	(0.9)	(361.6)
Increase in cash and cash equivalents in the year	(A+B+C)	(22.3)				(22.3)
Cash and cash equivalents at the beginning of the year		130.2				130.2
Cash and cash equivalents at the end of the year		107.9				107.9
cash and cash equivalents at the end of the year		107.5				107.9

5. Effects on the Balance Sheet of SEAT PAGINE GIALLE S.p.A. as at January 1, 2005 arising from the adoption of IAS 39

	At 12.31.2004	Note	Adjustments	At 01.01.2005
(euro/million)	IAS/IFRS			IAS/IFRS
Non-current assets	4,459.3		7.9	4,467.2
Intangible assets	3,957.9			3,957.9
- Intangible assets with indefinite useful life	3,187.1			3,187.1
- Intangible assets with finite useful life	770.8			770.8
Property, plant and equipment	10.0			10.0
Equity investments	265.5			265.5
Other financial assets	172.3	(H)	(3.7)	168.6
Other non-current assets	1.3			1.3
Deferred tax assets	52.3	(H)	11.6	63.9
Current assets	893.8			893.8
Inventories	8.8			8.8
Trade account receivables	617.7			617.7
Current tax assets	14.9			14.9
Other current assets	73.4			73.4
Current financial assets	71.1			71.1
Cash and cash equivalents	107.9			107.9
TOTAL ASSETS	5,353.1		7.9	5,361.0
Non-current liabilities	3,807.0			3,807.0
Non-current reserves to employees	28.7			28.7
Other non-current liabilities	17.9			17.9
Non-current financial debts	3.760.4			3.760.4
Note current infancial debts	3.700.4			3.700.4
Current liabilities	646.4		31.5	677.9
Current financial debts	232.5	(H)	31.5	264.0
Reserve for current risks and charges	40.5			40.5
Trade account payables	231.3			231.3
Current tax debts	28.6			28.6
Payables for services to be rendered and other current liabilities	113.5			113.5
Net equity	899.7		(23.6)	876.1
Share capital and reserves	852.3		, ,	852.3
Reserve for stock options	2.5			2.5
Reserve for transition to IAS/IFRS	11.6	(H)	(2.5)	9.1
Reserve for hedging instruments	<u> </u>	(H)	(21.1)	(21.1)
Income for the year	33.3			33.3
TOTAL LIABILITIES AND NET EQUITY	5,353.1		7.9	5,361.0

6. Effects of the transition to IAS/IFRS on the Net Equity of SEAT PAGINE GIALLE S.p.A.

(euro/million)	At 01.01.2004	Change during the year	At 12.31.2004	At 01.01.2005
Share capital	247.5		247.5	247.5
Additional paid-in capital	4,189.5	(3,647.6)	541.9	541.9
Other reserves	34.6	28.3	62.9	62.9
Income (loss) for the year	(41.1)	(76.8)	(118.0)	(118.0)
Total net equity (Italian GAAP)	4,430.5	(3,696.2)	734.3	734.3
Reserve for transition to IAS/IFRS	11.6	151.3	162.9	160.4
IAS 36 - derecognition of goodwill amortisation	8.9	153.9	162.8	162.8
IFRS 2 - stock options		(2.5)	(2.5)	(2.5)
IAS 19 - present value of T.F.R.	0.8	(0.4)	0.4	0.4
IAS 37 - present value of non-current assets and liabilities	1.9	0.3	2.2	2.2
IAS 39 - hedging instruments: Interest Rate Collars				(2.5)
Reserve for hedging instruments				(21.1)
Reserve for stock options		2.5	2.5	2.5
Total adjustments for transition to IAS /IFRS	11.6	153.8	165.4	141.8
Total net equity	4,442.1	(3,542.4)	899.7	876.1

Notes on the main differences arising from adoption of IAS/IFRS

(A) Intangible assets with indefinite useful life

Adjustments

(euro/million)	At 01.01.2004	At 12.31.2004	Note
derecognition of goodwill amortisation		162.7	(A1)
derecognition of goodwill amortisation recognised in the past for tax purpose	10.2		(A2)
Total	10.2	162.7	

(A1) Derecognition of goodwill amortisation

SEAT PAGINE GIALLE S.p.A. amortised goodwill recognised in the balance sheet according to the Italian accounting standards.

According to IAS 36 goodwill, initially recognised at cost, is now tested once a year to identify any indication that it may be impaired, or more frequently if specific events or significant changes indicate possible losses. The method followed to perform this evaluation is consistent with that used according to the Italian accounting standards. Amortisation of goodwill is no longer recognised.

(A2) Derecognition of goodwill amortisation recognised in the past for tax purposes

The goodwill amortisation recognised exclusively for tax purposes in 2003 were derecognised, net of the relevant tax effects.

(B) Intangible assets with definite useful life

Reclassifications

(euro/million)	At 01.01.2004	At 12.31.2004	Note
to non-current financial debts	(12.3)	(116.3)	(B1)
to property, plant and equipment	(1.1)	(1.6)	(B2)
Total	(13.4)	(117.9)	

(B1) Transaction costs on non-current financial debts

SEAT PAGINE GIALLE S.p.A. recognised the transaction costs incurred at the acquisition and refinancing dates as intangible assets according to the Italian accounting standards. These costs were amortised based on the amount and useful life of the outstanding loans. The relevant amortisation was recognised in the statement of operations as non-operating amortisation.

IAS 36 and 38 do not allow such costs to be recognised as intangible assets.

These costs should, instead, be recognised in reduction of the long-term debts they refer to, according - only for representation purposes - to IAS 32. The relevant amortisation for the period is now recognised as interest expenses (€ 16.9 million in 2004).

(B2) Capitalised expenses on third party property

SEAT PAGINE GIALLE S.p.A. recognised expenses incurred for carrying out improvements to third party property (mainly rented offices) as intangible assets according to the Italian accounting standards. Amortisation was measured on the duration of the rent period.

According to IAS 38 such expenses cannot be recognised as intangible assets since they lack the requirement of identifiability. Consequently these expenses were analyzed in order to verify if they can be considered fixed assets (new plant or equipment) and therefore if they can be recognised under the item "Property, plant and equipment".

Transition to IAS/IFRS

(C) Deferred tax assets

Reclassifications

(euro/million)	At 01.01.2004	At 12.31.2004	Note
from other receivables (included in the current assets)	87.9	53.6	
Total	87.9	53.6	

Adjustments

(euro/million)	At 01.01.2004	At 12.31.2004	Note
tax effect on derecognition of goodwill amortisation			
recognised in the past for tax purposes	(1.3)		(A2)
tax effect on IAS/IFRS adjustments	(1.3)	(1.3)	(C1)
Total	(2.6)	(1.3)	

(C1) Deferred tax assets

Deferred tax assets were adjusted to reflect the net tax effects on the adjustments arising in balance sheet from the transition to IAS/IFRS. When these IAS/IFRS adjustments had a corresponding entry in the net equity, also the relevant tax effects were recognised directly in the net equity.

Deferred tax assets, included in the working capital pursuant to the Italian accounting standards, are recognised as non-current assets according to IAS/IFRS.

(D) Other current assets

Adjustments

(euro/million)	At 01.01.2004	At 12.31.2004	Note
present value of receivables due to sales agents	(1.0)	(0.5)	(D1)
Total	(1.0)	(0.5)	

(D1) Present value of receivables due to sales agents

A portion of receivables due to sales agents fall due beyond 12 months. These receivables are included among "other current assets", since they fall within the company's normal operating cycle. They were discounted using an average market rate for receivables of similar duration. The cumulated actuarial losses at January 1, 2004 were recognised with a corresponding entry in the net equity. Actuarial gains for 2004 were recognised in the statement of operations as interest income.

(E) Non-current reserves to employees

Reclassifications

(euro/million)	At 01.01.2004	At 12.31.2004	Note
present value of the reserve for severance indemnities	(1.2)	(0.7)	(E1)
Total	(1.2)	(0.7)	

(E1) Reserves to employees - reserve for severance indemnities (TFR)

This reserve was recognised for the amount resulting from the application of specific Italian laws.

According to IAS/IFRS, TFR is now considered a defined benefit obligation to be accounted for on the basis of Italian accounting standards according to requirements of IAS 19 and, consequently, it was measured by applying the "projected unit credit method".

In addition, as noted in the paragraph on "Optional exemptions allowed by IFRS 1", SEAT PAGINE GIALLE S.p.A. decided to recognise all the cumulative actuarial losses as at January 1, 2004. Following that date, however, it decided to use the corridor approach.

(F) Other non-current liabilities

Adjustments

(euro/million)	At 01.01.2004	At 12.31.2004	Note
present value of reserve for sale agents' temination indemnities	(3.8)	(3.8)	(F1)
Total	(3.8)	(3.8)	

(F1) Other non-current liabilities - reserve for termination indemnities to sales agents

The reserve for termination indemnities to sales agents was considered a non-current liability. Therefore, following the transition IAS/IFRS, it was discounted (according to IAS 37) using an average market rate for payables of similar duration: the expected future outflow of resource was estimated also on the basis of the average life of sales agency agreements.

(G) Non-recurring costs

Reclassifications

Tree as since a constant and a const		
(euro/million)	Year 2004	Note
stock option costs	(2.5)	(G1)
Total	(2.5)	

(G1) Non-recurring costs, net - share-based benefits

No costs referred to share-based benefits were recognised in the past in the statement of operations according to Italian accounting standards. Pursuant to IFRS 2 "Share-based payments" the current value of stock options at grant date is to be recognised in the statement of operations. Changes in the fair value subsequent to grant date will have no impact on this first evaluation. The stock options cost - equivalent to their fair value at grant date - is recognised as a non-recurring cost to employees split in straight-line amounts in the vesting period, with a corresponding entry in a specific reserve of net equity.

(H) Effects at January 1, 2005 arising from the adoption of IAS 39

a) Interest Rate Swaps as hedging instruments

SEAT PAGINE GIALLE S.p.A. in the past entered into two Interest Rate Swaps with major international financial counterparties. The adoption of IAS 39 as from January 1, 2005 required the recognition of:

- a liability of € 19.1 million;
- deferred tax assets of € 6.3 million;
- a reserve of equity of € -12.8 million.

b) Interest Rate Collar hedging instruments

SEAT PAGINE GIALLE S.p.A. last year entered into three Interest Rate Collars with major international financial counterparties to enhance the previous hedging instruments. The adoption of IAS 39 as from January 1, 2005 required the recognition of:

- a liability of € 12.4 million;
- deferred tax assets of € 4.1 million;
- a reserve of equity of € -8.3 million.

In addition, pursuant to Italian accounting standards, the expenses, which amounted to € 3.7 million, incurred for entering the aforementioned Interest Rate Collars were deferred until the relevant hedging instruments are effective (December 2006).

On January 1, 2005 according to IAS 39, these deferred costs were written off with a corresponding entry in the "Reserve for the transition to IAS/IFRS", net of \in 1.2 million for the relevant tax effect.



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INDEPENDENT AUDITOR'S REPORT ON THE IFRS RECONCILIATION STATEMENTS WITH EXPLANATION OF THE EFFECTS OF THE TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS")

(Translation from the original Italian text)

To the Board of Directors of SEAT Pagine Gialle S.p.A.

- 1. We have audited the accompanying statements of reconciliation comprising the SEAT Pagine Gialle S.p.A. consolidated and separate balance sheets as of January 1, 2004, December 31, 2004 and January 1, 2005 and the SEAT Pagine Gialle S.p.A. consolidated and separate statements of income for the year ended December 31, 2004 - of SEAT Pagine Gialle S.p.A. consolidated and separate shareholders' equity as of January 1, 2004, December 31, 2004 and January 1, 2005 and of SEAT Pagine Gialle S.p.A. consolidated and separate net income for the year ended December 31, 2004 (hereinafter, the "IFRS Reconciliation Statements") and the related explanatory notes, as presented in the Section "Transition to IAS/IFRS" of the First Half Year Report for the six month period ended June 30, 2005. These IFRS Reconciliation Statements are based on the consolidated and separate financial statements of SEAT Pagine Gialle S.p.A. as of December 31, 2004, prepared in accordance with the Italian regulations governing the criteria for their preparation, which we have previously audited and on which we issued our auditor's report dated April 12, 2005. The IFRS Reconciliation Statements have been prepared as part of the Group's conversion to International Financial Reporting Standards (IFRS) as adopted by the European Commission. These IFRS Reconciliation Statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these IFRS Reconciliation Statements based on our audit.
- 2. We conducted our audit in accordance with generally accepted auditing standards in Italy. In accordance with such standards we planned and performed the audit to obtain the information necessary in order to determine whether the IFRS reconciliations are materially misstated. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the IFRS Reconciliation Statements, as well as assessing the appropriateness and correct application of the accounting principles and the reasonableness of the estimates made by management. We believe that our audit provides a reasonable basis for our opinion.
- 3. In our opinion, the IFRS Reconciliation Statements identified in paragraph 1. above, taken as a whole, have been prepared in all material respects in accordance with the criteria and principles set out in article 81 of CONSOB Regulation no. 11971/1999 as amended by Resolution no. 14990 of April 14, 2005.

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4. We draw your attention to the fact that the IFRS Reconciliation Statements, as described in the explanatory notes on the transition to International Financial Reporting Standards, will constitute the published data for comparative information in the first complete set of consolidated and separate financial statements; these data may require adjustments if some international financial reporting standards will be reviewed or amended before the publication of such set of consolidated and separate financial statements. Moreover, the IFRS Reconciliation Statements, having been prepared as part of the Group's conversion to IFRS in connection with preparation of its first complete set of separate and consolidated financial statements in accordance with IFRS as adopted by the European Commission, do not include comparative information and necessary explanatory notes which would be required for a true and fair view of the financial position and results of operations of the SEAT Pagine Gialle S.p.A. Group and SEAT Pagine Gialle S.p.A. Parent Company in conformity with IFRS.

Turin, September 12, 2005

Reconta Ernst & Young S. p.A. Signed by: Mario Lamprati, partner

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