



## ➤ Contents

<b>Highlights and key information</b>	↑	Company Boards	3
		Consolidated economic and financial highlights	5
		Information for Shareholders	6
		Organisational structure of the Group	8
<b>Report on Operations</b>	↑	Economic and financial performance of the Group	11
		Economic and financial performance of SEAT PAGINE GIALLE S.p.A.	21
		Events subsequent to March 31, 2005	29
		Development of operations	30
		Related parties transactions	31
		Economic and financial performance of the Business Areas	33
		Italian Directories	34
		UK Directories	35
		Directory Assistance	37
		Other activities	40
		Other information	42
		Litigation	42
		Adoption of IAS/IFRS accounting principles	43



## ➤ Company Boards

(Updated May 10, 2005)

Board of Directors	↑	<p><b>Chairman</b> <b>CEO</b> <b>Non-Executive Directors</b></p>	<p>Enrico Giliberti Luca Majocchi Lino Benassi <sup>(I)</sup> Dario Cossutta Guido Gamucci Gian Maria Gros Pietro <sup>(I)</sup> Luigi Lanari Michele Marini Pietro Masera <sup>(II)</sup> Stefano Mazzotti Marco Reboa <sup>(I)</sup> Alberto Tazartes Nicola Volpi</p>
		<b>Secretary to the Board</b>	Marco Beatrice
Compensation Committee	↑	<b>Chairman</b>	Gian Maria Gros Pietro Dario Cossutta Alberto Tazartes
Internal Audit Committee	↑	<b>Chairman</b>	Lino Benassi Marco Reboa Nicola Volpi
Board of Statutory Auditors	↑	<b>Chairman</b> <b>Acting Auditors</b>	Enrico Cervellera Vincenzo Ciruzzi Andrea Vasapoli
		<b>Alternate Auditors</b>	Guido Costa Guido Vasapoli
Representative of Savings Shareholders	↑		Carlo Pasteris
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, which confirmed the appointment by co-optation already decided by the Board of Directors on November 25, 2004.



## ➤ Consolidated economic and financial highlights

(euro/mln)	1 <sup>st</sup> quarter	1 <sup>st</sup> quarter	Year
	2005	2004	2004
Product sales and services	189.8	187.7	1,406.3
Gross operating profit	56.2	53.7	678.8
EBITDA	40.2	35.3	611.5
Operating income before non-operating amortization	32.9	28.2	581.6
Operating income (loss)	(64.9)	(67.8)	192.4
Income (loss) before income taxes	(129.9)	(84.9)	(64.8)
Net income (loss) of the Group	(133.0)	(89.9)	(119.5)
Operating free cash flow <sup>(1)</sup>	125.8	136.2	637.8
Investments			
- capex	9.6	2.4	29.8
- goodwill, other non-operating investments and financial investments	0.3	0.1	141.0
<b>Balance Sheet highlights</b>			
Net invested capital	4,418.5	4,641.9	4,600.6
Goodwill and other non-operating fixed assets	4,131.9	4,402.4	4,225.0
Operating fixed assets	73.7	71.0	71.2
Working capital	244.3	201.2	335.8
Shareholders' equity	544.3	4,287.6	674.9
Net financial debt	3,874.2	354.3	3,925.7
<b>Income ratios</b>			
EBITDA/Product sales and services	21.2%	18.8%	43.5%
Operating income before non-operating amortization/Product sales and services	17.3%	15.0%	41.4%
Operating income before non-operating amortization/Net invested capital	0.7%	0.6%	12.6%
Consolidated net income/Consolidated Shareholders' equity	(25.0%)	(2.1%)	(18.0%)
Operating free cash flow/Revenues	66.3%	72.6%	45.4%
<b>Personnel</b>			
Number of employees at end of the period	4,918	4,927	4,883
Average number of employees in the period <sup>(2)</sup>	4,024	4,087	4,174
Revenues/Personnel (average number of employees)	47.2	45.9	337

(1) Calculated as follows: operating income + amortization and depreciation - capex - change in operating working capital - change in the reserve for severance indemnities.

(2) FTE, Full Time Equivalent, for foreign companies; average salary for Italian companies.

## Information for Shareholders

### Shares

Share capital	euro	247,538,714.46
Number of ordinary shares (par value euro 0.03)	No.	8,115,215,696
Number of saving shares (par value euro 0.03)	No.	136,074,786
Equity Market capitalization (on average official market price for March 2005)	euro/mln	2,684
Market ratio of SEAT PAGINE GIALLE (SPG ordinary) as at March 31, 2005		
- on Mibtel index		0.422%
- on Dow Jones Stoxx 600 Media		0.777%

### Shareholders

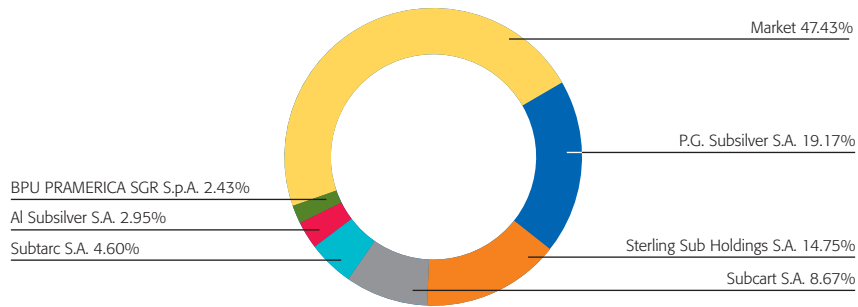
The following table lists the ordinary-share holders of SEAT PAGINE GIALLE S.p.A, who held more than 2% of the ordinary share capital as at March 31, 2005 <sup>(1)</sup>

Shareholders as at March 31, 2005	No. of ordinary shares	% of ordinary share capital
P. G. Subsilver S.A. <sup>(1)</sup>	1,555,920,894	19.17 <sup>(2)</sup>
Sterling Sub Holdings S.A. <sup>(1)</sup>	1,196,849,420	14.75 <sup>(2)</sup>
Subcart S.A. <sup>(1)</sup>	703,586,244	8.67 <sup>(2)</sup>
Subtarc S.A. <sup>(1)</sup>	373,595,387	4.60 <sup>(2)</sup>
AI Subsilver S.A. <sup>(1)</sup>	239,369,605	2.95 <sup>(2)</sup>
BPU PRAMERICA SGR S.p.A.	197,468,906	2.43

(1) It should be noted that on December 14, 2004 there was a spin-off of Subsilver S.A. into 5 new companies (PG Subsilver S.A., Sterling Sub Holdings S.A., Subcart S.A., Subtarc S.A. and AI Subsilver S.A.), which became as a consequence owner of the entire investment previously held by Sub Silver S.A. in Seat Pagine Gialle S.p.A., representing 50.14% of the ordinary share capital and 49.31% of the entire share capital.

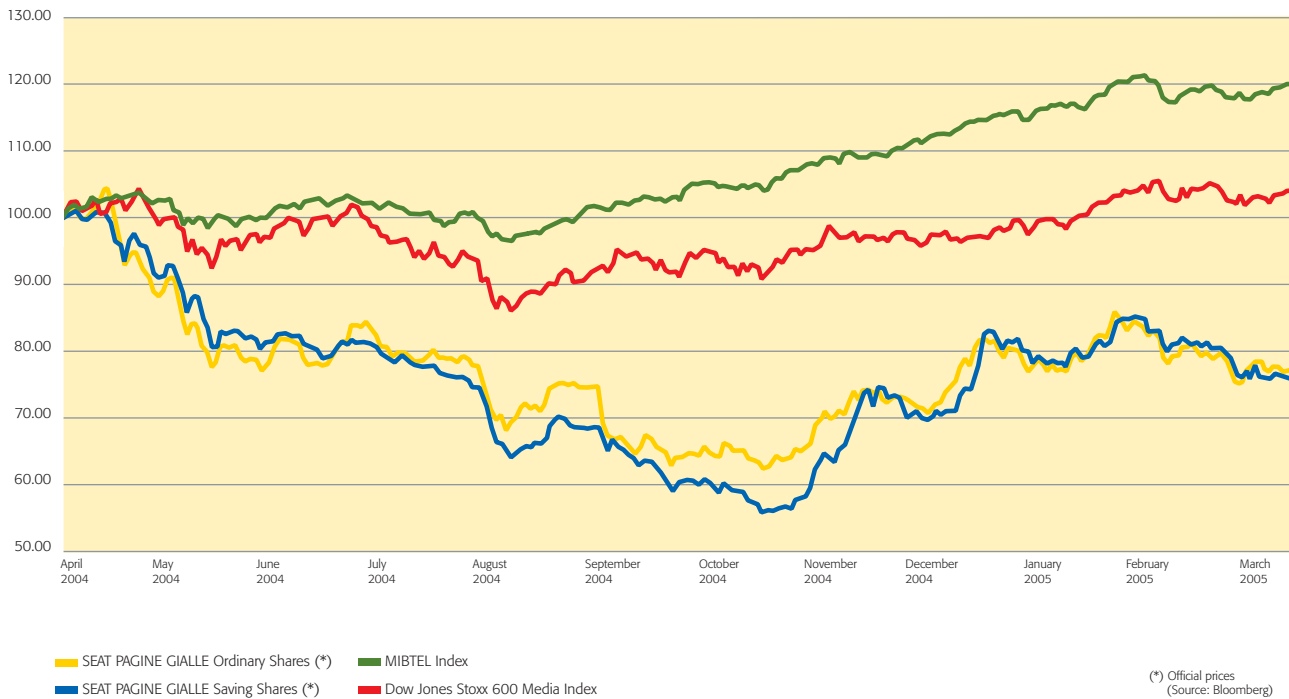
(2) Shares pledged on a first priority basis in favor of the Royal Bank of Scotland Plc Milan Branch and on a second priority basis in favour of the Royal Bank of Scotland Plc Milan Branch and Citivic Nominees Limited - London, both pledges issued on April 22, 2004 (voting right belongs to the aforesaid right holders).

## SEAT PAGINE GIALLE S.p.A. Shareholders as at March 31, 2005

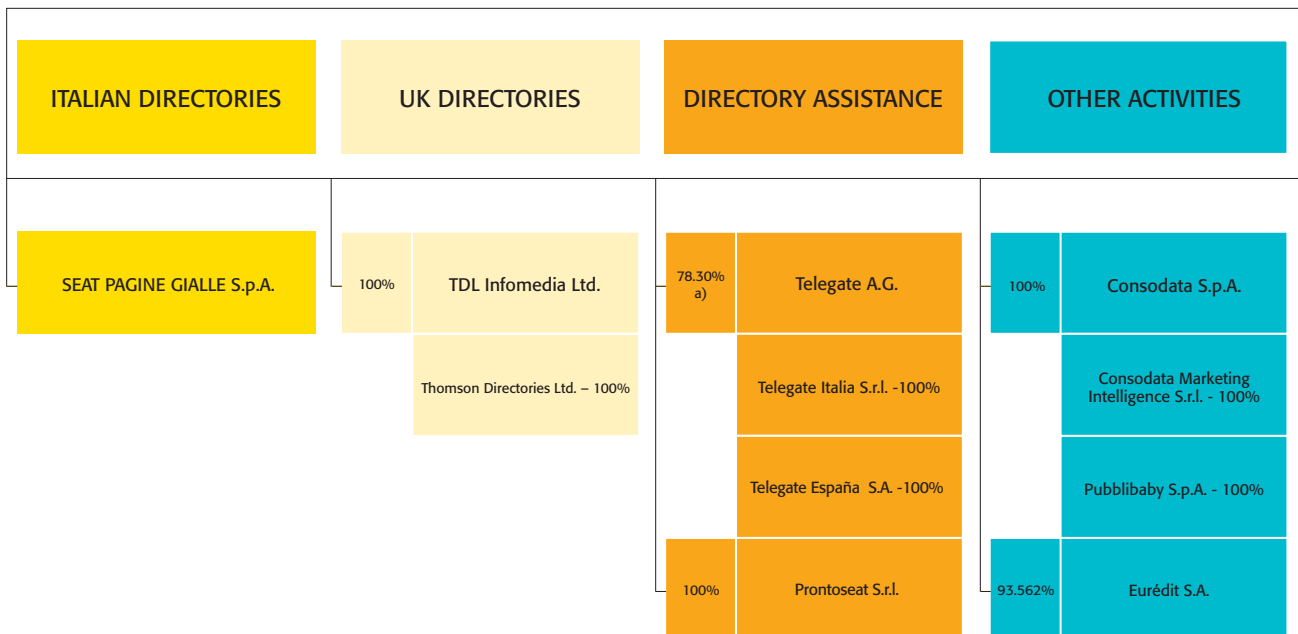


## Stock performance of SEAT PAGINE GIALLE

Relative performance SEAT PAGINE GIALLE vs. MIBTEL and Dow Jones Stoxx 600 Media



## ➤ Organisational structure of the Group (Updated May 10, 2005)



**Legenda**

a) of which 16.43% is directly and 61.87% is owned through Telegate Holding GmbH.

## Report on Operations



## ➤ Economic and financial performance of the Group

### Foreword

This interim report has been prepared in accordance with CONSOB resolution 11971 of May 14, 1999. In particular, the accounting schedules conform to the requirements of Annex 3D.

### Result of operations

**Product sales and services** amounted to € 189.8 million in the first three months of 2005, an increase of 1.1% compared to the corresponding period of the prior year.

Including the elisions between Business Areas, this item is made up as follows:

- product sales and services from the "*Italian Directories*" Business Area amounted to €132.4 million in the first quarter of 2005, a 4.6% increase compared to the same period of 2004 (€ 126.5 million). This increase strengthens the validity of the company's multi-platform offering along with a growth in revenues from the on line PAGINEGIALLE.it® (€ 16.3 million, +29.5%), from the voice platform Pronto PAGINE GIALLE® (€ 12.1 million, +50.6%) and from the Direct Marketing activities (€ 2.9 million, +21.8%). All of these have more than compensated for the downturn in paper products (-2%) resulting from the action taken to improve revenues quality and because of the current economic environment. The latter factor continued to be difficult also in the first quarter of the year, with a further contraction in consumption and a downward revision of the GDP forecast for 2005. Within this scenario the Company has, however, invested in developing its offering and improving the skills of its sales force while as well as the quality of its revenues, particularly from the point of view of customer credit worthiness;
- product sales and services from the "*UK Directories*" Business Area amounted to € 19.4 million in the first quarter of 2005, a decrease of € 2.4 million compared to the first quarter of 2004 reflecting the lower number of directories published (four less, equal to £ 2.7 million in 2004): at the same exchange rate and number of directories published, revenues increased of € 2.0 million (+11.0%), mainly due to the good performance of the on line activities (+15.1%, € 3.6 million);
- product sales and services from the "*Directory Assistance*" Business Area amounted to € 43.0 million in the first quarter of 2005, a 4.0% increase compared to the first quarter of 2004, reflecting the positive performance of business in Italy and Spain (+ € 2.8 million), while revenues decreased in Germany as a consequence of the new added value services development that could not compensate for the reduction in the calls volume caused by a general drop in the market; and
- product sales and services from the "*Other Activities*" Business Area grew by 9.6% compared to the first quarter of 2004, and amounted to € 7.7 million in the first quarter of 2005, out of which € 7.5 million referred to Consodata S.p.A.. Revenues of Eurédit S.A. in the first quarter of 2005 were not significant since the company publishes its directories in the third quarter of the year.

**Costs of raw materials and external services** in the first quarter of 2005 amounted to € 90.2 million (€ 89.9 million in the same period of 2004) with a 47.5% ratio on product sales and services (47.9% in the first quarter 2004).

This item reflects advertising costs (€ 12.1 million in the first quarter of 2005) 15.4% higher than in 2004 as a result of the advertising campaigns in Italy to support Pronto PAGINE GIALLE® and the Thomson brand in the United Kingdom. Commissions and other agents costs were also higher than in the first quarter of 2004 (€ 19.5 million in the first quarter of 2005) as a result of higher sales volume of products with more sales incentives.

The growth in commercial costs has, however, been off-set by a reduction in industrial costs (equal to € 26.9 million in the first quarter of 2005), 5.1% lower than in the same period of the previous year (€ 28.3 million) as a result of a higher "yield per page" obtained in the print editions thanks to the new commercial policies which have produced a reduction in the weight of sales promotions.

**Salaries, wages and employee benefits** amounted to € 43.6 million in the first quarter of 2005, 1.3% down compared to the same period of 2004 (€ 44.1 million).

As at March 31, 2005, the Group had 4,918 employees (4,927 as at March 31, 2004), with an average number (FTE) in the first quarter of 4,024 (4,087 in the first quarter of 2004).

**Gross operating profit** grew by 4.7% reaching € 56.2 million (€ 53.7 million in the first quarter of 2004), with a ratio on revenues of 29.6% (28.6% in the first quarter of 2004). It is common knowledge that the absolute value of the gross operating profit is influenced by the timing of the directories publication both in Italy and abroad.

In the first quarter of 2005, 57 alphabetical and classified directories were published, (out of which 38 in Italy), against a planned number of 478 for the year (out of which 305 in Italy). For comparative purposes, it should be noted that the consolidated revenues in the first quarter of 2004 represented around 13.3% of the revenues for the whole year and the gross operating profit was equal to 7.9% of the year.

**Other valuation adjustments** amounted to € 9.1 million in the first quarter of 2005 (€ 12.2 million in the corresponding period of 2004) and mainly refer to write-downs of trade account receivables in order to bring the carrying value to their expected realizable value. As a result of the careful credit management process carried out by the Parent Company in the second half of 2004, the cost of € 8.9 million pertaining to the period is lower than the cost accounted for in the previous year (€ 12.2 million in the first quarter of 2004).

**Provisions to reserves for risks and charges** amounted to € 6.1 million in the first quarter of 2005, in line with the previous year, out of which € 5.1 million refer to the reserve for commercial risks made up in order to face claims related to unsatisfactory performance of contractual obligations.

Highlights and key information		→ <b>Eco-fin performance of the Group</b>	<b>11</b>
→ <b>Report on operations</b>	<b>3</b>	Eco-fin performance of Seat Pagine Gialle S.p.A.	21
		Events subsequent to March 31, 2005	29
		Development of operations	30
		Related parties transactions	31
		Eco-fin performance of the Business Areas	33
		Other information	42

EBITDA amounted to € 40.2 million (€ 35.3 million in the first quarter of 2004), an increase of 13.8% compared to the same period of the previous year. There was also an increase in the ratio on revenues, from 18.8% in the first quarter 2004 to 21.2%.

Operating amortization and depreciation amounted to € 7.3 million, substantially in line with the first quarter of 2004 (€ 7.1 million).

Non-operating amortization amounted to € 97.7 million in the first quarter of 2005 (€ 95.9 million in the corresponding period of 2004), and refers to € 40.6 million for the goodwill arising from the mergers carried out in the preceding years, € 40.5 million for the "Customer Data Base", € 11.8 million for goodwill on consolidation and to € 4.8 million for costs capitalised in 2004 to enter into the medium/long-term loans with the Royal Bank of Scotland Plc Milan Branch and Lighthouse International Company S.A..

Operating income (loss) showed a loss of € 64.9 million in the first quarter of 2005 (a loss of € 67.8 million in the corresponding period of 2004).

Interest income (expenses), net were negative for € 64.8 million and include

(euro/thousand)	1 <sup>st</sup> quarter	1 <sup>st</sup> quarter	Change	
	2005	2004	Absolute	%
Interest income	602	1,368	(766)	(56.0)
Interest expenses	(67,911)	(13,943)	(53,968)	n.s.
Exchange gains (losses), net	2,539	(46)	2,585	n.s.
<b>Interest income (expenses), net</b>	<b>(64,770)</b>	<b>(12,621)</b>	<b>(52,150)</b>	<b>n.s.</b>

Interest expenses amounted to € 67.9 million (€ 13.9 million in the first quarter of 2004) and include:

- € 38.4 million related to the "Senior Credit Agreement" loan between SEAT PAGINE GIALLE S.p.A. and the Royal Bank of Scotland Plc Milan Branch equal to € 2,616.4 million as at March 31, 2005. The amount includes € 3.8 million of net expenses on the Interest Rate Swaps existing to partially hedge the interest rate risks;
- € 29.0 million related to the "Subordinated" loan of € 1,300 million with Lighthouse International Company S.A.

Interest income amounted to € 0.6 million in the first quarter of 2005 (€ 1.4 million in the first quarter of 2004) and refers almost totally to short-term cash deposits with banks at rates equal to Euribor which decreased compared to the same period of 2004 due to a lower average cash amount of bank.

Exchange gains, net amounted to € 2.5 million and refer to the adjustments to period-end exchange rates of financial receivables in sterling granted by the Parent Company to its subsidiary TDL Infomedia Ltd..

**Extraordinary income (expenses), net** was negative for € 0.2 million (- € 3.1 million in the first quarter of 2004) and is mainly constituted by restructuring costs occurred by the Parent Company in order to reorganize the Sales Division, partially offset by € 1.5 million from extraordinary income, out of which 0.9 million from not accrued revenues and over accrued costs of previous years.

**Income taxes** amounted to € 1.5 million of net tax expenses (€ 4.1 million in the first quarter of 2004) including € 2.0 million of current taxes, € 2.9 million of income for deferred taxes and € 2.4 million of expenses for deferred taxes.

In accordance with accounting principle no. 30 on "Interim Financial Statements", income taxes for the period were measured by applying the effective average annual rates for the current financial year to the gross result as at March 31, 2005.

**Income (loss) of Minority Interests** amounted to a profit of € 1.6 million (€ 0.9 million in the first quarter of 2004).

**Income (loss) for the period** showed a loss of € 133.0 million in the first quarter of 2005 (a loss of € 89.9 million in the first quarter of 2004).

## Financial position

As at March 31, 2005, the net invested capital of the Group amounted to € 4,418.5 million (€ 4,600.6 million as at December 31, 2004) out of which € 544.3 million was covered by Shareholders' equity (€ 674.9 million as at December 31, 2004) and € 3,874.2 million by net financial debt (€ 3,925.7 million as at December 31, 2004).

As has already been mentioned in preceding Financial Statements, pursuant to the financing agreement with the Royal Bank of Scotland Plc Milan Branch, SEAT PAGINE GIALLE S.p.A. issued the following main guarantees, a standard procedure for transactions of this type:

- a pledge on its trademarks;
- a pledge on its current banking accounts;
- an assignment as collateral security of its trade account receivables;
- a pledge on shares of its major subsidiaries;
- a pledge on intercompany loans between SEAT PAGINE GIALLE S.p.A. and its subsidiaries; and
- a special privilege on its tangible assets with a net book value equal or higher than € 25,000.

**Investments** relating to the first quarter of 2005 amounted to € 9.8 million (€ 2.6 million in the first quarter of 2004) and consist of:

(euro/thousand)	1 <sup>st</sup> quarter	1 <sup>st</sup> quarter	Change
	2005	2004	
Capital expenditures	9,559	2,428	7,131
Financial investments	267	146	121
<b>Total investments</b>	<b>9,826</b>	<b>2,574</b>	<b>7,252</b>

In the first quarter of 2005, € 4.4 million were paid to purchase hardware and software programs in order to upgrade the call center of the Telegate group. In addition, € 2.1 million were invested by the Parent Company in basic applications software licences.

**Working capital** amounted to € 244.3 million as at March 31, 2005 and decreased by € 91.5 million compared to December 31, 2004. This change was mainly affected by:

- *trade account receivables* amounted to € 624.8 million (€ 692.8 million as at March 31, 2004) as a result of the new credit management process introduced last year for overdue receivables and receivables close to mature. They were reduced by € 59.5 million compared to December 31, 2004 and this reduction is mainly attributable to SEAT PAGINE GIALLE S.p.A. (€ 46.5 million);
- *trade account payables* amounted to € 172.5 million (€ 176.2 million as at March 31, 2004) and decreased by € 55.5 million compared to December 31, 2004 reflecting the cyclical trend of procurement;
- *other liabilities* increased by € 95.3 million compared to December 31, 2004, reflecting the increase in debts for services to be rendered.

**Net financial debt** amounted to € 3,874.2 million as at March 31, 2005 and decreased by € 51.5 million compared to December 31, 2004. It consist of:

- € 3,832.5 million for medium/long-term loans;
- € 84.3 million for short-term loans, out of which € 84.1 million for short-term tranches of medium/long-term loans
- € 117.4 million for cash and cash equivalents; and
- € 74.8 million for net financial accruals and deferred interest.

**Medium/long-term debt** amounted to € 3,832.5 million as at March 31, 2005 (€ 3,876.8 million as at December 31, 2004) and refers to € 2,532.3 million for the long-term tranches of the "Senior Credit Agreement" loan with Royal Bank of Scotland Plc Milan Branch and to € 1,300 million for the "Subordinated" loan with Lighthouse International Company S.A..

As at March 31, 2005, the "Senior" debt is denominated in euro for approximately 95.94% and in sterling for 4.06%. The loans bear variable interest rates per annum equal to Euribor (or for loans denominated in sterling, Libor). In order to reduce the exposure to risks on floating-rate debt in euro, in 2004 SEAT PAGINE GIALLE S.p.A. entered into hedging agreements until up December 2009 for an amount between 50% and 75% of the financial debt expected to be outstanding.

In the first quarter of 2005, the average cost of the "Senior" and "Subordinated" loans was equal to 6.71% p.a..

In January 2005, SEAT PAGINE GIALLE S.p.A. voluntarily early repaid € 50 million on the "Senior" loan, by using the cash flow generated by its operating activities during 2004. Furthermore at the end of March, the Company early paid an instalment of € 84 million, relating to the A2 credit facility originally due on June 28, 2005.

As it is standard for this type of transactions, the "Senior" loan with the Royal Bank of Scotland Plc Milan Branch requires to observe, among other obligations, specific Covenants that are checked on a quarterly basis. These covenants require to observe specific ratios between *i)* net financial debt and EBITDA, *ii)* EBITDA and interests on debt, *iii)* cash flow and debt service (inclusive of interests and quotas of principal payable in each period referred to). SEAT PAGINE GIALLE was in compliance with each of the previously mentioned Covenants as at March 31, 2005.

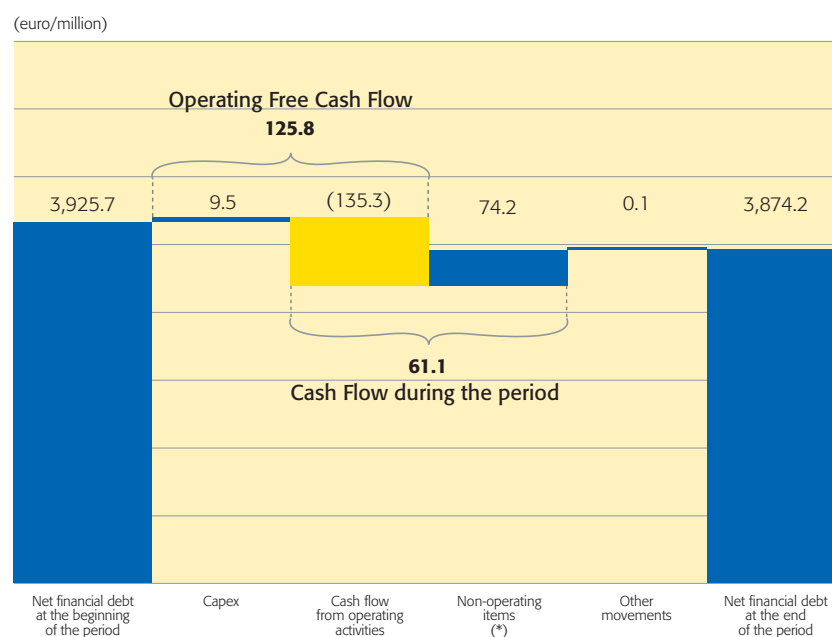
**Short-term debt** amounted to € 84.3 million as at March 31, 2005 (€ 171.4 million as at December 31, 2004) and consist of the short-term tranches of the "Senior" loan with the Royal Bank of Scotland Plc Milan Branch, reduced by € 84 million following the payment of the instalment at the end of March, as described above.

**Cash and short-term financial assets** amounted to € 117.4 million as at March 31, 2005 (€ 139.6 million as at December 31, 2004), and refer to € 108.9 million for bank and postal deposits, to € 6.7 million for short-term deposit certificates at banks and to € 1.8 million for short-term financial assets from Icom Inc., Canadian company 40% held but than disposed in December 2004.

→ <b>Eco-fin performance of the Group</b>	<b>11</b>
Eco-fin performance of Seat Pagine Gialle S.p.A.	21
Events subsequent to March 31, 2005	29
Development of operations	30
Related parties transactions	31
Eco-fin performance of the Business Areas	33
Other information	42

Highlights and key information	3
→ <b>Report on Operations</b>	<b>11</b>

The main changes that impacted the net financial debt as at March 31, 2005 are shown in the following chart.



(\*) consisting of:

interest expenses, net	euro	64.8
exchange rate movements	euro	4.0
fiscal effect, net	euro	2.4
others	euro	3.0

**Operating free cash flow** generated in the period (€ 125.8 million) was € 10.4 million lower than in the first quarter of 2004, mainly as a result of higher investments carried out in the period (+ € 7.1 million compared to the first quarter of 2004, out of which € 4.4 million for upgrading call centers in Germany) and of EBITDA for 2005 which was affected for € 3.2 million by the lower number of directories published in the United Kingdom compared to the first quarter of 2004.

Actions taken to contain the operating working capital continued with a further reduction of € 95.2 million in the first quarter of 2005 (from € 308.6 million as at December 31, 2004 to € 213.4 million as at March 31, 2005). The exclusion from the scope of consolidation of the Consodata group's international activities (€ 3.8 million) contributed to the reduction of € 103.1 million which was accounted for in the first quarter of 2004.

## Reclassified Consolidated Statement of Operations

(euro/thousand)	1 <sup>st</sup> quarter	1 <sup>st</sup> quarter	Change		Year
	2005	2004	Absolute	%	2004
<b>A. Product sales and services</b>	<b>189,830</b>	<b>187,673</b>	<b>2,157</b>	<b>1.1</b>	<b>1,406,260</b>
Changes in inventories of works in progress, semi-finished and finished goods	(206)	(382)	176		(4)
Costs capitalized as tangible and intangible assets	363	413	(50)		1,400
<b>B. Total revenues</b>	<b>189,987</b>	<b>187,704</b>	<b>2,283</b>	<b>1.2</b>	<b>1,407,656</b>
Costs of raw materials and external services (*)	(90,218)	(89,897)	(321)		(528,159)
Salaries, wages and employee benefits (*)	(43,567)	(44,144)	577		(200,692)
<b>C. Gross operating profit</b>	<b>56,202</b>	<b>53,663</b>	<b>2,539</b>	<b>4.7</b>	<b>678,805</b>
% on sales	29.6	28.6			48.3
Other valuation adjustments	(9,079)	(12,191)	3,112		(38,607)
Provisions to reserves for risks and charges	(6,142)	(6,131)	(11)		(26,858)
Other income (expenses), net	(823)	(68)	(755)		(1,804)
<b>D. EBITDA</b>	<b>40,158</b>	<b>35,273</b>	<b>4,885</b>	<b>13.8</b>	<b>611,536</b>
% on sales	21.2	18.8			43.5
Operating amortization and depreciation	(7,281)	(7,111)	(170)		(29,904)
<b>E.1. Operating income before non-operating amortization</b>	<b>32,877</b>	<b>28,162</b>	<b>4,715</b>	<b>16.7</b>	<b>581,632</b>
% on sales	17.3	15.0			41.4
Non-operating amortization	(97,743)	(95,945)	(1,798)		(389,198)
<b>E.2. Operating income (loss)</b>	<b>(64,866)</b>	<b>(67,783)</b>	<b>2,917</b>	<b>4.3</b>	<b>192,434</b>
% on sales	(34.2)	(36.1)			13.7
Interest income (expenses), net	(64,770)	(12,621)	(52,149)		(224,383)
Valuation adjustments to financial assets		(1,409)	1,409		(2,046)
<b>F. Income (loss) before extraordinary items and taxes</b>	<b>(129,636)</b>	<b>(81,813)</b>	<b>(47,823)</b>		<b>(33,995)</b>
Extraordinary income (expenses), net	(242)	(3,069)	2,827		(30,839)
<b>G. Income (loss) before income taxes</b>	<b>(129,878)</b>	<b>(84,882)</b>	<b>(44,996)</b>		<b>(64,834)</b>
Income taxes	(1,523)	(4,111)	2,588		(48,113)
<b>H. Income (loss) before Minority Interests</b>	<b>(131,401)</b>	<b>(88,993)</b>	<b>(42,408)</b>		<b>(112,947)</b>
(Income) loss of Minority Interests	(1,614)	(945)	(669)		(6,569)
<b>I. Income (loss) for the period</b>	<b>(133,015)</b>	<b>(89,938)</b>	<b>(43,077)</b>		<b>(119,516)</b>
% on sales	(70.1)	(47.9)			(8.5)

(\*) Less repayments of costs.

## Reclassified Consolidated Balance Sheet

(euro/thousand)	At 03.31.2005	At 12.31.2004	Change	At 03.31.2004
<b>A. Intangible, fixed assets and long-term investments</b>	<b>4,205,566</b>	<b>4,296,139</b>	<b>(90,573)</b>	<b>4,473,414</b>
Intangible assets	4,166,378	4,259,244	(92,866)	4,428,238
Fixed assets	35,412	33,214	2,198	38,318
Long-term investments				
equity investments	359	357	2	3,815
other	3,417	3,324	93	3,043
<b>B. Working capital</b>	<b>244,292</b>	<b>335,828</b>	<b>(91,536)</b>	<b>201,155</b>
Inventories	12,002	10,313	1,689	13,232
Trade account receivables	624,764	684,239	(59,475)	692,794
Other assets	180,514	174,083	6,431	285,022
Trade account payables	(172,471)	(227,957)	55,486	(176,186)
Reserves for risks and charges	(75,670)	(75,313)	(357)	(77,786)
Other liabilities	(324,847)	(229,537)	(95,310)	(535,921)
<b>C. Reserve for severance indemnities</b>	<b>(31,389)</b>	<b>(31,402)</b>	<b>13</b>	<b>(32,642)</b>
<b>D. Net invested capital (A+B+C)</b>	<b>4,418,469</b>	<b>4,600,565</b>	<b>(182,096)</b>	<b>4,641,927</b>
<b>E.1. Group Shareholders' equity</b>	<b>532,944</b>	<b>665,018</b>	<b>(132,074)</b>	<b>4,281,582</b>
Share capital	247,539	247,539		247,539
Reserves and retained earnings	418,420	536,995	(118,575)	4,123,981
Income (loss) for the period	(133,015)	(119,516)	(13,499)	(89,938)
<b>E.2. Minority Interests</b>	<b>11,354</b>	<b>9,894</b>	<b>1,460</b>	<b>6,012</b>
Share capital and reserves	9,740	3,325	6,415	5,067
Income (loss) for the period	1,614	6,569	(4,955)	945
<b>E. Total Shareholders' equity (E1+E2)</b>	<b>544,298</b>	<b>674,912</b>	<b>(130,614)</b>	<b>4,287,594</b>
<b>F. Medium/long-term debt</b>	<b>3,832,458</b>	<b>3,876,782</b>	<b>(44,324)</b>	<b>111,109</b>
<b>G. Net short-term debt</b>	<b>41,713</b>	<b>48,871</b>	<b>(7,158)</b>	<b>243,224</b>
Short-term debt	84,314	171,391	(87,077)	515,062
Cash and short-term financial assets	(117,371)	(139,631)	22,260	(279,805)
Net financial accruals and deferred interest	74,770	17,111	57,659	7,967
<b>H. Net financial debt (F+G)</b>	<b>3,874,171</b>	<b>3,925,653</b>	<b>(51,482)</b>	<b>354,333</b>
<b>I. Total (E+H)</b>	<b>4,418,469</b>	<b>4,600,565</b>	<b>(182,096)</b>	<b>4,641,927</b>

## Consolidated Cash Flow Statement

(euro/thousand)	1 <sup>st</sup> quarter 2005	1 <sup>st</sup> quarter 2004	Year 2004
<b>A. Net financial debt at the beginning of the period</b>	<b>(3,925,653)</b>	<b>(459,874)</b>	<b>(459,874)</b>
<b>B. Cash flow from operating activities</b>	<b>61,142</b>	<b>101,630</b>	<b>259,214</b>
Income (loss) for the period	(131,401)	(88,993)	(112,947)
Amortization and depreciation	105,024	103,056	419,102
Gains (losses) on disposal of intangible, fixed assets and long-term investments	16	1,695	(10,790)
(Write-ups) write-downs of intangible, fixed assets and long-term investments	(24)	2,364	9,316
Change in working capital	91,536	51,879	(82,790)
Change in the reserve for severance indemnities	(13)	215	(1,025)
Change in consolidation area, exchange differences and other movements	(3,996)	31,414	38,348
<b>C. Cash flow from investments activities</b>	<b>(9,502)</b>	<b>3,911</b>	<b>(146,738)</b>
Intangible, fixed assets and long-term investments			
- intangible assets	(4,823)	(1,630)	(159,213)
- goodwill and other non-operating investments			(139,344)
- other operating investments	(4,823)	(1,630)	(19,869)
- fixed assets	(4,736)	(798)	(9,883)
- long-term investments	(267)	(146)	(1,686)
Proceeds from disposal of intangible, fixed assets and long-term investments	324	6,485	24,044
<b>D. Cash flow from other financing activities</b>			<b>118</b>
Stock option and contributions from Shareholders			118
<b>E. Dividends paid</b>	<b>(158)</b>		<b>(3,578,373)</b>
<b>F. Cash flow for the period</b>	<b>(B+C+D+E)</b>	<b>51,482</b>	<b>105,541</b>
<b>G. Net financial debt at the end of the period</b>	<b>(A+F)</b>	<b>(3,874,171)</b>	<b>(3,925,653)</b>

## Operating Free Cash Flow

(euro/thousand)	1 <sup>st</sup> quarter 2005	1 <sup>st</sup> quarter 2004	Change	Year 2004
Operating income (loss)	(64,865)	(67,782)	2,917	192,434
Amortization and depreciation	105,024	103,056	1,968	419,102
Decrease (increase) in operating working capital	95,176	103,085	(7,909)	56,986
Increase (decrease) in the reserve for severance indemnities	(13)	291	(304)	(949)
Capital expenditures	(9,559)	(2,428)	(7,131)	(29,752)
Losses (gains) on disposals of operating fixed assets	46	(20)	66	(23)
<b>Operating Free Cash Flow</b>	<b>125,808</b>	<b>136,202</b>	<b>(10,394)</b>	<b>637,798</b>

## ➤ Economic and Financial performance of SEAT PAGINE GIALLE S.p.A.

**Product sales and services** of SEAT PAGINE GIALLE S.p.A. reached € 132.4 million in the first quarter of 2005, an increase of 4.6% compared to the corresponding period of 2004, strengthening the validity of the company's multi platform offering (print, voice, on line). The economic environment is still unfavourable and no significant changes are expected for the coming year. This scenario will undoubtedly continue and will negatively influence the investment choices of small and medium size companies which represent the customer base of SEAT PAGINE GIALLE S.p.A. since they are particularly exposed to fluctuations of the economic cycle.

- *Print*: print revenues decreased by 2% in the first quarter of 2005 compared to the same period of 2004 (€ 96.9 million vs. € 98.8 million). This result is not merely due to the difficult market scenario since, it is also impacted by the adoption of a sale strategy focused on improving revenues quality by dedicating more attention to customer credit worthiness and creating a relationship of trust with those customers who suffered higher prices and had previously been handled with reduced attention on their real needs. The effects of this new strategy were particularly evident in the larger urban areas. In this context, the company intensified its efforts to improve the skills of the sales force and the awareness of customers of the high value offered by SEAT, by increasing investment in training.
- *On line*: on line revenues in the first quarter of 2005 amounted to € 17.4 million (+22.1% compared to the same period of 2004), principally related to PAGINE GIALLE.it® (€ 16.3 million of revenues in the first three months of 2005 compared to € 12.6 million in the same period of 2004), a growth that was also due to greater efforts to acquire new customers. There was a downturn in the search volume compared to the same period of 2004 (17.5 million of visits compared to 18.7 million in the first quarter of 2004), mainly due to the Easter holiday in March.
- *Voice*: the 89.24.24 Pronto PAGINE GIALLE® service continues to grow. Revenues increased by 50.6% in the first three months of 2005 to € 12.1 million. This result was achieved through the growth in advertising revenues (+39.3%) and call rebate revenues (+62.8%), the latter supported by an excellent trend of call volume (+22.2% to € 4.4 million).
- *Other products*: growth in Direct Marketing products continued (+21.8% to € 2.9 million) as did, to a lesser extent, growth in promotional merchandising (+2.8% to € 2.2 million).

**Costs of raw materials and external services** amounted to € 64.4 million in the first quarter of 2005, an increase of € 2.3 million compared to the same period of 2004, equal to 3.7%. The ratio on revenues was 48.6%, an increase compared to the 49.1% of the first quarter of 2004. These increased costs are due for € 1.7 million to sales commission, whose amount reflects the increase in sales volume of products with high sales incentives and € 1.3 million to higher advertising costs (in particular an advertising campaign to support the Pronto PAGINE GIALLE® product was carried out in this first quarter). The growth in commercial costs has been partially off-set by a reduction in industrial costs (-1.5%), particularly in the paper consumption, as a result of a higher yield per page obtained in the print editions thanks to the new commercial policies introduced in 2004. In the first quarter of 2005, 7.8 tonnes of paper were utilised (9.0 tonnes in the first quarter of 2004) and 179.9 million of signatures were printed versus 190.9 million of the first quarter of 2004.

As at March 31, 2004 the sales force included 2,106 units (including 1,917 sales agents and finders), compared to 2,110 units as at December 31, 2004 (including 1,916 sales agents and finders).

**Salaries, wages and employee benefits**, net of the cost recovered for employees seconded to other companies of the Group, amounted to € 18.7 million in the first quarter of 2005, basically in line with the same period of 2004 since the structural increases and those related to the renewal of the labour contract as well as a personnel mix characterised by higher professional skills have essentially been off-set by downsizing activities carried out in the second half of 2004.

As at March 31, 2005, the company had 1,298 employees (1,290 as at December 31, 2004) whereas the average number in the period was 1,212 (1,308 in the first quarter of 2004).

**Gross operating profit** amounted to € 49.0 million, a growth of € 3.7 million (+8.2%) compared to the first quarter of 2004 (€ 45.3 million). The ratio of gross operating profit on revenues was 37.1% (35.8% in the first quarter of 2004).

Highlights and key information		Eco-fin performance of the Group	11
→ <b>Report on Operations</b>	<b>11</b>	→ <b>Eco-fin performance of Seat Pagine Gialle S.p.A.</b>	<b>21</b>
		Events subsequent to March 31, 2005	29
		Development of operations	30
		Related parties transactions	31
		Eco-fin performance of the Business Areas	33
		Other information	42

**Other valuation adjustments** amounted to € 7.5 million and mainly refer to the provision to allowance for doubtful accounts. This item decreased by € 2.8 million compared to the corresponding period of 2004 as a result of the new credit management process introduced during 2004.

**Provisions to reserves for risks and charges** amounted to € 6.1 million in the first quarter of 2005, in line with those of the same period of 2004 (€ 6.1 million) and refer to € 5.1 million for the reserve for commercial risks recognized to cover any claims from customers for publishing errors on PAGINEGIALLE®, PAGINEBIANCHE® and Annuari. This amount is lower than in the previous year (€ 5.6 million in the first quarter of 2004) thanks to a decrease in the number of claims.

**EBITDA** amounted to € 35.0 million, an increase of 19% compared to the first quarter of 2004 (€ 29.4 million), with a ratio on revenues of 26.4% (23.2% in the corresponding period of 2004).

**Operating amortization and depreciation** amounted to € 4.5 million in the first quarter of 2005 (€ 4.0 million in the first quarter of 2004) and refer to € 3.6 million for amortization of intangible assets and to € 0.9 million for depreciation of fixed assets.

**Non-operating amortization** amounted to € 86.0 million in the first quarter of 2005 and refers to € 40.5 million for the amortization of the "Customer Data Base"; to € 40.7 million for the amortization of the goodwill arisen from the mergers carried out in previous years and to € 4.8 million for the amortization of costs capitalized in 2004 to enter into the medium/long-term loans with the Royal Bank of Scotland Plc Milan Branch and Lighthouse International Company S.A..

**Operating income (loss)** showed a loss of € 55.6 million in the first quarter of 2005, an improvement of € 3.3 million compared to the first quarter of 2004, where the loss had been € 58.9 million.

**Interest income (expenses), net** negative for € 58.6 million, is detailed as follows

(euro/thousand)	1 <sup>st</sup> quarter	1 <sup>st</sup> quarter	Change	
	2005	2004	Absolute	%
Interest income	6,833	5,854	979	16.7
Interest expenses	(68,256)	(10,373)	(57,883)	n.s.
Exchange gains (losses), net	2,778	(151)	2,929	n.s.
<b>Interest income (expenses), net</b>	<b>(58,645)</b>	<b>(4,670)</b>	<b>(53,975)</b>	<b>n.s.</b>

*Interest expenses* amounted to € 68.3 million in the first quarter of 2005 (€ 10.4 million in the first quarter of 2004) and include € 67.4 million of interest expenses on the medium/long-term "Senior" and "Subordinated" loans with the Royal Bank of Scotland Plc Milan Branch and Lighthouse International Company S.A., as described in the item "Interest income, (expenses), net" under the section "Economic and financial performance of the Group".

*Interest income* amounted to € 6.8 million in the first quarter of 2005 (€ 5.9 million in the first quarter of 2004) and refers to:

- € 4.1 million for interest accrued on loans granted to subsidiaries at market rates (out of which € 3.8 million to the TDL Infomedia group);
- € 2.3 million for dividends from Eurédit S.A. (€ 2.5 million in the first quarter of 2004);
- € 0.4 million for interest income on short-term cash deposits at primary banks at rates basically equal to Euribor (€ 0.8 million in the first quarter of 2004).

*Exchange gains (losses), net* amounted to € 2.8 million in the first quarter of 2005 (€ 0.1 million of losses in the first quarter of 2004) and mainly refer to the adjustment of financial receivables in sterling to the period-end exchange rate granted to the subsidiary TDL Infomedia Ltd..

**Valuation adjustments to financial assets** are negative for € 8.3 million and reflect the losses of the subsidiary TDL Infomedia Ltd. during the quarter.

**Extraordinary income (expenses), net** were negative for € 0.2 million as well as in the first quarter of 2004 and refer to € 1.6 million for extraordinary expenses, out of which € 1.3 million to reorganize and restructure the Commercial Area, partially off-set by € 1.4 million of extraordinary income, out of which € 0.8 million from not accrued revenues and over accrued costs of previous year.

	Eco-fin performance of the Group	11
	→ <b>Eco-fin performance of Seat Pagine Gialle S.p.A.</b>	<b>21</b>
	Events subsequent to March 31, 2005	29
	Development of operations	30
	Related parties transactions	31
	Eco-fin performance of the Business Areas	33
	Other information	42
Highlights and key information		3
→ <b>Report on Operations</b>		<b>11</b>

**Income taxes** for the period were negative for € 2.1 million, out of which € 2.4 million of expenses for deferred taxes and € 0.3 million of income for deferred taxes.

In accordance with accounting principle no° 30 on "Interim Financial Statements", the effective average annual rates for the current financial period have been applied to the gross result as at March 31, 2005.

**Income (loss)** for the period for the first quarter of 2005 showed a loss of € 124.8 million against a loss of € 78.1 million in the corresponding period of the previous year.

As at March 31, 2005, SEAT PAGINE GIALLE S.p.A. had a net invested capital of € 4,489.0 million (€ 4,661.0 million as at December 31, 2004) out of which € 609.5 million was covered by Shareholders' equity (€ 734.3 million as at December 31, 2004) and € 3,879.6 million (€ 3,926.7 million as at December 31, 2004) by net financial debt.

**Net financial debt** amounted to € 3,879.5 million as at March 31, 2005 (€ 3,926.7 million as at December 31, 2004) and refers to:

- € 3,832.3 million for medium/long-term loans
- € 84.1 million for short-term tranches of medium/long-term loans
- € 48.8 million for short-term loans
- € 66.8 million for short-term financial receivables, out of which € 65.1 million from companies of the Group
- € 86.9 million for cash and cash equivalents
- € 68.0 million for net financial accruals and deferred interest.

**Operating free cash flow** generated in the first quarter of 2005 (€ 115.3 million) remains substantially in line with the one of the first quarter of 2004 (€ 115 million) in spite of the effect of higher investments carried out during the period (+ € 2.1 million compared to the same period of 2004). Activities taken to contain the operating working capital continues to be effective, with a further reduction of € 83.3 million in the first quarter of 2005 (from € 304.2 as at December 31, 2004 to € 221.0 million as at March 31, 2005).

## Reclassified Statement of Operations of SEAT PAGINE GIALLE S.p.A.

(euro/thousand)	1 <sup>st</sup> quarter 2005	1 <sup>st</sup> quarter 2004	Change		Year 2004
			Absolute	%	
<b>A. Product sales and services</b>	<b>132,385</b>	<b>126,503</b>	<b>5,882</b>	<b>4.6</b>	<b>1,060,387</b>
Changes in inventories of works in progress, semi-finished and finished goods	(256)	(380)	124		9
<b>B. Total revenues</b>	<b>132,129</b>	<b>126,123</b>	<b>6,006</b>	<b>4.8</b>	<b>1,060,396</b>
Costs of raw materials and external services (*)	(64,377)	(62,052)	(2,325)		(394,201)
Salaries, wages and employee benefits (*)	(18,700)	(18,734)	34		(81,916)
<b>C. Gross operating profit</b>	<b>49,052</b>	<b>45,337</b>	<b>3,715</b>	<b>8.2</b>	<b>584,279</b>
<i>% on sales</i>	<i>37.1</i>	<i>35.8</i>			<i>55.1</i>
Other valuation adjustments	(7,458)	(10,100)	2,642		(28,511)
Provisions to reserves for risks and charges	(6,142)	(6,131)	(11)		(23,922)
Other income (expenses), net	(495)	264	(759)		(2,068)
<b>D. EBITDA</b>	<b>34,957</b>	<b>29,370</b>	<b>5,587</b>	<b>19.0</b>	<b>529,778</b>
<i>% on sales</i>	<i>26.4</i>	<i>23.2</i>			<i>50.0</i>
Operating amortization and depreciation	(4,542)	(3,962)	(580)		(17,336)
<b>E.1. Operating income before non-operating amortization</b>	<b>30,415</b>	<b>25,408</b>	<b>5,007</b>	<b>19.7</b>	<b>512,442</b>
<i>% on sales</i>	<i>23.0</i>	<i>20.1</i>			<i>48.3</i>
Non-operating amortization	(85,986)	(84,283)	(1,703)		(341,675)
<b>E.2. Operating income (loss)</b>	<b>(55,571)</b>	<b>(58,875)</b>	<b>3,304</b>	<b>5.6</b>	<b>170,767</b>
<i>% on sales</i>	<i>(42.0)</i>	<i>(46.5)</i>			<i>16.1</i>
Interest income (expenses), net	(58,645)	(4,670)	(53,975)		(190,416)
Valuation adjustments to financial assets	(8,266)	(8,365)	99		(30,015)
<b>F. Income (loss) before extraordinary items and taxes</b>	<b>(122,482)</b>	<b>(71,910)</b>	<b>(50,572)</b>		<b>(49,664)</b>
Extraordinary income (expenses), net	(197)	(812)	615		(24,471)
<b>G. Income (loss) before income taxes</b>	<b>(122,679)</b>	<b>(72,722)</b>	<b>(49,957)</b>		<b>(74,135)</b>
Income taxes	(2,112)	(5,385)	3,273		(43,862)
<b>H. Income (loss) for the period</b>	<b>(124,791)</b>	<b>(78,107)</b>	<b>(46,684)</b>		<b>(117,997)</b>
<i>% on sales</i>	<i>(94.3)</i>	<i>(61.7)</i>			<i>(11.1)</i>

(\*) Less repayments of costs.

## Reclassified Balance Sheet of SEAT PAGINE GIALLE S.p.A.

(euro/thousand)	At 03.31.2005	At 12.31.2004	Change	At 03.31.2004
<b>A. Intangible, fixed assets and long-term investments</b>	<b>4,266,184</b>	<b>4,357,746</b>	<b>(91,562)</b>	<b>4,317,909</b>
Intangible assets	3,825,931	3,913,149	(87,218)	4,033,604
Fixed assets	7,841	8,401	(560)	8,088
Long-term investments				
equity investments	257,847	265,613	(7,766)	273,313
other	174,565 <sup>(1)</sup>	170,583 <sup>(2)</sup>	3,982	2,904
<b>B. Working capital</b>	<b>251,705</b>	<b>332,179</b>	<b>(80,474)</b>	<b>199,940</b>
Inventories	10,068	8,807	1,261	11,956
Trade account receivables	571,093	617,618	(46,525)	638,184
Other assets	141,127	142,503	(1,376)	242,612
Trade account payables	(150,393)	(205,594)	55,201	(159,789)
Reserves for risks and charges	(62,788)	(63,327)	539	(62,627)
Other liabilities	(257,402)	(167,828)	(89,574)	(470,396)
<b>C. Reserve for severance indemnities</b>	<b>(28,871)</b>	<b>(28,946)</b>	<b>75</b>	<b>(30,405)</b>
<b>D. Net invested capital (A+B+C)</b>	<b>4,489,018</b>	<b>4,660,979</b>	<b>(171,961)</b>	<b>4,487,444</b>
<b>E. Shareholders' equity</b>	<b>609,465</b>	<b>734,256</b>	<b>(124,791)</b>	<b>4,352,385</b>
Share capital	247,539	247,539		247,539
Reserves and retained earnings	486,717	604,714	(117,997)	4,182,953
Income (loss) for the period	(124,791)	(117,997)	(6,794)	(78,107)
<b>F. Medium/long-term debt</b>	<b>3,832,314</b>	<b>3,876,684</b>	<b>(44,370)</b>	
<b>G. Net short-term debt</b>	<b>47,239</b>	<b>50,039</b>	<b>(2,800)</b>	<b>135,059</b>
Short-term debt	132,909	211,614	(78,705)	514,877
Cash and short-term financial assets	(153,708)	(175,611)	21,903	(381,485)
Net financial accruals and deferred interest	68,038	14,036	54,002	1,667
<b>H. Net financial debt (F+G)</b>	<b>3,879,553</b>	<b>3,926,723</b>	<b>(47,170)</b>	<b>135,059</b>
<b>I. Total (E+H)</b>	<b>4,489,018</b>	<b>4,660,979</b>	<b>(171,961)</b>	<b>4,487,444</b>

(1) This item includes € 171,250 thousand of long-term financial loans to the TDL Infomedia group.

(2) This item includes € 167,366 thousand of long-term financial loans to the TDL Infomedia group.

## Cash Flow Statement of SEAT PAGINE GIALLE S.p.A.

(euro/thousand)	1 <sup>st</sup> quarter 2005	1 <sup>st</sup> quarter 2004	Year 2004
<b>A. Net financial debt at the beginning of the period</b>	<b>(3,926,723)</b>	<b>(199,171)</b>	<b>(199,171)</b>
<b>B. Cash flow from operating activities</b>	<b>50,540</b>	<b>83,659</b>	<b>197,936</b>
Income (loss) for the period	(124,791)	(78,107)	(117,997)
Amortization and depreciation	90,528	88,245	359,011
(Gains) losses on disposal of intangible, fixed assets and long-term investments	46	(19)	(6,959)
(Write-ups) write-down of intangible, fixed assets and long-term investments	4,358	8,356	32,396
Change in working capital	80,474	64,773	(67,467)
Change in the reserve for severance indemnities	(75)	411	(1,048)
<b>C. Cash flow from investments activities</b>	<b>(3,370)</b>	<b>(19,547)</b>	<b>(347,250)</b>
Intangible, fixed assets and long-term investments			
- intangible assets	(2,352)	(729)	(145,300)
- <i>non-operating investments</i>			(129,309)
- <i>operating investments</i>	(2,352)	(729)	(15,991)
- fixed assets	(527)	(6)	(4,583)
- long-term investments	(763)	(19,138)	(213,335)
Proceeds from disposal of intangible, fixed assets and long-term investments	272	326	15,968
<b>D. Dividends paid</b>			<b>(3,578,238)</b>
<b>E. Cash flow for the period</b>	<b>(B+C+D)</b>	<b>47,170</b>	<b>64,112</b>
<b>F. Net financial debt at the end of the period</b>	<b>(A+E)</b>	<b>(3,879,553)</b>	<b>(3,926,723)</b>

## Operating Free Cash Flow

(euro/thousand)	1 <sup>st</sup> quarter 2005	1 <sup>st</sup> quarter 2004	Change	Year 2004
Operating income	(55,571)	(58,875)	3,304	170,767
Amortization and depreciation	90,528	88,245	2,283	359,011
Decrease (increase) in operating working capital	83,251	85,947	(2,696)	45,825
Increase (decrease) in the reserve for severance indemnities	(75)	411	(486)	(1,048)
Capital expenditures	(2,879)	(735)	(2,144)	(20,574)
Losses (gains) on disposals of operating fixed assets	46	(20)	66	(26)
<b>Operating Free Cash Flow</b>	<b>115,300</b>	<b>114,973</b>	<b>327</b>	<b>553,955</b>

Highlights and key information		Eco-fin performance of the Group	11
→ <b>Report on Operations</b>	<b>11</b>	Eco-fin performance of Seat Pagine Gialle S.p.A.	21
		→ <b>Events subsequent to March 31, 2005</b>	<b>29</b>
		Development of operations	30
		Related parties transactions	31
		Eco-fin performance of the Business Areas	33
		Other information	42

## ➤ Events subsequent to March 31, 2005

### Merger by incorporation of Consodata Marketing Intelligence S.r.l. into Consodata S.p.A.

On April 7, 2005, the Shareholders' Meetings of Consodata Marketing Intelligence S.r.l. and Consodata S.p.A. approved the merger by incorporation of Consodata Marketing Intelligence S.r.l. into Consodata S.p.A..

Consodata S.p.A. owns a stake representative of the entire share capital of Consodata Marketing Intelligence S.r.l. and, therefore, the merger will not involve any difference from exchange shares or cash adjustment. No increase in the share capital of the incorporating company Consodata S.p.A. was required following the conclusion of the merger.

### Refinancing of the "Senior" loan

On April 8, 2005, the Board of Directors, with the assistance of BNP Paribas (Italian Branch), authorized a refinancing plan aimed at securing better economic and operating terms under the "Senior" loan currently existing with the Royal Bank of Scotland Plc Milan Branch. Without incurring additional debt, the new financing agreement should provide more flexibility in the day-to-day, as well as extraordinary administration of the Company.

### 2005 Stock Option Plan

On April 8, 2005, the Board of Directors authorised a share capital increase: (i) up to € 150,000 par value by issuing up to 5,000,000 ordinary shares, to service an equal number of stock options allotted to the Managing Director under the 2005 Stock Option Plan, and (ii) up to € 2,250,000 par value by issuing up to 75,000,000 ordinary shares to service an equal number of stock options allotted to employees of SEAT PAGINE GIALLE S.p.A. and the Group deemed to be of particular interest at company level.

For both plans, the options can be exercised at a strike price of € 0.3221 from September 2006 to June 2010.

## ➤ Development of operations

While the business activities of the SEAT PAGINE GIALLE group are less influenced by the economic cycle than other kind of advertising, they are still affected by the negative trend of the external scenario, in particular the drop in family consumption and the difficulties of Italian small and medium size companies. In Italy expectations for 2005 are already lower than at the beginning of the year and the growth in GDP has recently been lowered to 1.2% against a growth forecast of 2.1% advanced only last autumn.

In this market scenario SEAT PAGINE GIALLE S.p.A. has continued the actions taken in 2004 aimed at improving sales and service quality to its customers. This has been necessary since, in the recent past, little attention has been paid to the credit worthiness of customers and to the real needs of the different clients, while there has been excessive use of promotional levers and a large increase in prices. The new strategy has led to the application of stricter filters on the acceptance of customers, limits to the use of promotional offers and a reduction in price increases and, in the short term, has constituted a brake on the growth of revenues, in particular in print products (PAGINEGIALLE® and PAGINEBIANCHE®). This is more evident in large urban areas where the presence of medium/large customers is higher. At the same time, the strategy has a positive effect on the revenues quality, as is shown by the reduction in total debts, the decrease in the claims with customers and the improvement in the yield per page. These effects are expected to continue during the year, impacting in particular the trend of billings of large urban areas.

In the first quarter of 2005, a new sales approach based on the value of the services offered has continued throughout the entire sales network. New information tools have been developed to support these services. This activity was launched in April in the Turin 2006 directory and will gradually be extended to all directory areas in the next twelve months, with intensive training to all the sales force. The benefits are expected in 2006.

Following the positive results of 2004, the Thomson group is expected to continue the trend of growth in revenues and customer base, thanks to the continuous improvements in the print and on line products even in a market which is getting more and more competitive every day. Telegate is planning to continue to develop added value services in Germany, the Group's principal market, as well as is going to start up, slightly later than originally planned, activities in those countries in which market liberalisation is expected to be introduced (Italy and France).

At the Group level, despite the negative economic scenario, the impact of actions taken to improve the quality of sales in Italy and the delay in the liberalisation of Directory Assistance in Italy and France, the SEAT PAGINE GIALLE group is expected to have a positive performance in 2005, with a growth in EBITDA in line with the aims declared in the industrial plan.

## ➤ Related parties transactions

In compliance with CONSOB resolutions No. DAC/RM 97001574 dated February 20, 1997 and No. DAC/RM 98015375 dated February 27, 1998, as amended, concerning related parties transactions, the table below shows the economic and financial effects of these transactions as at March 31, 2005 on SEAT PAGINE GIALLE S.p.A. and the SEAT PAGINE GIALLE group.

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

All transactions carried out by the Group with related parties, including transactions among consolidated companies, take part to ordinary operations and are regulated at market conditions or in accordance with specific provisions of the law. There were no atypical and/or unusual transactions or transactions that could create a potential conflict of interest.

### Main economic and financial items of the SEAT PAGINE GIALLE group

(euro/thousand)	From/to unconsolidated, subsidiaries and affiliated companies	Descriptions
Interest income (expenses), net	(28,958)	include interest expenses on the long-term "Subordinated" loan with Lighthouse International Company S.A..
Financial loans	1,300,000	refer to the "Subordinated" loan with Lighthouse International Company S.A..
Financial accrued expenses	48,264	include interest expenses still not liquidated on the long-term "Subordinated" loan with Lighthouse International Company S.A..

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

(euro/thousand)	From/to subsidiaries and affiliated companies	Descriptions
Product sales and services	6,941	refer to revenues for call rebate from Telegate Italia S.r.l..
Costs of raw materials and external services	5,800	refer to call center costs incurred versus Prontoseat S.r.l. (€ 1.8 million) and Telegate Italia S.r.l. (€ 1.3 million), together with sales costs of € 2.5 million for direct marketing services incurred versus Consodata S.p.A..
Other income (expenses), net	118	refer to € 0.1 million for rental revenues and recovery of expenses deriving from rental contracts with Prontoseat S.r.l.
Financial income (expenses), net	(22,932)	refer to (i) € 29 million for interest expenses on the long-term "Subordinated" loan with Lighthouse International Company S.A., (ii) € 4.1 million for interest income on loans and on current account versus subsidiaries (out of which € 3.8 million from the TDL Infomedia group), (iii) € 2.3 million for dividends from Eurédit S.A..
Financial non current assets	171,250	refer to long-term loans in UK£ currency with TDL Infomedia Ltd..
Short-term financial assets	65,069	refer to € 35.3 million for short-term loans with TDL Infomedia Ltd., to € 25.6 million for short-term loans with Telegate Holding GmbH and to € 4.1 million for cash deposits versus Consodata S.p.A..
Financial loans	1,348,767	refer to € 1,300 million for the "Subordinated" loan with Lighthouse International Company S.A., to € 36 million for cash deposits liabilities versus Telegate A.G. and to € 12.6 million for cash deposits liabilities versus Consodata Group Ltd..
Trade account receivables and other	13,359	refer to € 10.5 million for trade account receivables from Telegate Italia S.r.l. and € 2.2 million for other receivables from Eurédit for the 2004 dividend which has not yet been paid.
Trade account payables and other	4,671	refer to € 1.7 million for trade account payables to Telegate Italia S.p.A., € 1.4 million to Prontoseat S.r.l. and € 1 million to Consodata S.p.A..
Accrued income	6,918	refers to accrued income still not paid at the end of the period on loans with subsidiaries, out of which € 6.7 million to TDL Infomedia Ltd..
Accrued expenses	48,422	refer to € 48.3 million for interest expenses accrued and still not paid at the end of the period with the "Subordinated" loan.

## ➤ Economic and financial performance of the Business Areas

(euro/mln)		Italian Directories	UK Directories	Directory Assistance (*)	Other Activities (*)	Aggregated Total	Eliminations	Consolidated Total
Product sales and services	1 <sup>st</sup> quarter 2005	132.4	19.4	43.0	7.7	202.6	(12.8)	189.8
	1 <sup>st</sup> quarter 2004	126.5	21.8	41.4	7.3	197.0	(9.3)	187.7
	Year 2004	1,060.4	170.0	173.1	55.4	1,458.9	(52.6)	1,406.3
Gross operating profit	1 <sup>st</sup> quarter 2005	49.1	(3.5)	11.6	(1.1)	56.1	0.1	56.2
	1 <sup>st</sup> quarter 2004	45.3	(0.2)	9.5	(1.1)	53.5	0.2	53.7
	Year 2004	584.3	44.1	41.6	8.7	678.7	0.1	678.8
EBITDA	1 <sup>st</sup> quarter 2005	35.0	(4.4)	10.7	(1.1)	40.2		40.2
	1 <sup>st</sup> quarter 2004	29.4	(1.2)	8.2	(1.1)	35.3		35.3
	Year 2004	529.8	38.4	35.4	8.0	611.5		611.5
Operating income (loss) before non-operating amortization	1 <sup>st</sup> quarter 2005	30.4	(5.2)	9.3	(1.7)	32.9		32.9
	1 <sup>st</sup> quarter 2004	25.4	(1.9)	6.4	(1.7)	28.2		28.2
	Year 2004	512.4	35.0	28.8	5.4	581.6		581.6
Capex	1 <sup>st</sup> quarter 2005	2.9	0.9	5.1	0.7	9.6		9.6
	1 <sup>st</sup> quarter 2004	0.7	0.4	0.6	0.7	2.4		2.4
	Year 2004	20.6	3.1	4.0	2.1	29.8		29.8
Employees at (units)	March 31, 2005	1,298	1,031	2,383	206	4,918		4,918
	March 31, 2004	1,379	976	2,362	210	4,927		4,927
	December 31, 2004	1,290	1,020	2,372	201	4,883		4,883
Sales agents at (units)	March 31, 2005	1,917				1,917		1,917
	March 31, 2004	1,940				1,940		1,940
	December 31, 2004	1,920				1,920		1,920

(\*) Figures of Prontoseat S.r.l. for the 1<sup>st</sup> quarter 2004 were duly reclassified from "Other Activities" Business Area to "Directory Assistance" Business Area, in order to compare them to the 1<sup>st</sup> quarter 2005.

Main operating data of the Group	1 <sup>st</sup> quarter 2005	1 <sup>st</sup> quarter 2004	Year 2004
<b>Published Directories</b>			
PAGINEBIANCHE®	12	12	103
PAGINEGIALLE®	26	26	202
ThomsonLocal	19	23	173
<b>Distributed Directories (values in million)</b>			
PAGINEBIANCHE®	3.5	3.6	26.2
PAGINEGIALLE®	3.0	3.1	21.7
ThomsonLocal	2.7	3.2	23.8
<b>Number of page views (values in million)</b> <i>30 minutes accesses to website with no interruption</i>			
PAGINEBIANCHE.it®	36.7	30.0	121.8
PAGINEGIALLE.it®	17.5	18.7	70.1
Europages.com	5.5	5.1	17.4
<b>Number of calls (values in million)</b>			
11880	27.8	29.1	120.6
89.24.24 Pronto PAGINE GIALLE®	4.4	3.6	16.9
<b>Number of users (values in million)</b>			
PAGINEBIANCHE® page views	n.s.	n.s.	23.7
PAGINEGIALLE® page views	n.s.	n.s.	21.3
PAGINEGIALLE.it® sole users	2.9	3.2	2.5
Callers at 89.24.24 Pronto PAGINE GIALLE®	1.6	1.3	4.4

## → Italian Directories

The main disclosures on the economic performance of this Business Area are included in the section dedicated to SEAT PAGINE GIALLE S.p.A..

### Regulation

#### Directories

In compliance with the resolution issued on July 15, 2004 by the Data Protection Authority (Autorità Garante dei dati personali), the realization of the Universal Data Base is by now almost completed: in the first quarter, all operators sent to their subscribers a specific form in order to obtain their consent and to require the publication of any additional data (e-mail, school degree, job); the new telephone Data Base is expected to be ready by May 31.

According to the Authority's resolution, the most important news concerning the publication of the Directories are the publishing of the following information starting from August 2005:

- mobile number;
- e-mail;
- two symbols - a phone and an envelope - indicating the subscriber's consent to receive advertising by telephone and by mail, respectively.

The new Universal Data Base may not be sold free-of-charge to outside companies, therefore SEAT PAGINE GIALLE has started informal negotiations with Telecom Italia (that, even if still not officially, should be the Operator selling the Universal Data Base) to examine pricing logic and criteria for acquiring the Universal Data Base. These criteria, pursuant to EU directives and domestic laws, will have to be "fair, non-discriminatory, and cost-oriented" even though so far the price has not yet been decided.

#### Directories Assistance

In accordance with the resolution 15/04/CIR, the first allotment procedure of the 12xy numbering ended in March. Through its subsidiaries, Telegate Italia S.r.l. and Prontoseat S.r.l., the SEAT PAGINE GIALLE group applied for and was awarded the 1240 and 1256 numbering. Meanwhile, AGcom published a new schedule for the start-up of the new numbering, as follows:

- start-up of 12xy numbering and contextual closing of the 12 service: August 18, 2005; and
- closing of the decade 4 internal network numbering: November 18, 2005.

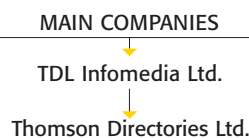
Telephone operators are required to notify customers about the changes both vocally (calling the 12 number and, later, 412) and by letter (on the telephone bill) within four months from the closing of the current services up to one year after the launch of the new 12xy numbering.

In the first quarter 2005, Telecom Italia, TIM, Vodafone, and Il Numero Italia (subsidiary of the US Infonxx Group) filed a petition for the annulment of resolution No.15/04/CIR with prior suspension, in first instance to the Regional Administrative Court of Lazio (TAR) and in the second instance to the Council of State. Both were rejected.

## → Directories UK

### Structure of the Business Area

The Thomson group (TDL Infomedia Ltd.) is the second most important directories provider in the United Kingdom, with about 14% market share (compared to the market leader). It generates revenues through advertising collection on print and on line directories and through business information services.



### Main corporate events

There are no significant events to report.

### Economic and financial performance

The table below sets out the highlights for the first quarter of 2005, compared to the same period of the previous year.

(euro/mln)	1 <sup>st</sup> quarter	1 <sup>st</sup> quarter	Year	Change	
	2005	2004	2004	Absolute	%
Product sales and services	19.43	21.84	169.98	(2.40)	(11.0)
Gross operating profit	(3.47)	(0.20)	44.11	(3.27)	n.s.
EBITDA	(4.39)	(1.16)	38.39	(3.23)	n.s.
Operating income before non-operating amortization	(5.19)	(1.91)	34.96	(3.28)	n.s.
Capex	0.89	0.40	3.10	0.49	123.2
Employees at end of the period (units)	1,031	976	1,020	55	5.6

In the first quarter of 2005, the TDL Infomedia group's product sales and services, expressed in pounds sterling, decreased by 9.2% compared to the first quarter of 2004. This temporary effect was due to the publication of four fewer directories compared to the same period of 2004. These directories will be published in the next months.

On a consistent basis with published directories and exchange rates, product sales and services of the Group increased by 11.0% in the first quarter, due to the good performance of on line directories (+ 15.1%) which increased from € 3.1 million to € 3.6 million, the development of product contents, the agreements of Business Finder distribution, the growing interest in the new search engine Webfinder.com, which was launched at the end of 2003, as well as sales force incentives aimed at reawarding multi-product sales.

These results strengthen the validity of Thomson's commercial offering, as they were achieved through an ongoing growth (+10.3%) of the directories customer base (print and on line), maintaining a relatively flat average value per customer despite a higher degree of competition and significant price pressures caused by the market regulation (retail price index – RPI – -6%). Last April, the Office of Fair Trading (OFT) announced to the market the results of a survey conducted on the UK directories market, highlighting the relatively low level of competition despite the high level of pressure on prices and the recent entry of new competitors in the market. The OFT asked the Competition Commission to open a further survey on this issue. The Thomson group officially stated its willingness to cooperate, deeming the current UK market quite dynamic and competitive, as the obtainable results can show.

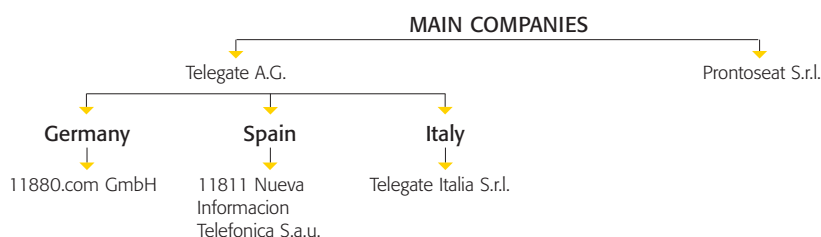
On the EBITDA level, TDL Infomedia Ltd. showed an approximately € 3.2 million decrease compared to the first quarter of 2004 due to the late publication of four directories as disclosed above. On a consistent directories basis, EBITDA decreased by £ 0.1 million compared to the first quarter of 2004, despite the increase in advertising expenses (+ £ 1.2 million) as a consequence of changes in the scheduling of the 2005 TV campaign compared to 2004.

## → Directory Assistance

### Structure of the Business Area

The "Directory Assistance" Business Area provides telephone information services through the Group headed by the German subsidiary Telegate A.G..

In Germany Telegate A.G., operating with the voice information service 11880, is the second market leader operator, behind the former monopolist Deutsche Telekom, with a 32% market share; in Spain, whose market has been recently deregulated, Telegate A.G. has become the second competitor (behind the Telefonica group) thanks to the 11811 number.



### Main corporate events

There are no significant events to report.

### Economic and financial performance

The figures of the "Directory Assistance" Business Area include the results of the Telegate group and Prontoseat S.r.l.. Therefore, the results of the "Directory Assistance" Business Area for the first quarter of 2004 have been properly reclassified in order to take this change into account and to compare values on a like for like basis.

The table below sets out the highlights for the first quarter of 2005, compared to the same period of the previous year.

(euro/mln)	1 <sup>st</sup> quarter	1 <sup>st</sup> quarter	Year	Change	
	2005	2004		2004	Absolute
Product sales and services	43.02	41.36	173.09	1.66	4.0
Gross operating profit	11.62	9.52	41.60	2.10	22.0
EBITDA	10.68	8.21	35.41	2.47	30.1
Operating income before non-operating amortization	9.34	6.41	28.82	2.93	45.7
Capex	5.09	0.64	3.98	4.45	n.s.
Employees at end of the period (units)	2,383	2,362	2,372	21	0.9

Further information is provided below, referring to the main companies which are currently included in the Business Area.

## Telegate group

16.43% held by SEAT PAGINE GIALLE S.p.A. and 61.87% by Telegate Holding GmbH

### Economic and financial performance

The table below sets out the highlights for the first quarter of 2005, compared to the same period of 2004.

(euro/mln)	1st quarter	1st quarter	Year	Change	
	2005	2004	2004	Absolute	%
Product sales and services	41.12	40.27	173.09	0.85	2.1
Gross operating profit	11.38	9.27	41.60	2.11	22.7
EBITDA	10.52	7.95	35.41	2.57	32.3
Operating income before non-operating amortization	9.29	6.26	28.82	3.02	48.3
Capex	4.83	0.51	3.98	4.32	n.s.
Employees at end of the period (units)	2,062	2,234	2,372	(172)	(7.7)

"Product sales and services" of the Telegate group amounted to € 41.1 million in the first quarter of 2005, a 2.1% increase compared to the first quarter of 2004, and were driven by the positive performance of activities in Spain and Italy. Telegate also achieved an increase in profitability.

Revenues in Germany decreased by 5.3% due to a reduction in the number of calls (-10.1%, to 18.5 million) in connection with the general market downtrend as well as the Easter holiday, falling in March (in April in 2004), when the number of calls normally drops. This reduction was in part offset by a 5.4% increase in the average value per call, attributable to a higher weight of added-value services.

Caller services and content continued to be improved and enhanced in the first quarter of 2005: in addition to the existing "call by call" and "reverse search" services introduced in 2004, the "near by search" service was launched and emergency services were strengthened and reviewed. After being awarded an outsourcing contract in 2004 to provide E-plus wireless telephone services, the Group continued its policy of expanding its outsourcing operations which allows Telegate A.G. to further increase its traffic volume.

Revenues in Italy and Spain increased to € 13.2 million (26.5% growth compared to the same period in 2004). In particular, Telegate Italia S.r.l. benefited from the positive effects arising from the strong increase in call volume (+13.4% compared to the same period in 2004), not only boosting revenues from outsourcing services, but also reaching a € 2.3 million growth of revenues from number portability which - we wish to point out this fact - generate no margin.

A good performance was also achieved in Spain where Telefonica's Universal Service covers about half of the market, Telegate España achieved the number two position with its 11811 service in terms of volume and recognizability among operators, behind the Telefonica group. In Spain, as well as in Germany, the company was awarded an important contract to provide services to the Televisivo Antena3 group, thanks to its recognized skills in managing high level call-center services.

EBITDA reached € 10.5 million, an increase of 32.3% compared to the first quarter of 2004 due to steady margins in Germany and improved performance in Spain and Italy. In Germany, cost-efficiency efforts allowed to approximately increase by 1% in EBITDA (to 34.8%), despite the expected decrease in volume, as mentioned above. Furthermore, the 2004 was impacted by € 2.2 million for costs referred to 118866 Ltd., company operating in the United Kingdom market that has now been abandoned.

The increase in industrial investments was due to the planned and gradual replacement of hardware and software at the German call centers in order to optimize the fixed cost structure.



## Prontoseat S.r.l.

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

The table below sets out the highlights for the first quarter of 2005, compared to the same period of 2004.

(euro/mln)	1 <sup>st</sup> quarter	1 <sup>st</sup> quarter	Year	Change	
	2005	2004	2004	Absolute	%
Product sales and services	1.90	1.09	6.19	0.81	74.6
Gross operating profit	0.24	0.25	1.51	(0.01)	(5.2)
EBITDA	0.16	0.25	0.87	(0.10)	(37.5)
Operating income before non-operating amortization	0.05	0.14	0.41	(0.10)	(66.4)
Capex	0.26	0.13	0.28	0.13	103.1
Employees at end of the period (units)	321	128	262	193	n.s.

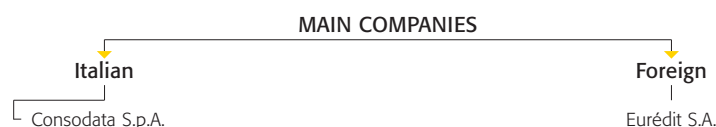
The company runs the 89.24.24 Pronto PAGINE GIALLE® service and has the exclusive for running Prontissimo (the 89.24.24 service dedicated to the most loyal customers) through a technological integration with Telegate Italia S.r.l..

Product sales and services increased by 74.6%, boosted by the growth in call rebate in terms of the call volume of the 89.24.24 Pronto PAGINE GIALLE® service.

This good performance did not impact EBITDA because of rising personnel costs (from € 0.3 million in the first quarter of 2004 to € 1.2 million in the first quarter of 2005) as a result of the decision to run operations with directly employed personnel.

## → Other activities

### Structure of the Business Area



### Main corporate events

On March 3, 2005, the Boards of Directors' Meetings of Consodata S.p.A. and Consodata Marketing Intelligence S.r.l. approved the merger by incorporation of Consodata Marketing Intelligence S.r.l. into Consodata S.p.A..

### Economic and financial performance

The table below sets out the principal highlights for the first quarter of 2005, compared to the same period of 2004.

(euro/mln)	1 <sup>st</sup> quarter	1 <sup>st</sup> quarter	Year	Change	
	2005	2004	2004	Absolute	%
Product sales and services	7.71	7.28	55.42	0.43	5.9
Gross operating profit	(1.06)	(1.11)	8.72	0.05	4.6
EBITDA	(1.10)	(1.15)	7.95	0.04	3.9
Operating income before non-operating amortization	(1.69)	(1.74)	5.42	0.05	2.7
Capex	0.70	0.66	2.11	0.05	7.0
Employees at end of the period (units)	206	210	201	(4)	(1.9)

Information provided below relates to the main companies that are currently included in the Business Area.

## Consodata S.p.A.

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

The table below sets out the highlights for the first quarter of 2005, compared to the same period of 2004.

(euro/mln)	1 <sup>st</sup> quarter	1 <sup>st</sup> quarter	Year	Change	
	2005	2004	2004	Absolute	%
Product sales and services	7.52	6.86	29.34	0.66	9.6
Gross operating profit	0.84	0.67	3.72	0.17	25.7
EBITDA	0.84	0.68	3.66	0.16	23.9
Operating income before non-operating amortization	0.36	0.24	1.67	0.12	49.0
Capex	0.50	0.53	1.74	(0.04)	(7.2)
Employees at end of the period (units)	145	144	140	1	0.7

The Company offers different direct marketing and geo-referential marketing products to both Large Customers, with dedicated networks, and small and medium-sized Italian enterprises, through the diffused SEAT PAGINE GIALLE S.p.A. sales network.

In the first quarter of 2005, revenues increased to € 7.5 million (+9.6%), due to the awarding of several important contracts with large customers that will continue to generate revenues in future months, as well as the good sales performance through the SEAT network.

EBITDA amounted to € 0.8 million, a significant increase compared to the same period of 2004, thanks to revenues and efforts to optimize costs, especially personnel costs.

**EURO  
PAGES**

## 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 on line in 24 languages (including Chinese, Arabic, and Aramaic), and is also distributed in print and CD-ROM to more than 500,000 European companies.

Eurédit S.A., whose revenues amounted to approximately € 0.2 million in the first quarter of 2005, publishes its directories in the third quarter of the year and thus does not generate any significant revenues during the remaining quarters.

## ➤ Other information

### ➔ 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. (hereinafter the “Spunoff Company”) – SEAT PAGINE GIALLE S.p.A. is jointly liable with the Spunoff Company for liabilities derived from certain litigations not settled by the Spunoff Company, pursuant to Art. 2506-quater, comma 3, of the Italian civil code. With this regard there are no new developments in the suits still in process between the Spunoff Company and the Cecchi Gori group. Three of these suits are in the appeal stage, as the Cecchi Gori group has contested the respective judgments issued by the Court of Rome and the Court of Milan, and one is still in the court of first instance, pending at the Court of Milan. Consequently, by virtue of the aforesaid potential joint liability, SEAT PAGINE GIALLE S.p.A. may be subject to legal action by the Cecchi Gori group in case of rulings in its favor and if its claims against the Spunoff Company are not satisfied. However, in this case, SEAT PAGINE GIALLE S.p.A. has the right to be indemnified by the Spunoff Company.

Furthermore, on August 8, 2003, Telecom Italia S.p.A. signed a letter pledging itself, also in the interest of SEAT PAGINE GIALLE S.p.A., to provide the Spunoff Company with the liquidity which may be necessary to enable the latter to pay, at the due date, its debts existing at the date the spin-off took effect and remaining vested in the Spunoff Company.

It must also be pointed out that the Spunoff Company and SEAT PAGINE GIALLE S.p.A., within the spin-off operation, signed an agreement dated August 1, 2003 in terms of which: (i) any liabilities attributable to the company division which remained vested in the Spunoff Company (as those inherent the proceedings described above) or those transferred to SEAT PAGINE GIALLE S.p.A. will remain entirely attributable to the company who owns the division; (ii) the allocation of liabilities not expressly attributable to each company division, according to a criterion proportionate to the net equity stake respectively transferred to SEAT PAGINE GIALLE S.p.A. or remaining vested in the Spunoff Company.

## → Adoption of IAS/IFRS accounting principles

The Group is currently completing the quantification of the differences between IAS/IFRS and the Italian accounting principles to produce:

- the opening Balance Sheet as at January 1, 2004;
- the Financial Statements as at December 31, 2004, restated for comparative purposes only;
- the 2004 quarterly and half-year reports, restated for comparative purposes only.

The Company will take the following preparatory steps in the quantification of the differences between IAS/IFRS accounting principles and the Italian accounting principles:

- presentation of Financial Statements:
  - **Balance Sheet layout:** IAS 1 requires the classification of assets and liabilities according to "current/non-current" criterion, i.e. according to the "liquidity" criterion. SEAT PAGINE GIALLE intends to use the "current/non-current" criterion; and
  - **Statement of Operations layout:** according to IAS 1, the Statement of Operations may be shown with costs accounted for by nature or function. SEAT PAGINE GIALLE intends to use the first classification;
- IFRS 1 allows the possibility of accounting for properties, plant and machineries, and intangible fixed assets at fair value, rather than at original cost, or, alternatively, at revalued cost as at January 1, 2004. SEAT PAGINE GIALLE does not plan to make use of this opportunity;
- business combinations: they must be accounted for according to IFRS 3. SEAT PAGINE GIALLE does not intend to apply IFRS 3 retrospectively to transactions that took place before the IAS/IFRS transition date (January 1, 2004), as allowed under IFRS 1;
- reserve for net exchange rate differences arising from the translation of Financial Statements of foreign equity investments. According to IAS 21, net exchange rate differences deriving from the translation of Financial Statements of a foreign equity investment must be accounted for in a separate reserve of the net equity. Following the disposal of the foreign entity, this reserve must be reclassified in the Statement of Operations among capital gains/losses on disposal. IFRS 1 allows companies adopting IAS/IFRS for the first time to apply IAS 21 in a forward-looking manner and therefore not to account for the net exchange rate differences deriving from the translation of the Financial Statements of consolidated foreign entities as of the transition date. SEAT PAGINE GIALLE does not plan to apply this exemption;
- share-based payments: IFRS 2 is applied to annual Financial Statements starting from January 1, 2005 or later. SEAT PAGINE GIALLE plans to apply this principle for comparative purposes only starting from January 1, 2004;
- derivative hedging instruments: IAS 39 is applied to Financial Statements starting from January 1, 2005. Application of this principle is not required for the previous financial year, not even for comparative purposes. SEAT PAGINE GIALLE plans to make use of this opportunity.

The main differences between the Italian accounting principle and IAS/IFRS principles in full force (excluding therefore the treatment of differences deriving from the first time adoption of the international principles) are illustrated as follows:

- *goodwill and goodwill on consolidation*: these items will no longer be amortized on a straight-line basis on the Statement of Operations, but will be subjected to an impairment test at least once a year in order to determine any loss in value;
- *stock option*: based on IFRS 2, SEAT PAGINE GIALLE S.p.A. stock option plans can be classified under the category of "equity settled share-based-payment transactions" or "goods and services purchased against payment using instruments representing capital"; on the basis of this principle, stock options must be accounted for at their granted date, at fair value, recognizing in the Statement of Operations a cost that is counterbalanced by an increase in the equity reserve;
- *reserve for severance indemnities*: Italian accounting principles requires to account for this liabilities on the basis of the nominal value as resulting at the date of closure of the Financial Statements, according to civil-law provisions in force. Under IAS/IFRS, the reserve for severance indemnities falls into the category of defined benefit plans subject to actuarial valuations; and
- *derivative hedging instruments*: pursuant to IAS/IFRS they will be accounted for in the Financial Statements at "mark to market" value.

Also by virtue of CONSOB resolutions, SEAT PAGINE GIALLE plans to adopt international accounting standards for the first time for the consolidated half-year Financial Statements as at June 30, 2005 as well as the half-year Financial Statements of SEAT PAGINE GIALLE S.p.A..



**To contact SEAT PAGINE GIALLE S.p.A.:**

Investor Relations  
Via Saffi, 18  
10138 Turin (Italy)  
Fax: +39.011.435.27.22  
E-mail: [investor.relations@seat.it](mailto:investor.relations@seat.it)  
[www.seat.it](http://www.seat.it)

**A copy of official documents  
may be requested to:**

SEAT PAGINE GIALLE S.p.A.  
Corporate Affairs Office  
Via Saffi, 18  
10138 Turin (Italy)  
Fax: +39.011.435.42.52  
E-mail: [ufficio.societario@seat.it](mailto:ufficio.societario@seat.it)  
[www.seat.it](http://www.seat.it)

**SEAT PAGINE GIALLE S.p.A.:**

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

Art direction Barabino & Partners

Graphic concept Fitolito BN

Printed by Fitolito BN

Printed in July 2005