



**FIERA MILANO**

## **Half-year Financial Report at 30 June 2015 (First half of FY2015)**

This document is available in the Investor Relations section of the Company website,  
[www.fieramilano.it](http://www.fieramilano.it)

This document contains a faithful translation in English of the original report in Italian "Relazione finanziaria semestrale al 30 giugno 2015".

However, for information about Fiera Milano Group reference should be made exclusively to the original report in Italian.

The Italian version of the "Relazione finanziaria semestrale al 30 giugno 2015" shall prevail upon the English version.

### **Fiera Milano SpA**

Registered office: Piazzale Carlo Magno, 1 - 20149 Milan  
Operational and administrative office: SS del Sempione, 28 - 20017 Rho (Milan)  
Share Capital: Euro 42,147,437.00 fully paid up.  
Companies Register, Tax Reference and VAT no. 13194800150  
Economic Administrative Register 1623812

Rho (Milan), 27 July 2015

# Contents

<b>CORPORATE BODIES AND INDEPENDENT AUDIT FIRM</b>	page	3
<b>BUSINESS MODEL</b>	page	4
<b>GROUP STRUCTURE</b>	page	5
<b>HIGHLIGHTS OF THE FIRST SEMESTER 2015</b>	page	6
<b>REFERENCE SECTOR BACKGROUND</b>	page	7
<b>FIERA MILANO GROUP HALF-YEAR FINANCIAL REPORT</b>		
• <b>Interim report on operations</b>		
• Summary of results and significant events in the semester	page	8
• Information by operating segment and by geographic area	page	18
• Related-party transactions	page	24
• Group personnel	page	24
• Risk factors affecting the Group	page	24
• Key figures for Group companies	page	30
• Significant events occurring after the end of the reporting period	page	32
• Business outlook and evaluation of the business as going concern	page	32
• <b>Interim Condensed Consolidated Financial Statements at 30 June 2015</b>		
• Consolidated Statement of Financial Position	page	35
• Consolidated Statement of Comprehensive Income	page	36
• Consolidated Statement of Cash Flows	page	37
• Consolidated Statement of Changes in Equity	page	38
• Illustrative notes:		
– Accounting standards and consolidation criteria	page	39
– Disclosure on subsidiaries, joint ventures and associates	page	43
– Assets and liabilities held for sale	page	44
– Segment reporting	page	45
– Notes to the Interim Condensed Consolidated Financial Statements	page	48
– Attachment 1 – List of companies included in the area of consolidation and other equity investments at 30 June 2015	page	79
<b>Declaration relating to the Interim Condensed Consolidated Financial Statements pursuant to Article 154-bis paragraph 5 of Legislative Decree 58/98</b>	page	80
<b>Independent Auditor’s Report</b>	page	81

# Corporate Bodies and Independent Audit Firm

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## BOARD OF DIRECTORS

Roberto Rettani	Chairperson*°
Attilio Fontana	Deputy Vice Chairperson*°
Licia Ronzulli	Vice Chairperson*°
Corrado Arturo Peraboni	Chief Executive Officer
Joyce Victoria Bigio	Director*°
Renato Borghi	Director °
Pier Andrea Chevallard	Director *°
Vincenza Patrizia Rutigliano	Director *°
Romeo Robiglio	Director

\* Independent director under the Self-Regulatory Code of the Italian Stock Exchange.

° Independent director under Article 148, paragraph 3 of Legislative Decree no. 58 of 24 February 1998.

## CONTROL AND RISK COMMITTEE

Joyce Victoria Bigio  
Renato Borghi  
Vincenza Patrizia Rutigliano

## REMUNERATION COMMITTEE

Attilio Fontana  
Romeo Robiglio  
Licia Ronzulli

## BOARD OF STATUTORY AUDITORS

Federica Nollì	Chairperson
Antonio Guastoni	Statutory Auditor
Carmine Pallino	Statutory Auditor
Francesca Maria D'Alessandro	Substitute Auditor
Alessandro Carlo Galli	Substitute Auditor

## SUPERVISORY BOARD under Decree Law 231/01

Pier Andrea Chevallard  
Federica Nollì  
Ugo Lecis

## MANAGER RESPONSIBLE FOR PREPARING THE COMPANY'S FINANCIAL STATEMENTS LAW 262/2005

Flaminio Oggioni

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The Board of Directors and the Board of Statutory Auditors were appointed at the Shareholders' Meeting of 29 April 2015 and their mandates expire with the Shareholders' Meeting to approve the Financial Statements at 31 December 2017.

The Board of Directors is invested with the widest powers for the ordinary and extraordinary management of the Company, excluding only those which by law are the preserve of the Shareholders' Meeting.

The Chairperson, in addition to legally representing the Company and performing the duties as required by law and by the Company's articles of association, also, in conjunction with the Chief Executive Officer, has the following responsibilities: relations with shareholders, national and international institutional relations, internationalisation activities, strategic and innovative initiatives, coordinating the work of the Board of Directors for the appointment of new Directors, verification of the implementation of the Board of Directors' resolutions and supervision of the internal audit.

The Chief Executive Officer has ordinary and extraordinary administrative powers, except for those relating to certain specific matters that include the acquisition or disposal of investments, obtaining loans that exceed 30% of the Company's equity, the stipulation of contracts for assets, excluding leases for the conduct of Company business of less than six years duration, approval of the budget for the year, and the grant of guarantees to third parties.

## INDEPENDENT AUDITOR

Reconta Ernst & Young SpA

The mandate, given the independent audit firm by the Shareholders' Meeting of 29 April 2014, is for the 2014-2022 financial years.

## Business model

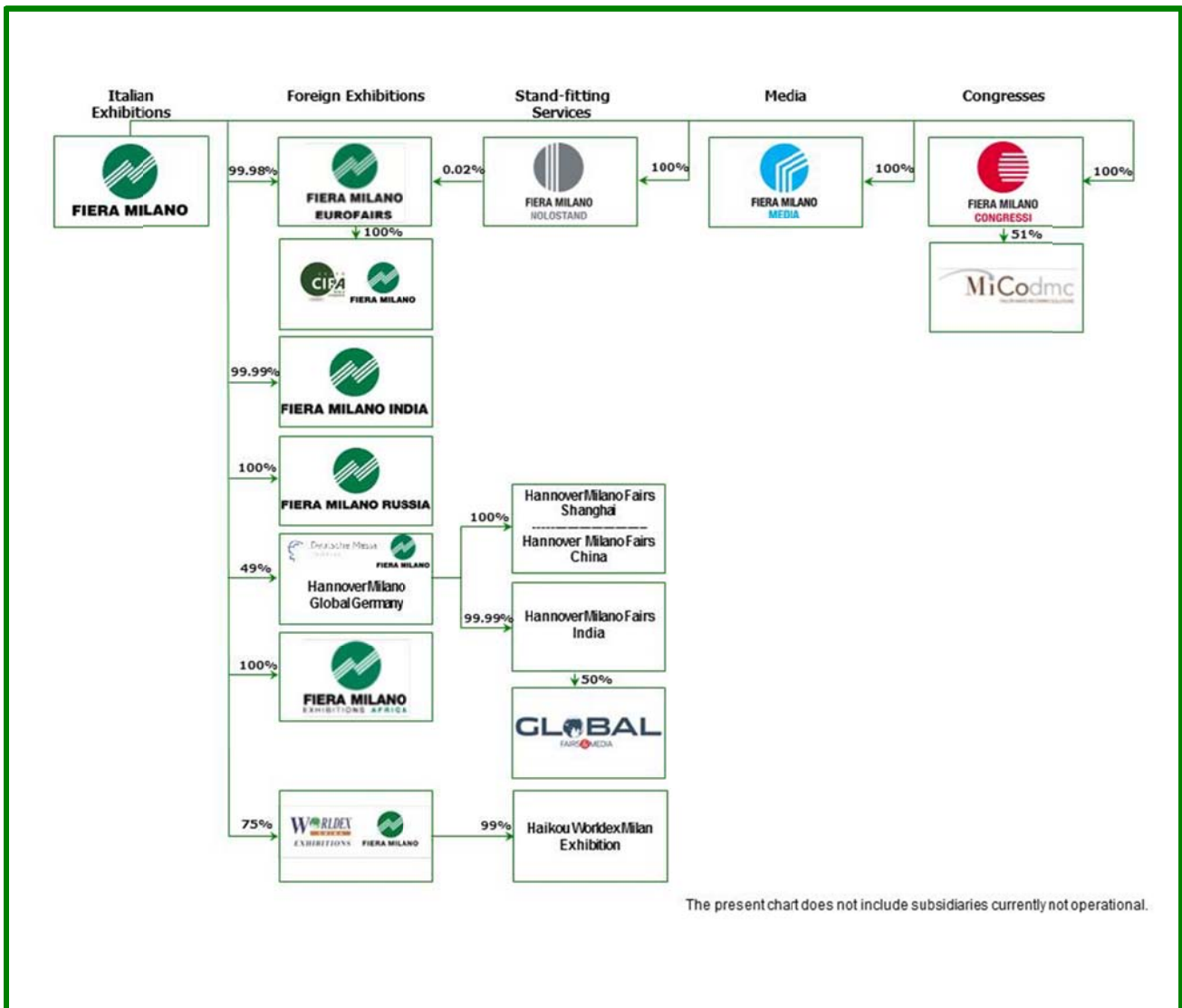
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The Fiera Milano Group is involved in all the characteristic phases of the exhibition and congress sector and is one of the leading international integrated companies in this sector.

Its operating segments are:

- **Italian Exhibitions:** this segment covers all activities for the organisation and hosting of exhibitions and other events in Italy through the use, promotion and offer of furnished exhibition spaces, of project support, and of ancillary services. This segment includes all activities associated with exhibitions (including end services for exhibitors and visitors):
  - that are directly organised by the Group or in partnership with third-parties;
  - organised by third parties, through the hiring out of spaces and services.
- **Foreign Exhibitions:** this segment covers all activities for the organisation of exhibitions and other events abroad through the use, promotion and offer of furnished exhibition spaces, of project support, and of ancillary services. Specifically this segment includes all activities associated with exhibitions (including end services for exhibitors and visitors) that are directly organised by the Group or in partnership with third-parties.
- **Stand-fitting services:** this segment covers stand-fitting services, technical services and all exhibition site services for exhibitions and congresses.
- **Media:** this segment covers the production of content and supply of on line and off line publishing services, as well as those associated with the organisation of events and congresses.
- **Congresses:** this segment covers the management of conferences and events.

# Group structure



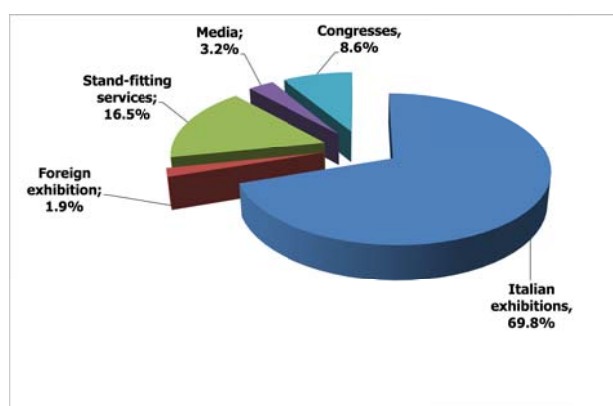
# Highlights of the first semester 2015

## PERFORMANCE

**Consolidated revenues:** Euro 182 million, of which Euro 4 million generating outside Italy.

### BREAKDOWN OF REVENUES BY OPERATING SEGMENT

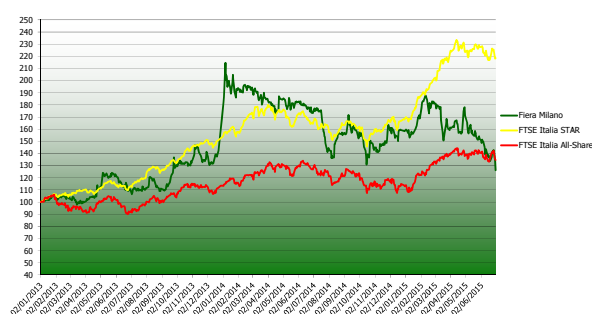
(gross of inter-segment transactions)



### Share price performance 2 January 2013 - 30 June 2015

#### FIERA MILANO SHARE PRICE PERFORMANCE RELATIVE TO THE MAIN INDICES

(basis 02.01.2013=100)



Fiera Milano **+26%**  
FTSE Italia STAR **+119%**  
FTSE Italia All-Share **+35%**

**Market capitalisation at 30 June 2014:**  
Euro 291 million

## BUSINESS

**Number of exhibitions held:**  
59, of which 21 abroad.

**Number of exhibitors:**  
20,735, of which 3,700 abroad.

## EXIBITION SPACE

**Net exhibition space occupied:**  
1,140,930 square metres  
of which 142,265 square metres abroad.

**Total gross exhibition space:**  
388,000 square metres

of which  
345,000 square metres  
in the **fieramilano** exhibition site

43,000 square metres  
in the **fieramilanocity** exhibition site

## Reference sector background

In June 2015, UFI (the Global Association of the Exhibition Industry) carried out the fifteenth *Global Exhibition Barometer*, since 2009 this survey has measured the impact of the economic crisis on the exhibition sector as judged by its members. The most recent survey reflects the views of 201 participants in 55 countries.

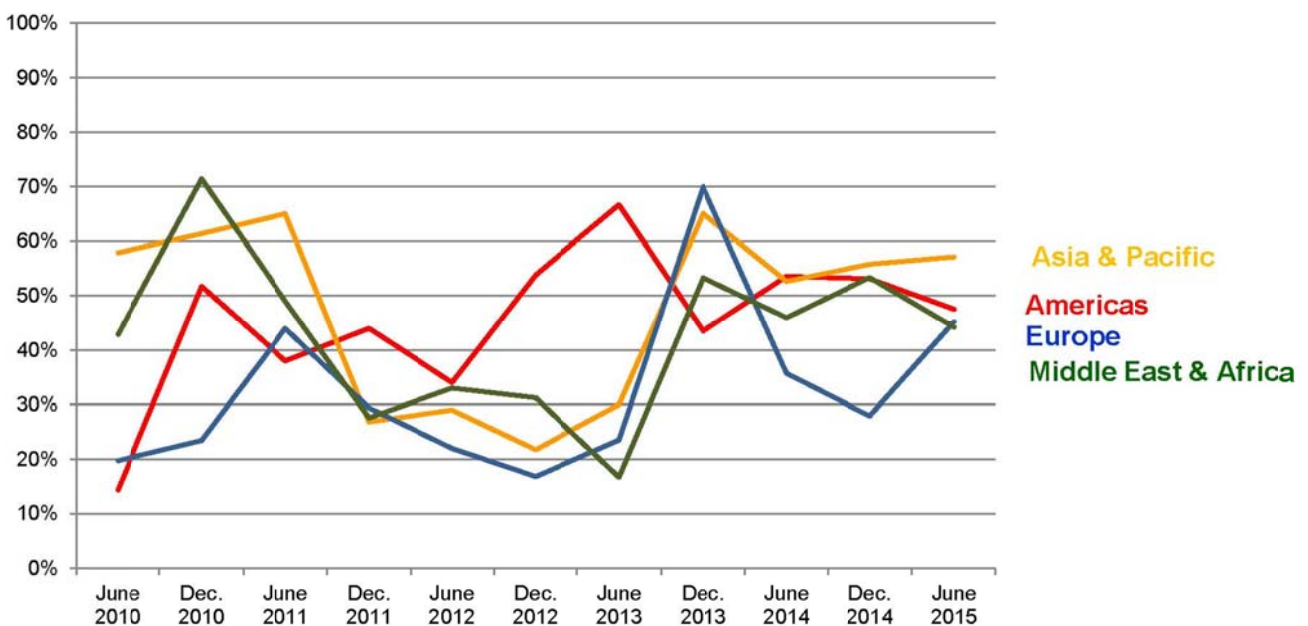
The main results of the survey may be summarised as follows:

- on average six out of ten respondents in each geographic area believe there will be an improvement in 2015 and in the first half of 2016;
- in comparison with 2014, business levels are substantially unchanged in the Americas and in Europe whilst there has been a slight decline in the Asia-Pacific area and in the Middle East and in Africa, areas that benefited from higher growth rates in the preceding year;
- the US and Chinese markets have experienced stronger growth;
- in Europe, German and Russian respondents expect lower results in 2015 whilst, on average, five out of ten companies in this whole geographic area expect an increase in revenues.

50% of respondents from all geographic areas stated that their business was no longer affected by the economic crisis. This response is in line with that came from the survey carried out in the preceding semester except in Europe where the confidence level rose from 28% to 45%. Two-thirds of all those surveyed believe that the crisis will end in 2015 or 2016 whilst the remainder believe that it will continue until 2017 and beyond.

The results of the survey are shown in the chart below.

### **% of companies that in the last ten Global Exhibition Barometer surveys state that the impact of the economic crisis on their exhibition business has ended**



# Interim report on operations

## Summary of results and significant events during the first semester

The table below gives the key figures of the Group for the semester under review and the comparative data for the same period of the previous financial year, as well as those for the financial year to 31 December 2014:

Full year 31/12/14 restated	<b>Fiera Milano Group Summary of key figures</b>  (Amounts in € 000)	1st Half at 30/06/15	1st Half at 30/06/14 restated
<b>242,711</b>	<b>Revenues from sales and services</b>	<b>181,532</b>	<b>137,596</b>
<b>(3,159)</b>	<b>Gross operating result (a)</b>	<b>26,715</b>	<b>5,305</b>
<b>(18,345)</b>	<b>Net operating result (EBIT)</b>	<b>12,774</b>	<b>(210)</b>
<b>(18,635)</b>	<b>Net profit/(loss) from continuing operations</b>	<b>5,136</b>	<b>(3,360)</b>
<b>(471)</b>	<b>Net profit/(loss) from discontinued operations</b>	<b>(1,988)</b>	<b>(378)</b>
<b>(19,106)</b>	<b>Net profit/(loss):</b>	<b>3,148</b>	<b>(3,738)</b>
<b>(18,836)</b>	<b>- Attributable to the shareholders of the controlling entity</b>	<b>3,946</b>	<b>(3,218)</b>
<b>(270)</b>	<b>- Attributable to non-controlling interests</b>	<b>(798)</b>	<b>(520)</b>
<b>(3,920)</b>	<b>Cash flow for the Group and non-controlling interests (b)</b>	<b>17,089</b>	<b>1,777</b>
<b>141,355</b>	<b>Net capital employed (c)</b>	<b>116,995</b>	<b>147,728</b>
	<b>covered by:</b>		
<b>17,034</b>	<b>Equity attributable to the Group</b>	<b>22,288</b>	<b>31,719</b>
<b>2,654</b>	<b>Non-controlling interests</b>	<b>340</b>	<b>2,645</b>
<b>121,667</b>	<b>Net financial debt/(cash)</b>	<b>94,367</b>	<b>113,364</b>
<b>8,515</b>	<b>Investments</b>	<b>2,650</b>	<b>6,533</b>
<b>807</b>	<b>Employees (no. of permanent employees at the end of period)</b>	<b>804</b>	<b>816</b>

(a) Gross operating result is the result before depreciation and amortisation, adjustments to asset values and other provisions.  
(b) Cash flow is the sum of the result for the period, depreciation and amortisation and provisions.  
(c) Net capital employed is the sum of non-current assets, non-current liabilities and net working capital.

Some figures in the consolidated financial statements at 31 December 2014 and in the interim condensed consolidated financial statements at 30 June 2014 have been restated for comparative purposes following the application of IFRS 5.

The results of the first semester 2015 were considerably better both in terms of revenues and gross operating profit than those of the same semester of 2014, mainly because of the more favourable exhibition calendar and the strong performance of the congress and stand-fitting sectors due to the contracts linked to EXPO 2015. This resulted in a very positive net operating margin (EBIT) despite the impairment charges on the value of goodwill and trademarks taken by the foreign subsidiaries, Cipa Fiera Milano in Brazil and Fiera Milano Exhibitions Africa in South Africa, and those taken by the Parent Company for the Transpotec & Logitec trademark.

The presence in the period under review of the directly organised biennial exhibition Tuttofood, which had a record edition, the six-monthly exhibition, Lineapelle, which was held for the first time in the Rho exhibition site in the second semester of 2014, the biennial exhibition Made EXPO, as well as the triennial exhibitions Ipack-Ima and Plast, had a significant impact on the results for the semester. This was, however, in part, offset by the absence of the important biennial exhibition Mostra Convegno Expocomfort.

The first editions of Simac Tanning-Tech, an exhibition dedicated to technologies for the production of shoes and leather goods, My Plant & Garden, a B2B exhibition in the floriculture sector, three new downstream exhibitions linked to Ipack-Ima that are dedicated to fresh food processing (Meat-Tech for meats, Dairytech for milk and derivative products, and Fruit Innovation for fruit and vegetables), Intralogistica, a trade exhibition for corporate internal logistics equipment, and the World Dog Show



for canine enthusiasts were all held in the **fieramilano** exhibition site. The new event 3D Print, an exhibition on 3D printing, was held in the **fieramilanocity** site.

As part of the contracts linked to EXPO 2015, Fiera Milano has turned the concept of the Thematic Areas (the Pavilion Zero, the Future Food District, the Children's Park, and the Biodiversity Park) into an executive plan: the Thematic Areas elaborate in different ways and to varying degrees the main theme of EXPO 2015, "Feeding the Planet – Energy for Life", through exhibitions and dedicated installations.

Fiera Milano has also designed the furnishing of the Italian Pavilion and of the Cluster exhibition spaces for EXPO 2015 and has built the exhibition stands of several of the countries taking part in EXPO. Lastly, it signed a contract worth Euro 7.200 million to rent areas inside the exhibition site totalling approximately 120,000 square metres for vehicle circulation and parking areas until 10 November 2015.

Revenues of Euro 5.900 million for the aforementioned contracts were included in the results of the first semester 2015 and reflect the share of the contracts completed at the end of the period under review.

In the first semester 2015, the subsidiaries Nolostand and Fiera Milano Congressi won contracts worth approximately Euro 7.900 million from EXPO 2015 for stand-fitting services and to manage events in the EXPO 2015 Congress Centre and Auditorium. Revenues recognised in the first semester for these contracts totalled Euro 6.223 million.

On 29 June 2015, the Board of Directors of the Parent Company approved a proposal for a share capital increase on a paid basis and in divisible form. The increase is for a total maximum amount, inclusive of any share premium, of Euro 70 million to be offered to all holders of shares in the Company, in accordance with Article 2441, paragraph 1 of the Italian Civil Code, through the issue of new ordinary shares with normal entitlement and identical in character to the shares already in circulation at the time of issue. The share capital increase is to be carried out within a period of 12 months from the date of approval granted by the Shareholders' Meeting, with subsequent amendment of the Company's Articles of Association.

On 8 July 2015, the Explanatory Report of the Board of Directors on the proposals on the agenda of the Extraordinary Shareholders' Meeting to be held just once on 31 July 2015 was published. On 20 July 2015, Fondazione Fiera Milano, the controlling shareholder of Fiera Milano with a shareholding of 62.062% made an irrevocable undertaking, assuming approval of the Extraordinary Shareholders' Meeting, to exercise all its rights and subscribe and pay for its quota of the new shares.

The same Extraordinary Shareholders' Meeting is also asked to grant the Board of Directors all necessary powers to determine, in the period prior to the start of the rights issue, the definitive amount of the capital increase, the number of shares to be issued, the ratio at which they will be offered to existing shareholders, the cancellation of the indicated nominal value of the shares and the consequent changes to the Company's Articles of Association, as well as the issue price and the timing for the execution of the proposed share capital increase within the final terms established by the Extraordinary Shareholders' Meeting.

Once concluded, the proposed share capital increase will strengthen the capital position and will help reduce financial leverage while at the same time providing support for the investment and development plan of the Group.

In addition to the aforementioned transactions, it should be noted that:

- On 9 April 2015, the Parent Company acquired 15% of Fiera Milano Exhibitions Africa Pty Ltd for Euro 3.945 million South African rand (Euro 0.300 million<sup>1</sup>). As a result of this transaction the Parent Company's shareholding went from 85% to 100%.

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<sup>1</sup> Figures in Euro are given using the exchange rate of 24 February 2015 (EUR/ZAR = 13.149)

- On 29 April 2015, the Shareholders' Meeting of the Parent Company was held and approved the financial statements to 31 December 2014 and the proposal to cover the losses for the year of Euro 30,674,121.31 through the use of Euro 11,068,097.46 of available reserves while carrying forward the residual amount of Euro 19,606,023.85. It was also decided to postpone any eventual adoption, assuming that any requirements were met, of the provisions of Article 2446 of the Italian Civil Code until the Shareholders' Meeting held to approve the financial statements at 31 December 2015. The same Shareholders' Meeting also appointed the new members of the corporate bodies for the financial years 2015-2017 and approved the Report on Remuneration under Article 123-ter of Legislative Decree 58/98.
- On 6 May 2015, the subsidiary Fiera Milano Congressi acquired 51% of MiCo Dmc s.r.l., a company active in the destination management sector, for Euro 0.050 million.
- On 29 June 2015, the Parent Company Board of Directors approved the sale of 60% of the subsidiary Fiera Milano Interteks Uluslararası Fuarcilik A.S. in keeping with its decision to withdraw from the Turkish market, which it no longer considers to be strategic given the downgrading of future growth expectations for the local exhibition market. The sale of the investment, scheduled to be finalised in July 2015, means that the assets and liabilities of Interteks were classified as held for sale and generated an impairment charge at the consolidated level of Euro 1.587 million mainly for intangible assets linked to event trademarks and goodwill. It should be noted that the agreement which is being finalised will also bring a benefit as the Group will be released from the guarantee of Euro 1.341 million given by the Parent Company on behalf of the subsidiary Interteks to Ing Bank Istanbul to cover the loans provided by the bank.

**The business of the Group has dual seasonality** due to exhibitions that have a biennial and multiannual frequency. Moreover, the absence of exhibitions in July and August and the presence of exhibitions from September onwards make a comparison of the financial figures between the first and second semesters of the year meaningless. Given the seasonality of the business, the revenues and results of one semester cannot be extrapolated for the full-year.

The table below shows the **Consolidated Income Statement** with detailed figures for the first semester.

Full year 31/12/2014 restated	Consolidated Income Statement (Amounts in €'000)		1st Half at 30/06/15		1st Half at 30/06/14 restated	
		%		%		%
<b>242,711</b>	<b>100</b>	<b>Revenues from sales and services</b>	<b>181,532</b>	<b>100</b>	<b>137,596</b>	<b>100</b>
2,440	1.0	Cost of materials	3,932	2.2	1,486	1.1
135,388	55.8	Cost of services	87,492	48.2	72,705	52.8
57,781	23.8	Costs for use of third party assets	31,250	17.2	32,017	23.3
48,634	20.0	Personnel expenses	30,763	16.9	24,918	18.1
6,604	2.7	Other operating expenses	3,986	2.2	3,742	2.7
<b>250,847</b>	<b>103.4</b>	<b>Total operating costs</b>	<b>157,423</b>	<b>86.7</b>	<b>134,868</b>	<b>98.0</b>
3,529	1.5	Other income	1,434	0.8	1,614	1.2
1,448	0.6	Results of equity-accounted companies	1,172	0.6	963	0.7
<b>(3,159)</b>	<b>-1.3</b>	<b>Gross operating result</b>	<b>26,715</b>	<b>14.7</b>	<b>5,305</b>	<b>3.9</b>
13,328	5.5	Depreciation and amortisation	6,472	3.6	6,450	4.7
(1,779)	-0.7	Allowance for doubtful accounts and other provisions (uses)	(528)	-0.3	(941)	-0.7
3,637	1.5	Adjustments to asset values	7,997	4.4	6	-
<b>(18,345)</b>	<b>-7.6</b>	<b>Net operating result (EBIT)</b>	<b>12,774</b>	<b>7.0</b>	<b>(210)</b>	<b>-0.2</b>
(4,871)	-2.0	Financial income/(expenses)	(2,150)	-1.2	(2,610)	-1.9
<b>(23,216)</b>	<b>-9.6</b>	<b>Profit/(loss) before income tax</b>	<b>10,624</b>	<b>5.9</b>	<b>(2,820)</b>	<b>-2.0</b>
(4,581)	-1.9	Income tax	5,488	3.0	540	0.4
<b>(18,635)</b>	<b>-7.7</b>	<b>Profit/(loss) from continuing operations</b>	<b>5,136</b>	<b>2.8</b>	<b>(3,360)</b>	<b>-2.4</b>
<b>(471)</b>	<b>-0.2</b>	<b>Profit/(loss) from discontinued operations</b>	<b>(1,988)</b>	<b>-1.1</b>	<b>(378)</b>	<b>-0.3</b>
<b>(19,106)</b>	<b>-7.9</b>	<b>Profit/(loss):</b>	<b>3,148</b>	<b>1.7</b>	<b>(3,738)</b>	<b>-2.7</b>
<b>(18,836)</b>	<b>-7.8</b>	<b>- attributable to the shareholders of the controlling entity</b>	<b>3,946</b>	<b>2.2</b>	<b>(3,218)</b>	<b>-2.3</b>
<b>(270)</b>	<b>-0.1</b>	<b>- attributable to non-controlling interests</b>	<b>(798)</b>	<b>-0.4</b>	<b>(520)</b>	<b>-0.4</b>
<b>(3,920)</b>	<b>-1.6</b>	<b>Cash flow for the Group and non-controlling interests</b>	<b>17,089</b>	<b>9.4</b>	<b>1,777</b>	<b>1.3</b>

Some figures in the consolidated financial statements at 31 December 2014 and in the interim condensed consolidated financial statements at 30 June 2014 have been restated for comparative purposes following the application of IFRS 5.

Under IFRS 5 the net result of Intertek's was classified under net result of discontinued operations and, therefore, the comparative data have been restated.

**Revenues from sales and services** totalled Euro 181.532 million, an increase of approximately 32% compared to the figure for the same semester of the previous financial year (Euro 137.596 million). The higher revenues reflected the more favourable exhibition calendar which, in the period under review, included the directly organised biennial exhibition Tuttofood and the hosted exhibition Made Expo, the triennial exhibitions Ipack-Ima and Plast and also Lineapelle, a biennial exhibition which was first held in the Rho exhibition centre in the second half of 2014. There was also a strong performance from the stand-fitting and congress segments due to contracts received for EXPO 2015.

The good performance was in part offset by the absence of the important biennial exhibition Mostra Convegno Expocomfort and by the decline in exhibition space occupied in Brazil.

The performance shows the following variations:

- **Annual exhibitions organised by the Group in Italy** (+2,820 square metres): the increase was mainly due to Bit (+1,585 square metres).
- **Annual exhibitions organised by third parties in Italy** (+45,900 square metres): the increase was mainly due to the exhibition Lineapelle (+41,575 square metres), a biannual exhibition that was held for the first time in the Rho exhibition site in the second half of 2014.
- **Congresses with related exhibition space**: these had an increase in rented space of +22,420 square metres.
- **Biennial exhibitions organised by the Group in Italy** (+128,360 square metres): this increase reflected the presence of Tuttofood (-74,885 square metres) and Transpotec & Logitec (+53,475 square metres), biennial exhibitions falling in uneven-numbered years.
- **Biennial exhibitions organised by third-parties in Italy** (-98,155 square metres): the decrease mainly reflected the absence of the biennial exhibitions that fall in even-numbered years: Mostra Convegno Expocomfort (-125,265 square metres), Eurocucina (-35,740 square metres), Xylexpo (-26,175 square metres), Salone del Bagno (-18,190 square metres), Venditalia (-7,390 square metres) and TPA (-5,930 square metres). This was, in part, compensated by the presence in the semester under review of the biennial exhibitions held in uneven-numbered years: Made Expo (+57,005 square metres), Euroluce (+38,765 square metres), Made in Steel (+12,260 square metres), and Salone Ufficio (+12,505 square metres).
- **Multi-annual exhibitions organised by third-parties in Italy** (+152,600 square metres): the increase in exhibition space utilised reflected primarily the presence of the triennial exhibitions Plast (+54,490 square metres), Ipack-Ima/Dairytech (+52,270 square metres) and the World Dog Show (+31,305 square metres) in the semester under review.
- **Annual exhibitions organised by the Group abroad** (-6,370 square metres): the decrease was mainly due to the absence of M3 Fair Hainan (-7,500 square metres) and The China Products Show Brazil (-3,000 square metres) to be organised by Worldex in the next semester and by the exhibition Industrial Automotion Shenzhen (-8,035 square metres), an event organised in joint venture with Deutsche Messe AG. This was, in part, compensated by the China Tourism International and Commodities Fair (+10,800 square metres) also organised in joint venture with Deutsche Messe AG.
- **Biennial exhibitions organised abroad by the Group** (+14,295 square metres): the increase mainly reflected the presence in the semester under review of WoodMac China, a biennial exhibition held in uneven-numbered years (+10,000 square metres), and Metal+Metallurgy (+3,770 square metres) both events organised in China in joint venture with Deutsche Messe AG.

The table below gives a summary of the net square metres of exhibition space occupied by the various Fiera Milano Group exhibitions and by congresses with related exhibition space.

Fiera Milano Group Summary operating figures	1st Half 2015		1st Half 2014		Change	
	Total	Organised by the Group	Total	Organised by the Group	Total	Organised by the Group
	<b>Number of exhibitions:</b>	<b>59</b>	<b>29</b>	<b>53</b>	<b>31</b>	<b>6</b>
<b>Italy</b>	<b>38</b>	<b>8</b>	<b>28</b>	<b>6</b>	<b>10</b>	<b>2</b>
. annual	25	6	22	6	3	-
. biennial	7	2	6	-	1	2
. multi-annual	6	-	-	-	6	-
<b>Foreign countries</b>	<b>21</b>	<b>21</b>	<b>25</b>	<b>25</b>	<b>(4)</b>	<b>(4)</b>
. annual	18	18	25	25	(7)	(7)
. biennial	3	3	-	-	3	3
. multi-annual	-	-	-	-	-	-
<b>Number of congresses with related exhibition space - Italy</b>	<b>21</b>	<b>-</b>	<b>16</b>	<b>-</b>	<b>5</b>	<b>-</b>
<b>Net sq.metres of exhibition space:</b>	<b>1,140,930</b>	<b>388,345</b>	<b>879,060</b>	<b>249,240</b>	<b>261,870</b>	<b>139,105</b>
<b>Italy</b>	<b>998,665</b>	<b>246,080</b>	<b>744,720</b>	<b>114,900</b>	<b>253,945</b>	<b>131,180</b>
. annual (a)	592,570	117,720	521,430	114,900	71,140	2,820
. biennial	253,495	128,360	223,290	-	30,205	128,360
. multi-annual	152,600	-	-	-	152,600	-
(a) of which congresses with related exhibition space	37,310	-	14,890	-	22,420	-
<b>Foreign countries</b>	<b>142,265</b>	<b>142,265</b>	<b>134,340</b>	<b>134,340</b>	<b>7,925</b>	<b>7,925</b>
. annual	126,770	126,770	133,140	133,140	(6,370)	(6,370)
. biennial	15,495	15,495	1,200	1,200	14,295	14,295
. multi-annual	-	-	-	-	-	-
<b>Number of exhibitors:</b>	<b>20,735</b>	<b>7,545</b>	<b>15,835</b>	<b>5,810</b>	<b>4,900</b>	<b>1,735</b>
<b>Italy</b>	<b>17,035</b>	<b>3,845</b>	<b>12,090</b>	<b>2,065</b>	<b>4,945</b>	<b>1,780</b>
. annual (b)	11,530	2,300	9,430	2,065	2,100	235
. biennial	3,330	1,545	2,660	-	670	1,545
. multi-annual	2,175	-	-	-	2,175	-
(b) of which congresses with related exhibition space	1,445	-	955	-	490	-
<b>Foreign countries</b>	<b>3,700</b>	<b>3,700</b>	<b>3,745</b>	<b>3,745</b>	<b>(45)</b>	<b>(45)</b>
. annual	3,365	3,365	3,690	3,690	(325)	(325)
. biennial	335	335	55	55	280	280
. multi-annual	-	-	-	-	-	-

The **Gross operating profit** for the semester was Euro 26.715 million compared to a figure of Euro 5.305 million in the same period of the previous financial year. This was an increase of Euro 21.410 million. The 2015 trend in the gross operating profit reflected the trend in revenues described above, as well as the reduction in the rental costs for the **fieramilano** exhibition site and an absence of the extraordinary costs present in the same period of 2014 connected to the relaunch and internationalisation of HOMI. However, this was, in part eroded by an increase in the Parent Company personnel costs due to an indemnity of Euro 1.461 million paid to the previous Chief Executive Officer when his mandate was not renewed, higher costs for the variable component of employee remuneration and redundancy incentives paid in the semester.

The **Net operating profit (EBIT)** was Euro 12.774 million, compared to a loss of Euro 0.210 million in the first semester of 2014. The increase in net operating profit reflected the increase in the gross operating profit but also impairment charges taken on goodwill and on some trademarks following an indication of impairment: Euro 4.537 million of impairment charges were taken in the Brazilian subsidiary, Euro 1.869 million for goodwill and for the trademarks of the South African subsidiary, and Euro 1.591 million in the Parent Company for the Transpotec & Logitec exhibition trademark. The circumstances surrounding these businesses were particularly negative in the semester under review causing forecasts for their results to be downgraded and lower growth expectations.

The **Profit before income tax** for the semester was Euro 10.624 million compared to a pre-tax loss of Euro 2.820 million in the first semester of 2014 and reflected the increase in net operating profit and lower charges in the Parent Company mainly for lower indebtedness.

The **Profit** for the first-half of the 2015 financial year was Euro 3.148 million of which Euro 3.946 million is attributable to the **Controlling shareholder** (a loss of Euro 3.295 million in the first semester of 2014) and a loss of Euro 0.798 million attributable to **non-controlling interests** (a loss of Euro 0.443 million in the first semester of 2014)

The **Profit from continuing operations** was Euro 5.136 million compared to a loss of Euro 3.360 million in the first semester 2014.

The **Loss from discontinued operations** was Euro 1.988 million, compared to a loss of Euro 0.378 million in the first semester of 2014, and refer to the Turkish subsidiary Interteks. The year-on-year change reflects the Euro 1.587 million write-downs on net assets made to bring their carrying value in line with the amount expected to be generated from their sale.

**Total cash flow** (calculated as the net result plus depreciation, provisions and adjustments to asset values) was Euro 17.089 million in the semester under review compared to Euro 1.777 million in the same semester of the previous financial year.

The following table shows the **Reclassified Consolidated Statement of Financial Position**.

<b>Reclassified Consolidated Statement of Financial Position</b> (Amounts in €'000)			
	<b>30/06/15</b>	<b>31/12/14</b>	<b>Change</b>
Goodwill and intangible assets with an indefinite useful life	102,505	109,474	(6,969)
Intangible assets with a finite useful life	35,030	41,584	(6,554)
Tangible fixed assets	16,968	18,438	(1,470)
Other non-current assets	32,422	35,234	(2,812)
<b>A Non-current assets</b>	<b>186,925</b>	<b>204,730</b>	<b>(17,805)</b>
Inventory and contracts in progress	3,396	5,028	(1,632)
Trade and other receivables	99,681	50,604	49,077
<b>B Current assets</b>	<b>103,077</b>	<b>55,632</b>	<b>47,445</b>
Trade payables	53,925	36,160	17,765
Payments received on account	60,477	39,641	20,836
Tax liabilities	3,727	2,091	1,636
Provisions for risks and charges and other current liabilities	37,439	21,875	15,564
<b>C Current liabilities</b>	<b>155,568</b>	<b>99,767</b>	<b>55,801</b>
<b>D Net working capital (B - C)</b>	<b>(52,491)</b>	<b>(44,135)</b>	<b>(8,356)</b>
<b>E Gross capital employed (A + D)</b>	<b>134,434</b>	<b>160,595</b>	<b>(26,161)</b>
Employee benefit provisions	9,997	10,286	(289)
Provisions for risks and charges and other non-current liabilities	8,226	8,954	(728)
<b>F Non-current liabilities</b>	<b>18,223</b>	<b>19,240</b>	<b>(1,017)</b>
<b>G NET CAPITAL EMPLOYED continuing operations (E - F)</b>	<b>116,211</b>	<b>141,355</b>	<b>(25,144)</b>
<b>H NET CAPITAL EMPLOYED discontinued operations</b>	<b>784</b>	<b>-</b>	<b>784</b>
<b>TOTAL NET CAPITAL EMPLOYED (G + H)</b>	<b>116,995</b>	<b>141,355</b>	<b>(24,360)</b>
covered by:			
Equity attributable to the Group	22,288	17,034	5,254
Equity attributable to non-controlling interests	340	2,654	-2,314
<b>I Total equity</b>	<b>22,628</b>	<b>19,688</b>	<b>2,940</b>
Cash & cash equivalents	(17,190)	(12,276)	(4,914)
Current financial (assets)/liabilities	91,638	105,044	(13,406)
Non-current financial (assets)/liabilities	19,135	28,899	(9,764)
<b>Net financial position (continuing operations)</b>	<b>93,583</b>	<b>121,667</b>	<b>(28,084)</b>
<b>Net financial position (discontinued operations)</b>	<b>784</b>	<b>-</b>	<b>784</b>
<b>L Net financial position (TOTAL)</b>	<b>94,367</b>	<b>121,667</b>	<b>(27,300)</b>
<b>EQUITY AND NET FINANCIAL POSITION (I + L)</b>	<b>116,995</b>	<b>141,355</b>	<b>(24,360)</b>

At 30 June 2015, **non-current assets** totalled Euro 186.925 million compared to Euro 204.730 million at 31 December 2014. The Euro 17.805 million decrease was the net figure of investments totalling Euro 2.650 million, adjustments to assets values of Euro 7.997 million, depreciation and amortisation of Euro 6.472 million, a decrease in tax assets for deferred taxes of Euro 2.526 million, a transfer to assets held for sale of Euro 2.361 million, an increase in the valuation of equity accounted investments of Euro 0.656 million, a negative exchange rate difference of Euro 0.229 million, and other movements giving rise to a negative figure of Euro 0.214 million.

**Net working capital** went from a negative figure of Euro 44.135 million at 31 December 2014 to a negative figure of Euro 52.491 million at 30 June 2015. The increase of Euro 8.356 million in this figure reflected:

- (a) an increase in **current assets** of Euro 47.445 million due to:
- a Euro 49.077 million increase in trade and other receivables due primarily to Receivables from exhibition organisers in the Parent Company;
  - a Euro 1.632 decrease in inventories and work in contracts for deferred costs for exhibitions;
- (b) an increase in **current liabilities** of Euro 55.801 million mainly due to:
- an increase of Euro 15.564 million in Provisions for risks and charges and other current liabilities, mainly reflecting higher payables for guarantee deposits paid to exhibitors;
  - a Euro 20.836 million increase in Pre-payments that is the net amount of prepayments invoiced to clients for exhibitions to be held in the next quarters (in particular Host and Emo) and the decrease in invoices for exhibitions held in the first semester 2015 (in particular, the first semester edition of HOMI)
  - a Euro 17.765 million increase in payables to suppliers due to the higher business volumes.

**Group equity** was Euro 22.288 million at 30 June 2015 compared to Euro 17.034 million at 31 December 2014, an increase of Euro 5.254 million due to an increase in the net result for the period of Euro 3.946 million and in other items of comprehensive income of Euro 1.308 million.

**Non-controlling interests** at 30 June 2015 were Euro 0.340 million compared to Euro 2.654 million at 31 December 2014, a decrease of Euro 2.314 million, of which Euro 0.798 million was due to the result for the period and Euro 1.516 million due to the non-controlling interests bought in by the Group.

The **Group net financial position** and its breakdown are shown in the table on the following page.



<b>31/12/14</b>	<b>Group Net Financial Position</b> (Amounts in € '000)	<b>30/06/15</b>
12,276	A. Cash (including bank balances)	17,190
-	B. Other cash equivalents	-
-	C. Securities held for trading	-
<b>12,276</b>	<b>D. Cash and cash equivalents (A+B+C)</b>	<b>17,190</b>
-	<b>E. Current financial assets</b>	-
62,908	F. Current bank borrowings	34,192
19,986	G. Current portion of non-current debt	19,948
22,150	H. Other current financial liabilities	37,498
21,683	- H.1 of which Other current financial liabilities to the controlling shareholder	36,538
300	- H.2 of which Other current financial liabilities to other related parties	-
<b>105,044</b>	<b>I. Current financial debt (F+G+H)</b>	<b>91,638</b>
<b>92,768</b>	<b>J. Current net financial debt (cash) (I-E-D)</b>	<b>74,448</b>
26,898	K. Non-current bank borrowings	16,996
-	L. Debt securities in issue	-
2,001	M. Other non-current liabilities	2,139
1,781	- M.1 of which Other non current liabilities to other related parties	-
<b>28,899</b>	<b>N. Non-current financial debt (K+L+M)</b>	<b>19,135</b>
<b>121,667</b>	<b>Net financial debt/(cash) from continuing operations (J+N)</b>	<b>93,583</b>
-	<b>Net financial debt/(cash) from discontinued operations</b>	<b>784</b>
<b>121,667</b>	<b>O. Net financial debt/(cash)</b>	<b>94,367</b>

The net financial position at 30 June 2015 was net debt of Euro 94.367 million compared to Euro 121.667 million at 31 December 2014, a decrease of Euro 27.300 million.

The decrease in net debt was mainly due to the positive cash flow generated in the semester and the increase in cash flows from net working capital that reflected pre-payments and payments received for exhibitions held in the semester or due to be held in coming months.

## Business performance by operating segment and by geographic area

The key Group figures by operating segment and by geographic area are given in the following table.

Summary of data by operating segment and by geographic area (Amounts in € '000)	1st Half		1st Half	
	at 30/06/15		at 30/06/14	restated
<b>Revenues from sales and services</b>				
- By operating segment:		%		%
. Italian Exhibitions	148,723	69.8	112,954	70.2
. Foreign Exhibitions	3,997	1.9	5,197	3.2
. Stand-fitting Services	35,216	16.5	21,486	13.3
. Media	6,746	3.2	6,541	4.1
. Congresses	18,409	8.6	14,891	9.2
<b>Total revenues gross of adjustments for inter-segment transactions</b>	<b>213,091</b>	<b>100.0</b>	<b>161,069</b>	<b>100.0</b>
. Adjustments for inter-segment transactions	(31,559)		(23,473)	
<b>Total revenues net of adjustments for inter-segment transactions</b>	<b>181,532</b>		<b>137,596</b>	
- By geographic area:				
. Italy	177,868	98.0	132,403	96.2
. Foreign countries	3,664	2.0	5,193	3.8
<b>Total</b>	<b>181,532</b>	<b>100.0</b>	<b>137,596</b>	<b>100.0</b>
<b>Gross operating result</b>		% on revenues		% on revenues
- By operating segment:				
. Italian Exhibitions	20,180	13.6	2,611	2.3
. Foreign Exhibitions	(1,001)	-25.0	(1,217)	-23.4
. Stand-fitting Services	4,899	13.9	2,041	9.5
. Media	210	3.1	248	3.8
. Congresses	2,435	13.2	1,575	10.6
. Adjustments for inter-segment transactions	(8)		47	
<b>Total</b>	<b>26,715</b>	<b>14.7</b>	<b>5,305</b>	<b>3.9</b>
- By geographic area:				
. Italy	27,974	15.7	6,585	5.0
. Foreign countries	(1,259)	-34.4	(1,280)	-24.6
<b>Total</b>	<b>26,715</b>	<b>14.7</b>	<b>5,305</b>	<b>3.9</b>
<b>Net operating result (EBIT)</b>		% on revenues		% on revenues
- By operating segment:				
. Italian Exhibitions	15,221	10.2	(129)	-0.1
. Foreign Exhibitions	(8,383)	-209.7	(1,693)	-32.6
. Stand-fitting Services	4,829	13.7	1,205	5.6
. Media	80	1.2	(140)	-2.1
. Congresses	1,089	5.9	538	3.6
. Adjustments for inter-segment transactions	(62)		9	
<b>Total</b>	<b>12,774</b>	<b>7.0</b>	<b>(210)</b>	<b>-0.2</b>
- By geographic area:				
. Italy	21,468	12.1	1,601	1.2
. Foreign countries	(8,694)	-237.3	(1,811)	-34.9
<b>Total</b>	<b>12,774</b>	<b>7.0</b>	<b>(210)</b>	<b>-0.2</b>
<b>Employees</b> (no. of permanent employees at the end of the period)				
- By operating segment:		%		%
. Italian Exhibitions	436	54.2	437	53.6
. Foreign Exhibitions	187	23.3	194	23.8
. Stand-fitting Services	54	6.7	53	6.5
. Media	91	11.3	95	11.6
. Congresses	36	4.5	37	4.5
<b>Total</b>	<b>804</b>	<b>100.0</b>	<b>816</b>	<b>100.0</b>
- By geographic area:				
. Italy	617	76.7	622	76.2
. Foreign countries	187	23.3	194	23.8
<b>Total</b>	<b>804</b>	<b>100.0</b>	<b>816</b>	<b>100.0</b>

Some figures in the interim condensed consolidated financial statements at 30 June 2014 have been restated for comparative purposes following the application of IFRS 5.

**Revenues from sales and services** before elimination of transactions among the business segments of the Group were Euro 213.091 million in the first semester 2015, of which 70% was generated by Italian Exhibitions, 2% by Foreign Exhibitions, 16% from Stand-fitting Services, 3% by the Media segment and 9% by the Congress segment.

- Revenues from **Italian Exhibitions** totalled Euro 148.723 million, an increase of approximately 32% compared to the figure for the same semester of the preceding financial year (Euro 112.954 million). This increase was mainly attributable to the more favourable exhibition calendar and the inclusion in the semester under review of the directly organised biennial exhibition Tuttofood and the biennial hosted exhibition Made Expo, the triennial exhibitions Ipack-Ima and Plast and the addition of Lineapelle, a biannual exhibition that was held for the first time in the Rho exhibition site in the second half of 2014. The increase was, in part, eroded by the absence of the important biennial exhibition Mostra Convegno Expocomfort.
- Revenues from **Foreign Exhibitions** totalled Euro 3.997 million, a decrease of 23% compared to the figure for the same semester of the preceding financial year (Euro 5.197 million). This decrease mainly reflected the performance of the Brazilian subsidiary that suffered the cancellation of some events and lower demand for exhibition space, in particular at Exposec and Reatech.
- Revenues from **Stand-fitting Services** were Euro 35.216 million, a 64% increase on the figure for the same semester of the preceding financial year (Euro 21.486 million). The increase was mainly due to higher volumes of stand-fitting services linked to the work done for the EXPO 2015 Congress Centre and Auditorium and to the more favourable exhibition calendar that included the biennial exhibitions Tuttofood and Made Expo and the triennial exhibitions Ipack-Ima and Plast.
- Revenues in the **Media** segment totalled Euro 6.746 million in the semester compared to Euro 6.541 million in the first semester of 2014. The increase reflects higher billboard advertising revenues linked to the more favourable exhibition calendar, as well as higher service volumes in the digital business.
- Revenues from **Congresses** totalled Euro 18.409 million, an increase of 24% compared to the same semester of 2014 (Euro 14.891 million). The increase reflected a good performance from international congresses, which included the UITP World Congress and corporate events, such as Cisco Live 2015, and revenues from the management of the EXPO 2015 Congress Centre and Auditorium.

The breakdown by segment of the **Gross operating profit**, Euro 26.715 million compared to Euro 5.305 million in the same period of 2014, was as follows:

- **Italian Exhibitions** had a gross operating profit of Euro 20.180 million compared to Euro 2.611 million in the same period of the preceding financial year. This increase mainly reflected the aforementioned trend in exhibition space occupied in the period under review, the reduction in the rental costs for the **fieramilano** exhibition site and the absence of the extraordinary costs related to the relaunch and internationalisation of HOMI that were present in the first semester 2014. There were also strong results from the contracts carried out as part of EXPO 2015. The positive effect was partly offset by an increase in personnel expenses in the Parent Company that reflected the indemnity paid to the previous Chief Executive Officer when his mandate was not renewed, higher expenses for the variable element of personnel expenses, and redundancy incentives paid in the semester.
- **Foreign exhibitions** generated a gross operating loss of Euro 1.001 million compared to a loss of Euro 1.217 million in the same period of the preceding financial year. The decrease reflected the fall in revenues although this was completely offset by lower operating costs in the Brazilian companies Cipa FM and Eurofairs, which had been affected by corporate restructuring costs in the first semester 2014.
- **Stand-fitting services** had a gross operating profit of Euro 4.899 million compared to Euro 2.041

million in the same semester of 2014. The increase reflects the increase in revenues.

- **Media** had a gross operating profit of Euro 0.210 million compared to Euro 0.248 million in the same semester of 2014. The decrease was due to higher costs linked to the start-up of new digital services that more than offset the aforementioned increase in revenues.
- **Congresses** had a gross operating profit of Euro 2.435 million, which compares with Euro 1.575 million for the same semester of 2014. The performance reflected the trend in revenues although it was, in part, affected by the rental increase for the MiCo - Milano Congress Centre.

The **Net operating profit (EBIT)** of the five operating segments totalled Euro 12.774 million compared to a net operating loss of Euro 0.210 million for the same semester in 2014. This reflected the positive trend in the gross operating profit but also the impact of the impairment charges for goodwill generated by the investments in the Brazilian and South African companies and for some exhibition trademarks.

The breakdown by geographic area in the first semester shows revenues from foreign activities of Euro 3.664 million compared to Euro 5.193 million in the same semester of 2014. The gross operating loss was Euro 1.259 million (a loss of Euro 1.280 million in the same semester of the preceding financial year) whilst there was a net operating loss of Euro 8.964 million compared to a net operating loss of Euro 1.811 million in the same period of the preceding financial year. The Euro 6.883 million increase in the net operating loss mainly reflected the aforementioned impairment charges.

Exhibitions organised by the Group occupied net exhibition space totalling 388,345 square metres, approximately 34% of the total space occupied.

During the semester under review, 38 exhibitions and 21 congresses with related exhibition space were held in the two sites of **fieramilano** and **fieramilanocity**. Net exhibition space occupied totalled 998,665 square metres, compared to 744,720 square metres in the same period of the preceding financial year, whilst the number of exhibitors increased from 12,090 in the first semester 2014 to 17,035 in the first semester 2015.

Details of exhibitions held in Italy are given in the table on the following page (figures have been rounded so as to facilitate reading and comparison of the figures).

Italian exhibition portfolio						
	Net sq. metres of exhibition space			Number of exhibitors		
	1st Half to 30/06/15	1st Half to 30/06/14	1st Half to 30/06/13	1st Half to 30/06/15	1st Half to 30/06/14	1st Half to 30/06/13
<b>Annual Exhibitions:</b>						
<b>Directly organised</b>						
- Bit	15,335	13,750	23,095	405	280	295
- Chibimart estate (previous Chibidue-Chibimart)	4,020	3,310	3,620	125	105	105
- HOMI I Semester	81,200	82,210	91,590	1,305	1,275	1,425
- Miart	6,840	6,360	5,920	190	155	145
- Milano Prêt à Porter (Spring)	2,775	2,125	2,420	130	105	125
- SposaItalia	7,550	7,145	7,330	145	145	150
<b>Total annual exhibitions directly organised</b>	<b>117,720</b>	<b>114,900</b>	<b>133,975</b>	<b>2,300</b>	<b>2,065</b>	<b>2,245</b>
<b>Hosted</b>						
- 3D Print *	2,500	-	-	80	-	-
- Cartoomics	9,855	8,000	8,000	190	225	240
- Expotraining	1,290	a)	a)	75	a)	a)
- Fa' la cosa giusta	7,845	8,500	6,000	630	600	700
- Farmacistapiù *	2,790	-	-	40	-	-
- Fruit Innovation *	5,945	-	-	150	-	-
- Hobby Show (I semester)	3,425	5,000	11,665	115	110	280
- LineaPelle (I semester) *	41,575	-	-	965	-	-
- Mido	43,645	40,700	40,575	990	910	880
- Mifur	13,350	16,885	15,895	170	190	180
- Milano Auto Classica	16,440	12,545	16,030	245	215	295
- Milano Unica (Spring)	18,020	18,390	19,185	380	400	420
- Mipel (March)	10,060	12,120	13,520	285	355	385
- My Plant & Garden *	9,330	-	-	285	-	-
- Promotion Trade Exhibition	4,235	4,095	4,275	130	125	115
- Salone del Mobile/Complemento d'arredo	163,360	164,620	156,450	1,175	1,240	1,185
- Simac Tanning Tech *	15,200	-	-	275	-	-
- Super (Spring) **	1,600	-	-	180	-	-
- The Micam (Spring)	67,075	67,910	67,455	1,425	1,490	1,445
- Esposizione Internazionale Canina	b)	15,000	15,000	b)	45	45
- Expo Italia Real Estate	b)	5,580	7,385	b)	140	135
- Promotion Expo	b)	3,195	4,260	b)	140	170
- Smap Expo	b)	1,300	a)	b)	25	a)
- The Innovation Cloud	b)	7,800	22,500	b)	200	490
- Eudishow	b)	a)	5,320	b)	a)	120
<b>Total annual exhibitions hosted</b>	<b>437,540</b>	<b>391,640</b>	<b>413,515</b>	<b>7,785</b>	<b>6,410</b>	<b>7,085</b>
<b>Total annual Exhibitions</b>	<b>555,260</b>	<b>506,540</b>	<b>547,490</b>	<b>10,085</b>	<b>8,475</b>	<b>9,330</b>

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	Net sq. metres of exhibition space			Number of exhibitors		
	1st Half to 30/06/15	1st Half to 30/06/14	1st Half to 30/06/13	1st Half to 30/06/15	1st Half to 30/06/14	1st Half to 30/06/13
<b>Biennial Exhibitions:</b>						
<b>Directly organised</b>						
- Transpotec & Logitec	53,475	-	52,610	210	-	165
- Tuttofood	74,885	-	46,000	1,335	-	845
<b>Total biennial exhibitions directly organised</b>	<b>128,360</b>	<b>-</b>	<b>98,610</b>	<b>1,545</b>	<b>-</b>	<b>1,010</b>
<b>Hosted</b>						
- Euroluce	38,765	-	38,685	395	-	380
- Made Expo	57,005	-	b)	910	-	b)
- Made in Steel	12,260	-	9,920	230	-	210
- Salone Ufficio	12,505	-	12,580	120	-	95
- Venditalia °	4,600	11,990	-	130	235	-
- Eurocucina	-	35,740	-	-	120	-
- Mostra Convegno Expocomfort	-	125,265	-	-	1,540	-
- Salone del Bagno	-	18,190	-	-	160	-
- TPA	-	5,930	-	-	170	-
- Xylexpo	-	26,175	-	-	435	-
- Frameart	a)	-	4,705	a)	-	85
- Photoshow	a)	-	6,910	a)	-	75
<b>Total biennial exhibitions hosted</b>	<b>125,135</b>	<b>223,290</b>	<b>72,800</b>	<b>1,785</b>	<b>2,660</b>	<b>845</b>
<b>Total biennial exhibitions</b>	<b>253,495</b>	<b>223,290</b>	<b>171,410</b>	<b>3,330</b>	<b>2,660</b>	<b>1,855</b>
<b>Multi-annual Exhibitions:</b>						
<b>Hosted</b>						
- Converflex	4,790	-	6,815	110	-	140
- Intralogistica *	2,815	-	-	75	-	-
- Ipack-Ima/Dairytech	52,270	-	-	855	-	-
- Meat Tech *	6,930	-	-	95	-	-
- Plast	54,490	-	-	900	-	-
- World Dog Show *	31,305	-	-	140	-	-
- Grafitalia	b)	-	7,050	b)	-	130
<b>Total multi-annual Exhibitions hosted</b>	<b>152,600</b>	<b>-</b>	<b>13,865</b>	<b>2,175</b>	<b>-</b>	<b>270</b>
<b>Total multi-annual Exhibitions</b>	<b>152,600</b>	<b>-</b>	<b>13,865</b>	<b>2,175</b>	<b>-</b>	<b>270</b>
<b>TOTAL EXHIBITIONS</b>	<b>961,355</b>	<b>729,830</b>	<b>732,765</b>	<b>15,590</b>	<b>11,135</b>	<b>11,455</b>
- Congresses with related exhibition space	37,310	14,890	19,600	1,445	955	925
<b>TOTAL</b>	<b>998,665</b>	<b>744,720</b>	<b>752,365</b>	<b>17,035</b>	<b>12,090</b>	<b>12,380</b>

\* First edition of this exhibition

\*\* The exhibition was held for the first time at Fiera Milano exhibition sites

° An extra edition was held in 2015

a) The exhibition was held /will be held in subsequent quarters

b) The exhibition did not take place

In the first semester of 2015, twenty-one exhibitions were held in foreign exhibition centres and the net exhibition space occupied totalled 142,265 square metres compared to 134,340 square metres in the same period of the previous financial year. The number of exhibitors went from 3,745 in the first semester 2014 to 3,700 in the first semester 2015.

Details of exhibitions held abroad in the first semester 2015 are given in the following table (figures have been rounded so as to facilitate reading and comparison of the figures).

Foreign Exhibition portfolio						
	Net sq. metres of exhibition space			Number of exhibitors		
	1st Half to 30/06/15	1st Half to 30/06/14	1st Half to 30/06/13	1st Half to 30/06/15	1st Half to 30/06/14	1st Half to 30/06/13
<b>Annual Exhibitions:</b>						
<b>Exhibitions directly organised in China</b>						
- Chinafloor Domotex Shanghai	63,985	60,210	58,540	1,260	1,050	1,120
- China Tourism International and Commodities Fair	10,800	-	-	205	-	-
- GITF International Tour Guangzhou	6,915	4,715	4,970	215	210	185
- IA - FA/PA Beijing	4,020	3,865	3,010	205	190	190
- Industrial Automation Shenzhen	b)	8,035	-	b)	420	-
- M3 Fair Hainan	b)	7,500	6,200	b)	155	130
- The Micam Shanghai I semester	2,910	2,940	4,820	150	155	250
- CWMTE - Lijia Chongqing Machine Tool	a)	a)	140	a)	a)	5
<b>Total Exhibitions directly organised in China</b>	<b>88,630</b>	<b>87,265</b>	<b>77,680</b>	<b>2,035</b>	<b>2,180</b>	<b>1,880</b>
<b>Exhibitions directly organised in India</b>						
- Food Hospitality World Bangalore	2,300	1,950	2,375	120	70	75
- Food Hospitality World Mumbai	3,195	2,390	2,385	175	155	125
<b>Total Exhibitions directly organised in India</b>	<b>5,495</b>	<b>4,340</b>	<b>4,760</b>	<b>295</b>	<b>225</b>	<b>200</b>
<b>Exhibitions directly organised in Turkey</b>						
- Beauty & Care Istanbul	5,670	5,930	5,535	140	125	105
- Home & Garden Istanbul	1,710	3,015	2,480	70	65	40
- Pro-Show	1,430	1,870	1,300	20	15	15
<b>Total Exhibitions directly organised in Turkey</b>	<b>8,810</b>	<b>10,815</b>	<b>9,315</b>	<b>230</b>	<b>205</b>	<b>160</b>
<b>Exhibitions directly organised in South Africa</b>						
- Capetown Art Fair	1,260	850	-	55	45	-
- Food Hospitality World Capetown	949	1,325	-	70	85	-
- Good Food & Wine Show Capetown	2,986	3,250	4,170	205	195	235
<b>Total Exhibitions directly organised in South Africa</b>	<b>5,195</b>	<b>5,425</b>	<b>4,170</b>	<b>330</b>	<b>325</b>	<b>235</b>
<b>Exhibitions directly organised in USA</b>						
- Horni New York *	1,000	-	-	50	-	-
<b>Total Exhibitions directly organised in USA</b>	<b>1,000</b>	<b>-</b>	<b>-</b>	<b>50</b>	<b>-</b>	<b>-</b>
<b>Exhibitions directly organised in Brazil</b>						
- Exposec **	9,760	11,355	12,670	170	180	220
- Food Hospitality World	1,365	690	1,970	35	40	65
- Infocomm	970	800	-	35	30	-
- Reatech, FisioTech	5,545	8,110	9,100	185	265	290
- Fast Bahia	a)	250	-	a)	25	-
- Fast Goiana	a)	215	-	a)	25	-
- Fast Rio de Janeiro	a)	180	-	a)	20	-
- Fecontech	a)	410	-	a)	30	-
- Magnum	a)	285	380	a)	10	10
- The China Products Show Brasil	b)	3,000	-	b)	130	-
- Fippa-pet show	a)	c)	770	a)	c)	65
- Gospel	a)	c)	695	a)	c)	50
- Macef Brasil	a)	a)	1,825	a)	a)	50
- Sonotec	a)	a)	40	a)	a)	5
<b>Total Exhibitions directly organised in Brazil</b>	<b>17,640</b>	<b>25,295</b>	<b>27,450</b>	<b>425</b>	<b>755</b>	<b>755</b>
<b>Total Annual Exhibitions</b>	<b>126,770</b>	<b>133,140</b>	<b>124,585</b>	<b>3,365</b>	<b>3,690</b>	<b>3,305</b>
<b>Biennial Exhibitions:</b>						
<b>Exhibitions directly organised in China</b>						
- Metal + Metallurgy	3,770	-	-	85	-	-
- WoodMac China	10,000	-	15,950	80	-	250
- Aviation & Space Fair Shanghai	-	1,200	-	-	55	-
<b>Total Exhibitions directly organised in China</b>	<b>13,770</b>	<b>1,200</b>	<b>15,950</b>	<b>165</b>	<b>55</b>	<b>250</b>
<b>Exhibitions directly organised in Singapore</b>						
- Rehabtech Asia	1,725	d)	1,120	170	d)	110
<b>Total Exhibitions directly organised in Singapore</b>	<b>1,725</b>	<b>-</b>	<b>1,120</b>	<b>170</b>	<b>-</b>	<b>110</b>
<b>Total Biennial Exhibitions</b>	<b>15,495</b>	<b>1,200</b>	<b>17,070</b>	<b>335</b>	<b>55</b>	<b>360</b>
<b>TOTAL EXHIBITIONS</b>	<b>142,265</b>	<b>134,340</b>	<b>141,655</b>	<b>3,700</b>	<b>3,745</b>	<b>3,665</b>

\* First edition of this exhibition

\*\* The exhibition in 2013 also included Traffic

a) The exhibition did not take place

b) The exhibition will be held in subsequent quarters

c) The exhibition in previous years was held in subsequent quarters

d) The exhibition is a joint project with the Singaporean company Singex Exhibitions Ventures Pte Ltd

## Information on related-party transactions

Information on related-party transactions is provided in Note 38 of the Illustrative Notes to the present half-year financial report.

## Group personnel

At 30 June 2015, Group employees totalled 804. The breakdown compared to 31 December 2014 was as follows:

31/12/14			Permanent employees at the end of period (units)			30/06/15			30/06/14		
Total	Italy	Foreign countries	Total	Italy	Foreign countries	Total	Italy	Foreign countries	Total	Italy	Foreign countries
46	39	7	<b>Fully consolidated companies:</b>								
			Executives								
			45	38	7	46	38	8			
698	583	115	Managers and white collar workers (including journalists)								
			699	579	120	709	584	125			
<b>744</b>	<b>622</b>	<b>122</b>	<b>744</b>	<b>617</b>	<b>127</b>	<b>755</b>	<b>622</b>	<b>133</b>			
			<b>Equity-accounted companies (a):</b>								
2	-	2	Executives								
			2	-	2	2	-	2			
61	-	61	White collar workers								
			58	-	58	59	-	59			
<b>63</b>	<b>-</b>	<b>63</b>	<b>60</b>	<b>-</b>	<b>60</b>	<b>61</b>	<b>-</b>	<b>61</b>			
<b>807</b>	<b>622</b>	<b>185</b>	<b>804</b>	<b>617</b>	<b>187</b>	<b>816</b>	<b>622</b>	<b>194</b>			
			<small>(a) the indicated data corresponds to the pro-quota of total employees</small>								

There were three fewer permanent employees compared to the figure at 31 December 2014.

## Risk factors affecting Fiera Milano Group

### **Risk management in Fiera Milano Group**

The Fiera Milano Group has for some time implemented periodic analyses of the risks at Group level, which is based on internationally recognised standards of Enterprise Risk Management (ERM).

The main aim is to identify the main risks to which the Group – and each of its companies - is exposed in carrying out its business and pursuing its pre-set targets, to assess in advance the potential negative effects, implement opportune actions to mitigate these effects, and to monitor over time any relative exposure.

In order to achieve this Fiera Milano has compiled a catalogue of Group risks linked to the strategies being implemented, together with a risk mapping and risk scoring methodology. Specifically, the Group integrated risk management process entails an annual *(i)* update of the risk catalogue according to the strategies implemented and the management and business model used; *(ii)* assessment of the risks by the management of Fiera Milano SpA and of its subsidiaries; *(iii)* consolidation of information and prioritisation of the risks and the consequent areas of action; *(iv)* tolerance analysis of any exposure identified and formulation of the appropriate management strategies/actions and the identification of those responsible for implementing such actions. A simplified version of this process is carried out ahead of the presentation of the Consolidated Half-year Report.

The main risk factors and uncertainties to which Fiera Milano Group is exposed that have emerged from the aforementioned analyses are described below, taking into account the business sector in



which it operates and the characteristics of the business model it uses. A description is also given, where necessary, of the Group policies to manage and mitigate the risks described.

## **1. RISKS RELATED TO EXTERNAL FACTORS**

### **Risks linked to the reference economic environment**

The business and results of the Group are linked to investments made by its clients (including third-party exhibition organisers, exhibitors and other clients of subsidiary companies) in exhibitions, congresses and related services. The amount of these investments is, in turn, affected by the economic performance of the countries in which the Group operates, in particular, the Italian market, which, at 30 June 2015, accounted for over 90% of its total revenues.

The economic recession that has hit Europe – Italy included – has, since the second semester of 2011, had a negative impact on the whole exhibition sector as consumption has dropped, liquidity levels have fallen in the financial markets and access to credit has become increasingly difficult.

Despite recent signs of a weak economic recovery, the growth outlook for the European markets – including the Italian market – remain highly uncertain. This gives the Group limited visibility on the likely investments of its clients (organisers, exhibitors and other clients of subsidiary companies) in exhibitions, congresses and related services and could well have an impact on the stability of revenues and the profitability of exhibitions.

Any eventual decline in the exhibition and congress market would also have an effect on the businesses in which the Group subsidiaries operate (in particular Nolostand and Fiera Milano Media) as the businesses are all highly interdependent.

In order to continue to counteract the effect of this scenario on Group activities (and, in particular, the risk of lower numbers at the exhibitions hosted or directly organised in the Fiera Milano exhibition sites and of the relative investment budgets), Fiera Milano intends to continue its strategy of diversification and expansion of the exhibition portfolio and of related services.

### **Risks connected to trends and competition in the exhibition, congress and publishing sectors**

Both the Italian and European exhibition markets are in a mature phase that is probably destined to continue in coming years and is characterised by: *(i)* the continuing consolidation of some sectors of product manufacturing/distribution activities, *(ii)* changes and innovation in product categories, *(iii)* the transformation of exhibitions from “places where demand meets supply” to events which offer exhibitors and visitors even greater business opportunities and, above all, *(iv)* by the ever-increasing growth in competition, also on tariffs, and *(v)* the continuing development of the Asian and Middle Eastern markets.

To maintain its market position, Fiera Milano Group will continue its strategy of enhancing its portfolio of directly organised or hosted exhibitions (through agreements with other operators, the expansion of some sectors to include contiguous market sectors, the re-positioning of some exhibitions and by increasing the portfolio of hosted exhibitions).

Were the Group incapable of adequately facing the new competitive environment, the revenues, profitability and its competitive position could suffer.

The same comments made for the exhibition sector also apply to the publishing and congress sectors where the Group is active through its subsidiaries Fiera Milano Media and Fiera Milano Congressi.

In particular, Fiera Milano Media has suffered the negative effects of changing habits in consumption and the expansion of its competitive arena which now includes such technological competitors as digital web factories and pure play digital publishers. This means that should Fiera Milano Media be incapable of diversifying its communication channels or of having an integrated and technologically advanced offer, it would have a negative effect on its ability to maintain or improve its competitive position and, therefore, on its own economic, capital and financial position and, consequently on that of the Group of which it is part.

For Fiera Milano Congressi there is a risk that it might prove incapable of competing with the leading foreign companies, which are mainly Anglo-Saxon, that receive certain benefits (sponsorship, free use of space, etc.) guaranteed by local or state authorities. Therefore, should Fiera Milano Congressi – despite the competitive advantage it enjoys due to the size of the MiCo Congress Centre that permits it to compete for leading and large scale international congresses – fail to win important new events and, at the same time, fail to relaunch its ancillary services, this could have negative effects on the economic, capital and financial position of the Group.

## **2. STRATEGIC AND OPERATING RISKS**

### **Risks connected to a dependency on some leading proprietary events or those organised by third parties**

Fiera Milano Group's annual calendar averages about 55 exhibitions in Italy. Despite this high number of events, a significant part of Group revenues still derives from approximately ten events, organised both directly by subsidiaries or hosted in the **fieramilano** and **fieramilanocity** exhibition sites.

Despite the existence of contractual obligations and logistic impediments that protect the Group, it cannot be ruled out that *(i)* the loss or downsizing of some of the leading events or *(ii)* the loss of some of the larger clients or *(iii)* the different incidence that some events have, depending on how frequently they appear from year to year in the exhibition calendar, could have negative implications for the economic, financial position and financial performance of Fiera Milano Group.

It should also be noted that in the last three years on average about 60% of exhibitions, in terms of square metres of exhibition space occupied, were organised by third parties that are not connected to Fiera Milano Group. The medium/long-term success of these exhibitions depends on the ability of the organisers to maintain and develop over time the necessary skills that include maintaining relationships and being constantly aware of market changes.

Even if Fiera Milano has long-term contracts with third-party organisers, which include protective clauses in favour of the Group should counterparties withdraw from a contract, and is continuing its strategy of attracting exhibitions from other exhibition sites, it cannot be ruled out that the loss or failure of some of these exhibitions could have negative implications for the economic and financial position of the Group.

### **Risks connected to seasonality**

Exhibition organisation is subject to seasonality and this is particularly evident in the Italian market where almost no exhibitions are held in the summer months and because of the presence of biennial and triennial exhibitions that are both proprietary and hosted.

This seasonality affects both the annual and multiannual spread of revenues and, in particular, the profitability generated by the Group. It cannot be excluded that a different seasonal distribution of exhibitions would have a negative impact on the economic, financial position and financial performance of the Group.

To counteract this phenomenon, the Group has for some time pursued diversification strategies that include enhancing the exhibition portfolio, internationalising some events, and setting up strategic and commercial collaborations and alliances with other exhibition venues and/or organisers.

### **Risks connected to the Group presence in emerging markets**

For some years, Fiera Milano Group has been present in foreign countries that include Brazil, China, India, Russia, South Africa, Singapore and Thailand through different means that include joint ventures, partnerships, investments, etc.

Expansion in these markets could expose Fiera Milano to a series of risks connected to potential economic instability or local politics, social unrest or security, or currency risks and/or fiscal risks in the countries where it wishes to expand, as well as to risks linked to the increased complexity of operational and commercial governance that are the normal consequence of internationalisation. These could have a negative impact on the expected returns from international development initiatives.

### **Risks connected to the ability to attract and maintain the necessary specialist capabilities**

The gradual evolution of exhibitions from “large marketplace” to “major event” or “experience” require specialist technical and professional capabilities that are not easily found.

Therefore, any deterioration in the ability of the Group to attract, manage, incentivise and/or keep personnel having the necessary specialist capabilities could have a negative impact on the business in terms of maintaining existing commercial relationships with partners, consolidating the key exhibitions and developing new initiatives that could affect the economic, financial position and financial performance of the Group.

The performance management system used to evaluate the capabilities of the employees and the current methods of incentivising them aim to enable the Group to increase the validity and loyalty of its personnel and key internal capabilities to ensure a better coordination/exchange and sharing of expertise.

## **3. LEGAL RISKS**

### **Risks connected to the reference legislative framework**

#### **Health and Safety regulations and regulations covering contractors**

Given its business activity and the number of persons (employees, suppliers, exhibitors, visitors, those involved in setting up exhibitions, etc.) that operate in its exhibition sites, Fiera Milano Group is exposed to risks of infringement of legislation covering health and safety in the workplace (Consolidated Health & Safety Act 81/2008).

Furthermore, given the extensive use that Fiera Milano SpA and some of its subsidiaries make of outside contractors for services linked to the exhibitions (catering, setting-up) which come under the law governing contractors (Legislative Decree 223/2006 and subsequent amendments), the Group is exposed to administrative sanctions and/or interruption of its business for breaches of provisions under the relevant laws, including health and safety in the workplace and compliance with the

regulations governing remuneration and social security made by construction companies and unauthorised sub-contractors.

Fiera Milano Group protects itself from such eventualities by rigorously adhering to the relevant laws and by close attention to the underlying risks through a set of procedures that include:

- the use of and delivery to suppliers and exhibitors of *Technical Regulations for Exhibitions*, which contains the rules to which exhibitors and suppliers must adhere when carrying out their work;
- meetings to train and raise awareness of safety in general and specifically when setting up exhibitions;
- internal functions in charge of inspections for exhibition safety, structures and security in general;
- the application of rigorous procedures for identifying and monitoring third parties that are not clients (i.e. organisers, exhibitors and visitors) with access to the exhibition sites;
- contractual protection.

#### Risks connected to third-party liability

In carrying out the activities of Fiera Milano Group unforeseen damage could occur to property or persons within the exhibition sites. The simultaneous presence of numerous workers with different contracts (employees, external suppliers in direct contractual relations with the Group and/or sub-contractors of other companies, etc.) also makes any eventual attribution of responsibility very difficult in cases of damage to property or persons, with potential consequences for the business of the Company and its corporate image.

The Fiera Milano Group has taken out insurance policies and set up an internal unit (Exhibition Safety) to guard against these risks and has also set up an internal unit (Exhibition Safety) that is responsible for circulating safety information and managing such risks.

#### Administrative liability of entities

The Legislative Decree of 8 June 2001 no. 231 introduced the "discipline governing administrative liability of legal entities, companies and of associations without legal status" (Legislative Decree 231/2001) amending Italian law to meet some international conventions and requiring the adoption and effective implementation of organisational and management models.

To meet the requirements of this Legislative Decree, the Group Italian companies have introduced organisational and management models that are constantly monitored and updated.

Subsidiaries under foreign law, which are not subject to the requirements of Legislative Decree 231/2001, have not adopted their own organisational, management and control models pursuant to the aforementioned Decree 231, but have adopted the Group *Code of Ethics* and have already implemented, the Group's *Guidelines for Anti-corruption Management and other Compliance Procedures* so that a systematic framework of principles and standards exists for crime prevention.

As a result of the organisational changes in Group companies and given the continuous extension of the aforementioned Legislative Decree to cover other criminal offences, it cannot be ruled out that if crimes are committed for their own interest or advantage under the provisions of the law by persons

having a functional connection to Fiera Milano SpA and its subsidiaries, that the models adopted could be considered by the competent Authority to be inadequate or not sufficiently updated, resulting in legal sanctions being imposed

#### **4. FINANCIAL RISKS AND THE USE OF ESTIMATES**

Information is provided in the Explanatory and Supplementary Notes in the sections on **Accounting standards and consolidation criteria – use of estimates;** and **Financial assets and liabilities.**

#### **5. OTHER MINOR RISKS**

##### **Risks connected to dependency on suppliers of services and outsourcers**

Fiera Milano Group uses and, to a certain extent, is dependent on the supply of services linked to the management of the exhibition sites and congress centre, particularly when setting up, managing and dismantling exhibitions (including setting up exhibition stands, security, catering, equipment hire, etc.).

The success of Group activities also depends on the degree of cooperation and the quality and efficiency of service suppliers operating within the exhibition sites.

The internal departments of the Group that manage the portfolio of suppliers and outsourcers guarantees constant control of the quality of the services supplied both at the time that a contract is renewed and on a daily basis. The Group is also able to make any necessary replacement of an important service provider quickly and smoothly given the Group's internal list of suppliers, which is computerised and continually updated, its position on the market and the way it has broken down the activities assigned to third-parties.

## Key data of the companies of the Group

<b>Key data of the companies of the Group</b> data compliant with IAS/IFRS	<b>1st Half at 30/06/15</b> (€ '000)	<b>1st Half at 30/06/14</b> (€ '000)
<b>Fully consolidated companies</b>		
<b>Fiera Milano SpA</b>		
Revenues from sales and services	148,723	112,954
Gross operating result	20,190	2,616
Employees	436	437
Net financial position: debt (cash)	92,833	115,756
<b>Nolostand SpA</b>		
Revenues from sales and services	35,216	21,486
Gross operating result	4,899	2,041
Employees	54	53
Net financial position: debt (cash)	(1,012)	(746)
<b>Fiera Milano Media SpA</b>		
Revenues from sales and services	6,746	6,541
Gross operating result	210	248
Employees	91	95
Net financial position: debt (cash)	977	830
<b>Fiera Milano Congressi SpA</b>		
Revenues from sales and services	18,409	14,891
Gross operating result	2,468	1,575
Employees	36	37
Net financial position: debt (cash)	(2,634)	(2,960)
<b>MiCo Dmc srl</b>		
Revenues from sales and services	-	-
Gross operating result	(33)	-
Employees	-	-
Net financial position: debt (cash)	6	-
<b>Eurofairs International Consultoria e Participações Ltda</b>		
Revenues from sales and services	-	-
Gross operating result	(96)	(750)
Employees	-	-
Net financial position: debt (cash)	747	158
<b>CIPA FM Publicações e Eventos Ltda</b>		
Revenues from sales and services	2,889	3,759
Gross operating result	(1,266)	(955)
Employees	46	47
Net financial position: debt (cash)	955	(1,609)
<b>Fiera Milano India Private Ltd</b>		
Revenues from sales and services	-	15
Gross operating result	(44)	(5)
Employees	-	-
Net financial position: debt (cash)	(116)	(99)

continued on the next page

continued from the previous page

<b>Key data of the companies of the Group</b> data compliant with IAS/IFRS principles	<b>1st Half at 30/06/15</b> (€ '000)	<b>1st Half at 30/06/14</b> (€ '000)
<b>Limited Liability Company Fiera Milano</b>		
Revenues from sales and services	34	3
Gross operating result	(80)	(141)
Employees	4	3
Net financial position: debt (cash)	189	163
<b>Fiera Milano Interteks Uluslararası Fuarçılık A.Ş.</b>		
Revenues from sales and services	923	986
Gross operating result	(256)	(199)
Employees	15	19
Net financial position: debt (cash)	784	160
<b>Fiera Milano Exhibitions Africa Pty Ltd</b>		
Revenues from sales and services	874	667
Gross operating result	(285)	(135)
Employees	18	16
Net financial position: debt (cash)	(29)	(363)
<b>Worldex (China) Exhibition &amp; Promotion Ltd</b>		
Revenues from sales and services	166	536
Gross operating result	(438)	(246)
Employees	44	46
Net financial position: debt (cash)	(673)	(984)
<b>Haikou Worldex Milan Exhibition Co. Ltd</b>		
Revenues from sales and services	5	217
Gross operating result	(18)	(8)
Employees	-	2
Net financial position: debt (cash)	(84)	(58)
<b>Equity-accounted companies</b>		
<b>Hannover Milano Global Germany GmbH</b>		
Revenues from sales and services	17,077	11,104
Gross operating result	4,348	3,298
Employees	119	131
Net financial position: debt (cash)	(16,319)	(15,832)
<b>Milan International Exhibition Srl (in liquidation)</b>		
Revenues from sales and services	-	-
Employees	-	-
Net financial position: debt (cash)	(95)	(132)

## **Significant events after the end of the reporting period**

On 23 July 2015, the Parent Company finalised the acquisition of 100% of Ipack-Ima and the simultaneous payment to the seller, Centrexpo SpA, of Euro 2.500 million. Ipack-Ima SpA owns the following trademarks and already organises the trade exhibitions associated with these trademarks in the Fiera Milano exhibition site: Ipack-Ima (triennial), one of the world's leading events for food and non-food processing and packaging technologies; Meat-Tech (triennial), an exhibition for processing and packaging in the meat industry; Dairytech (triennial), an exhibition for treatment and packaging technologies for the dairy sector; Fruit Innovation (annual), an exhibition for technology and services in the fruit and vegetable sector (of which Fiera Milano owns 50%); Intralogistica Italia, a triennial exhibition for corporate internal logistics plant and equipment (50% owned by Deutsche Messe).

On 27 July 2015, the Parent Company sold its 60% shareholding in the Turkish subsidiary Interteks Uluslararası Fuarcilik A.S. Turkey is no longer considered a strategic country for the Group given the downgrading of future growth expectations for the local exhibition sector.

## **Business outlook and evaluation of the business as a going concern**

The overall results for the first semester 2015 exceeded expectations mainly due to the positive performance of exhibitions held in Italy. Current forecasts confirm this trend given a second semester full of events (including the important proprietary exhibition Host) and also the contribution of the contracts linked to EXPO 2015. However, the performance of foreign exhibitions declined largely due to singularly negative circumstances in the semester under review; this will negatively affect expected growth, particularly in Brazil and South Africa.

The full-year 2015 forecasts show year-on-year growth in gross operating profit that is lower than originally expected mainly due to the downgrading of the outlook for the foreign activities and to non-recurring costs in the Parent Company.

The risk indicators in the foreign business were behind the changes made to the financial plan and the impairment tests that led to impairment charges. As a result, the updated forecasts for the 2015 financial year confirm a trend in financial requirements in line with the forecasts for growth in revenues and investments but a consolidated profit that reflects the impact of discontinued operations in the semester under review.

In the medium/long-term, the new forecasts for the industrial plan for the coming financial years indicate a continuation of the cyclical trend, which reflects the seasonality of the business, with a drop in the forecast results for 2016 due to an unfavourable exhibition calendar but a strongly positive consolidated gross operating profit. However, unforeseen events or circumstances could impede the full achievement of these results.

It should be noted that, due to the effect of the accumulated losses at 31 December 2014 of the Parent Company, the indicated share capital had fallen by over one-third and the Company was in the situation to which Article 2466 of the Italian Civil Code applies. The 2015 forecasts in the Industrial Plan included a year-end net profit for the Parent Company that would allow the capital to return above the two-thirds threshold at the end of the 2015 financial year.

Although the Parent Company gross operating profit in the first semester 2015 was in line with expectations, estimates based on the current available information, which is reflected in the updated full-year 2015 forecasts, indicate that the impairment charges taken in the consolidated financial statements for the first semester for some of the foreign cash generating units due to the aforementioned factors could lead to impairment charges in the full-year accounts for some of the investments of the Parent Company. This may mean that the target of restoring the equity of the Parent Company to above the two-thirds threshold required under Article 2446 of the Italian Civil Code will not be reached despite a positive equity position.



Given these circumstances, it should be stressed that the share capital increase to be deliberated by the Extraordinary Shareholders' Meeting on 31 July 2015 should, once completed, provide additional stability, restore the equity of the Parent Company to above the two-thirds threshold, strengthen the capital position and raise financial resources for the development plan of the Group.

However, the positive outcome of the share capital increase is dependent on shareholders subscribing and paying for the new shares and also on obtaining the necessary authorisations under enacted law, a process that has already commenced. On 20 July 2015, Fondazione Fiera Milano, the controlling shareholder of Fiera Milano with a shareholding of 62.062% gave an irrevocable undertaking, assuming approval from the Extraordinary Shareholders' Meeting, to exercise all its rights to subscribe and pay for its quota of the new shares.

Given the budget financial forecasts, those for the trend in working capital and the debt and equity figures, as well as the undertaking given by the controlling shareholder Fondazione Fiera Milano to subscribe to its share of the capital increase, the Consolidated Half-year Report has been prepared on the principle that the business is a going concern and any estimates and uncertainties have been described in the preceding paragraphs and in the sections on liquidity risk and the use of estimates.

## **Interim Condensed Consolidated Financial Statements at 30 June 2015**

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- **Consolidated Financial Statements**
- **Illustrative notes to the Interim Condensed Consolidated Financial Statements**
  
- **Attachments:**
  - 1. List of companies included in the area of consolidation and other equity investments**

		(€'000)	
notes	<b>Consolidated Statement of Financial Position</b>	<b>30/06/15</b>	<b>31/12/14</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
5	Property, plant and equipment	16,957	18,427
5	Leased property, plant and equipment	11	11
	Investments in non-core property	-	-
6	Goodwill and intangible assets with an indefinite useful life	102,505	109,474
6	Intangible assets with a finite useful life	35,030	41,584
2-7	Equity accounted investments	15,278	15,462
7	Other investments	29	40
	Other financial assets	-	-
7	Trade and other receivables	13,155	13,275
38	<i>of which from related parties</i>	12,257	12,389
7	Deferred tax assets	3,960	6,457
	<b>Total</b>	<b>186,925</b>	<b>204,730</b>
<b>Current assets</b>			
8	Trade and other receivables	99,681	50,604
38	<i>of which from related parties</i>	7,834	6,795
9	Inventories	3,396	5,028
	Contracts in progress	-	-
	Current financial assets	-	-
10	Cash and cash equivalents	17,190	12,276
	<b>Total</b>	<b>120,267</b>	<b>67,908</b>
<b>Assets held for sale</b>			
3	Assets held for sale	1,772	-
	<b>Total assets</b>	<b>308,964</b>	<b>272,638</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
11	Share capital	41,521	41,521
	Share premium reserve	-	909
	Revaluation reserve	-	-
	Other reserves	(6,069)	3,387
	Retained earnings	(17,110)	(9,828)
	Profit/(loss) for the period	3,946	(18,955)
	<b>Total Group equity</b>	<b>22,288</b>	<b>17,034</b>
	<b>Equity attributable to non-controlling interests</b>	<b>340</b>	<b>2,654</b>
	<b>Total equity</b>	<b>22,628</b>	<b>19,688</b>
<b>Non-current liabilities</b>			
	Bonds in issue	-	-
12	Bank borrowings	16,996	26,898
13	Other financial liabilities	2,139	2,001
38	<i>of which to related parties</i>	-	1,781
14	Provision for risks and charges	1,752	1,752
15	Employee benefit provisions	9,997	10,286
18	Deferred tax liabilities	6,474	7,147
19	Other non-current liabilities	-	55
	<b>Total</b>	<b>37,358</b>	<b>48,139</b>
<b>Current liabilities</b>			
	Bonds in issue	-	-
12	Bank borrowings	54,140	82,894
16	Trade payables	53,925	36,160
17-38	Pre-payments	60,477	39,641
13	Other current financial liabilities	37,498	22,150
38	<i>of which to related parties</i>	36,538	21,983
14	Current provision for risks and charges	1,191	1,326
18	Current tax liabilities	3,727	2,091
19	Other current liabilities	36,248	20,549
38	<i>of which to related parties</i>	6,466	4,128
	<b>Total</b>	<b>247,206</b>	<b>204,811</b>
<b>Liabilities held for sale</b>			
3	Liabilities held for sale	1,772	-
	<b>Total liabilities</b>	<b>308,964</b>	<b>272,638</b>

		(€'000)	
notes	<b>Consolidated Statement of Comprehensive Income</b>	<b>1st Half at 30/06/15</b>	<b>1st Half at 30/06/14 restated*</b>
23-38	Revenues from sales and services	181,532	137,596
	<b>Total revenues</b>	<b>181,532</b>	<b>137,596</b>
24	Cost of materials	3,932	1,486
25-38	Cost of services	87,492	72,705
26	Cost of use of third-party assets	31,250	32,017
38	<i>of which from related parties</i>	<i>27,872</i>	<i>29,401</i>
27	Personnel expenses	30,763	24,918
28-38	Other operating expenses	3,986	3,742
	<b>Total operating expenses</b>	<b>157,423</b>	<b>134,868</b>
29-38	Other income	1,434	1,614
3-30	Results of equity accounted associates and joint ventures	1,172	963
	<b>Gross operating result</b>	<b>26,715</b>	<b>5,305</b>
31	Depreciation of property, plant and equipment	3,344	3,246
	Depreciation of property investments	-	-
31	Amortisation of intangible assets	3,128	3,204
32	Adjustments to asset values	7,997	6
33	Write down of doubtful receivables and other provisions	(528)	(941)
	<b>Net operating result (EBIT)</b>	<b>12,774</b>	<b>(210)</b>
34-38	Financial income and similar	692	451
34-38	Financial expenses and similar	2,842	3,061
	Valuation of financial assets	-	-
	<b>Profit/(loss) before tax</b>	<b>10,624</b>	<b>(2,820)</b>
35	Income tax	5,488	540
	<b>Profit/(loss) from continuing operations</b>	<b>5,136</b>	<b>(3,360)</b>
3	<b>Profit/(loss) from discontinued operations</b>	<b>(1,988)</b>	<b>(378)</b>
36	<b>Profit/(loss) for the period</b>	<b>3,148</b>	<b>(3,738)</b>
	Profit/(loss) attributable to:		
	The shareholders of the controlling entity	3,946	(3,218)
	Non-controlling interests	(798)	(520)
	<b>Other comprehensive income/(loss) that will not be reclassified subsequently to profit or loss</b>		
	Revaluation of defined benefit schemes	282	(505)
	Tax effects	(78)	139
	<b>Other comprehensive income/(loss) that will be reclassified subsequently to profit or loss</b>		
	Currency translation differences of foreign subsidiaries	(534)	800
	<b>Total other comprehensive income/(loss) net of related tax effects</b>	<b>(330)</b>	<b>434</b>
	<b>Total comprehensive income/(loss) for the period</b>	<b>2,818</b>	<b>(3,304)</b>
	Total comprehensive income/(loss) for the period attributable to:		
	The shareholders of the controlling entity	3,721	(2,931)
	Non-controlling interests	(903)	(373)
37	<b>Earnings/(losses) per share (€)</b>		
	Basic	0.0950	(0.0775)
	Diluted	0.0950	(0.0775)

\* Some figures in the interim condensed consolidated financial statements at 30 June 2014 have been restated for comparative purposes following the application of IFRS 5.

		(€'000)	
notes	<b>Consolidated Statement of Cash Flows</b>	<b>1st Half at 30/06/15</b>	<b>1st Half at 30/06/14 restated *</b>
	<b>Net cash at beginning of the year</b>	<b>12,276</b>	<b>11,416</b>
	<b>Cash flow from operating activities</b>		
10	Net cash from operating activities	30,758	(4,948)
38	<i>of which from related parties</i>	(27,560)	(29,027)
	Interest paid	(1,493)	(1,513)
	Interest received	78	200
	Income taxes paid	(314)	(268)
	<b>Total from continuing operations</b>	<b>29,029</b>	<b>(6,529)</b>
	<b>Total from discontinued operations</b>	<b>(485)</b>	<b>(333)</b>
	<b>Cash flow from investment activities</b>		
4	Investments in tangible assets	(2,001)	(2,169)
4	Write-downs of tangible assets	87	4
5	Investments in intangible assets	1	(741)
6-19	Investments in subsidiaries	-	(1,954)
	<b>Total from continuing operations</b>	<b>(1,913)</b>	<b>(4,860)</b>
	<b>Total from discontinued operations</b>	<b>7</b>	<b>2</b>
	<b>Cash flow from financing activities</b>		
11	Non-controlling interests share capital and reserves	122	660
12-13	Non-current financial assets/liabilities	(9,765)	(919)
9-12-13	Current financial assets/liabilities	(11,977)	14,408
38	<i>of which from related parties</i>	12,774	4,239
11	Dividends paid	-	(76)
	<b>Total from continuing operations</b>	<b>(21,620)</b>	<b>14,073</b>
	<b>Total from discontinued operations</b>	<b>489</b>	<b>(158)</b>
11	Net currency translation differences	(569)	(433)
	<b>Cash flow for the period from continuing operations</b>	<b>5,496</b>	<b>2,684</b>
	<b>Cash flow for the period from discontinued operations</b>	<b>11</b>	<b>(489)</b>
	<b>Net cash at the end of the period from continuing operations</b>	<b>17,190</b>	<b>13,180</b>
	<b>Net cash from discontinued operations</b>	<b>24</b>	<b>(2)</b>

\* Some figures in the interim condensed consolidated Financial Statements at 30 June 2014 have been restated for comparative purposes following the application of IFRS 5.

		(€'000)	
		<b>1st Half at 30/06/15</b>	<b>1st Half at 30/06/14 restated *</b>
	<b>Cash generated from operating activities</b>		
	Result including non-operating activities	5,136	(3,360)
	<i>Adjustments for:</i>		
	Total comprehensive income/(loss) of equity accounted investments	(1,643)	(959)
	Depreciation and Amortisation	6,472	6,450
	Provisions, write-downs and impairment	8,123	(884)
	Capital gains/(losses)	7	6
	Net financial income/(expenses)	2,150	2,610
	Net change in employee provisions	(85)	380
	Changes in deferred taxes	2,125	(200)
	Inventories	1,632	(779)
	Trade and other receivables	(49,706)	(6,213)
	Trade payables	17,919	(194)
	Pre-payments	21,078	(437)
	Tax payables	2,023	304
	Provisions for risks and charges and other liabilities (excluding payables to organisers)	14,532	1,489
	Payables to organisers	995	(3,161)
	<b>Total from continuing operations</b>	<b>30,758</b>	<b>(4,948)</b>

\* Some figures in the interim condensed consolidated Financial Statements at 30 June 2014 have been restated for comparative purposes following the application of IFRS 5.

## Consolidated Statement of Changes in Equity

(€'000)

note 11	Share capital	Share premium reserve	Legal reserve	Other reserves	Retained earnings	Profit/(loss) for the period	Total Group	Capital and reserves attributable to non-controlling interests	Profit/(loss) for the financial year attributable to non-controlling interests	Total non-controlling interests	Total equity
<b>Balance at 31 December 2013</b>	<b>41,521</b>	<b>13,573</b>	<b>7,865</b>	<b>(6,521)</b>	<b>(5,290)</b>	<b>(16,498)</b>	<b>34,650</b>	<b>2,939</b>	<b>(127)</b>	<b>2,812</b>	<b>37,462</b>
Allocation of earnings (losses) at 31.12.13:	-	-	-	-	(16,498)	16,498	-	(127)	127	-	-
<i>legal reserve</i>	-	(12,664)	-	-	12,664	-	-	-	-	-	-
<i>dividend distribution</i>	-	-	-	-	-	-	-	(76)	-	(76)	(76)
Share capital increases	-	-	-	-	-	-	-	282	-	282	282
Remeasurement of defined benefit plans	-	-	-	-	(366)	-	(366)	-	-	-	(366)
Total comprehensive income for the financial year	-	-	-	653	-	(3,218)	(2,565)	147	(520)	(373)	(2,938)
<b>Balance at 30 June 2014</b>	<b>41,521</b>	<b>909</b>	<b>7,865</b>	<b>(5,868)</b>	<b>(9,490)</b>	<b>(3,218)</b>	<b>31,719</b>	<b>3,165</b>	<b>(520)</b>	<b>2,645</b>	<b>34,364</b>
	Share capital	Share premium reserve	Legal reserve	Other reserves	Retained earnings	Profit/(loss) for the period	Total Group	Capital and reserves attributable to non-controlling interests	Profit/(loss) for the financial year attributable to non-controlling interests	Total non-controlling interests	Total equity
<b>Balance at 31 December 2014</b>	<b>41,521</b>	<b>909</b>	<b>7,865</b>	<b>(4,478)</b>	<b>(9,828)</b>	<b>(18,955)</b>	<b>17,034</b>	<b>2,805</b>	<b>(151)</b>	<b>2,654</b>	<b>19,688</b>
Allocation of earnings (losses) at 31.12.15:	-	-	-	-	(18,955)	18,955	-	(151)	151	-	-
<i>legal reserve</i>	-	(909)	(7,865)	(1,420)	10,194	-	-	-	-	-	-
<i>dividend distribution</i>	-	-	-	-	-	-	-	-	-	-	-
Acquisition of 25% of Cipa Ltd	-	-	-	-	892	-	892	(932)	-	(932)	(40)
Acquisition of 15% of Fiera Milano Exhibitions Africa Ltd	-	-	-	258	383	-	641	(484)	-	(484)	157
Acquisition of 51% of MiCo DMC srl	-	-	-	-	-	-	-	5	-	5	5
Remeasurement of defined benefit plans	-	-	-	-	204	-	204	-	-	-	204
Total comprehensive income for the financial year	-	-	-	(429)	-	3,946	3,517	(105)	(798)	(903)	2,614
<b>Balance at 30 June 2015</b>	<b>41,521</b>	<b>-</b>	<b>-</b>	<b>(6,069)</b>	<b>(17,110)</b>	<b>3,946</b>	<b>22,288</b>	<b>1,138</b>	<b>(798)</b>	<b>340</b>	<b>22,628</b>

## Illustrative notes to the Interim Condensed Consolidated Financial Statements

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The Fiera Milano Interim Condensed Consolidated Financial Statements at 30 June 2015 were approved and their publication authorised by the Board of Directors on 27 July 2015.

Fiera Milano Group covers all typical phases of the exhibition and congress industry and is one of the largest international integrated companies in the sector.

The business of the Group has dual seasonality: (i) a greater concentration of exhibitions in the period from January – June; (ii) exhibitions that have a multiannual frequency.

For greater detail on Group structure, reference should be made to the relevant section of the Interim Report on Operations.

### 1) Accounting standards and consolidation criteria

#### Accounting standards

The Interim Condensed Consolidated Financial Statements were prepared in accordance with IAS and IFRS accounting principles in force at 30 June 2015, issued by the International Accounting Standards Board (IASB) and endorsed by the European Union, and with the relative interpretative documents and the provisions issued when article 9 of Legislative Decree no. 38/2005 was enacted.

These Interim Condensed Consolidated Financial Statements were prepared in summary form in accordance with IAS 34 – *Interim Financial Reporting* and must therefore be read in conjunction with the Consolidated Financial Statements for the financial year to 31 December 2014.

The Interim Condensed Consolidated Financial Statements were prepared on the going concern principle as described in detail in the Interim Report on Operations in the section Business Outlook and evaluation of the business as a going concern.

The reference currency is the Euro and all figures have been rounded up or down to the nearest thousand.

No atypical and/or unusual transactions took place in the first semester 2015.

The risks and uncertainties to which the business is exposed are described in the Interim Report on Operations in the sections on Risk factors affecting the Group, in Note 21 of the Illustrative notes and in the section Use of estimates.

The present Interim Condensed Consolidated Financial Statements have been subject to a limited audit by the audit firm Reconta Ernst & Young SpA.

#### 1.1 New accounting standards, interpretations and amendments that have been applied

The accounting principles used to prepare these Interim Condensed Consolidated Financial Statements are the same as those used for the Consolidated Financial Statements for the financial year to 31 December 2014 to which reference should be made except for those with mandatory application from 17 June 2015 which are described below.

##### - Interpretation of IFRIC 21 – *Levies*

IFRIC 21 clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold no liability is recognised before the specified minimum threshold is reached. The interpretation is effective for annual periods beginning on or after 1 January 2014 and retrospectively for all prior periods presented.

This interpretation had no significant impact on the interim condensed financial statements.

The accounting standards endorsed by the European Union during 2014 and which are applicable to financial periods commencing on or after 1 February 2015 are listed below:

- Amendment to IAS 19 – *Employee Benefits*  
The amendment affects the accounting of defined benefit plans that include contributions from employees or third-parties.
- Annual improvements 2010-2012:
  - IFRS 2 - *Share-based payment*
  - IFRS 3 - *Business combinations*
  - IFRS 8 - *Operating segments*
  - IAS 16 - *Property, plant and equipment* and IAS 38 - *Intangible assets*
  - IAS 24 – *Related-party disclosures*
- Annual improvements 2011-2013:
  - IFRS 3 – *Business combinations*
  - IFRS 13 - *Fair value measurement*
  - IAS 40 – *Investment property*

## **1.2 Form and content of the Interim Condensed Consolidated Financial Statements**

In partial waiver of the requirements of IAS 34 the present Interim Condensed Consolidated Financial Statements give detailed, and not just summary, tables in order to provide a better and more complete view of the financial results for the semester to 30 June 2015 and of the same period in 2014. The illustrative notes also meet the information requirements of IAS 34 and include data considered useful for a greater understanding of the Interim Condensed Consolidated Financial Statements.

## **1.3 Area and principles of consolidation**

The present Interim Condensed Consolidated Financial Statements include the Parent Company Fiera Milano SpA, its subsidiary companies and jointly controlled entities.

The present Interim Condensed Consolidated Financial Statements have been prepared on the basis of the six-monthly situation at 30 June 2015 approved by the Boards of Directors of the companies included in the area of consolidation and prepared according to Group accounting policies using IAS/IFRS.

The list of consolidated companies at 30 June 2015 is shown in Attachment 1.

Changes in the area of consolidation and in investments were as follows:

- on 9 April 2015, the Parent Company acquired 15% of Fiera Milano Exhibitions Africa Pty Ltd for 3.945 million South African rands (Euro 0.300 million at the exchange rate on 24 February 2015: EUR/ZAR 13.149);
- on 6 May 2015, Fiera Milano Congressi acquired 51% of MiCo DMC s.r.l. for Euro 0.050 million;
- following exercise of the right to withdraw by the minority shareholder, confirmed by the sentence given by the Court in São Paulo, Eurofairs became the owner of 100% of CIPA Ltda. As a result, the share capital was proportionally reduced for the non-controlling interest equal to 25% and by 0.236 million Brazilian reals. The transaction price, which for the present half-year report was estimated at a fair value of 2.476 million Brazilian reals (Euro 0.791 million at the exchange rate on 30 June 2015: EUR/REAL 3.4699), will be decided by arbitration;



- from 30 June 2015, Interteks has been classified among assets and liabilities held for sale as described in section 3.

#### *Translation of accounts prepared in currencies other than the Euro*

The exchange rates used to translate the 2015 and 2014 half-year financial statements of foreign companies into Euro were as follows:

	average 30/06/2015	average 30/06/2014	30/06/2015	30/06/2014
US dollar	1.1158	1.370346	1.1189	1.3658
Turkish lira	2.8626	2.967769	2.9953	2.8969
South African rand	13.3048	14.675812	13.6416	14.4597
Brazilian reals	3.3101	3.149871	3.4699	3.0002
Russian rouble	64.6407	47.992389	62.355	46.3779
Indian rupee	70.1244	83.288924	71.1873	82.2023
Yuan renminbi	6.9408	8.449966	6.9366	8.4722

Source: Banca d'Italia

### **1.4 Use of estimates**

Preparation of interim financial statements and related notes under IFRS requires estimates and assumptions to be made that affect the figures for assets and liabilities in the financial statements and information regarding the likely assets and liabilities at the date the half-year financial statements were prepared. Actual results may differ from these estimates. Estimates are used for provisions for doubtful accounts, depreciation and amortisation, employee benefits, taxes, and other provisions and reserves, as well as any impairment of assets. Estimates and assumptions are reviewed regularly and the effects of any change are immediately recognised in profit and loss for the period in which the estimate is revised.

The most significant estimates used in preparing the Financial Statements are given below as these require a high degree of subjective opinions, assumptions and forecasts:

- *Goodwill and intangible assets with an indefinite useful life* are subject to impairment tests at least on an annual basis; the tests require judgements to be made on the useful life of the cash-generating unit to which the goodwill and intangible assets with an indefinite useful life have been allocated, which themselves are based on an estimate of the net present value of the cash flows deriving from the unit calculated using a specific discount rate.  
The recoverability of carrying amounts are measured as the lower of the carrying amount and the higher of the fair value less costs to sell and the value in use of the asset. The net selling price is the price that would be received to sell an asset in an orderly transaction between market participants less costs to sell; in the absence of a binding agreement, reference is made to similar transactions on an active market or to the best information available taking account of, amongst other things, recent transactions in similar assets within the same industry. The value in use is the present value of the future cash flows expected to be derived from the asset (or cash-generating unit), discounted using a weighted average cost of capital of an entity having a similar risk profile and level of indebtedness, and from its ultimate disposal at the end of its useful life.
- *Intangible assets with a finite useful life* are subject to an impairment test whenever there is any internal or external indication of impairment; the tests require judgements to be made on the useful life of the cash-generating unit to which the goodwill and intangible assets with a finite useful life have been allocated, which themselves are based on an estimate of the net present value of the cash flows deriving from the unit calculated using an appropriate discount rate.
- *Deferred tax assets* are recognised against tax losses carried forward and other timing differences to the extent of the likely existence of future taxable profit against which these tax

losses carried forward and those due to timing differences may be used. Management is required to make a significant judgement regarding the deferred tax assets to be recognised. The business plan of the Company is used to calculate the likelihood that these deferred tax assets will be used.

- *Provisions for risks and charges:* the calculation of the provisions for risks and charges are based on the best information available at the date of the present interim statement of financial position and requires estimates using historic figures and future forecasts for the outcome of legal disputes or events; the calculation of the risk profile and the estimate of the financial impact that these might have are subject to uncertainties and complexities which could lead to changes in the estimates.

With regard to the use of estimates for financial risks, reference should be made to the relevant paragraph in the illustrative notes to the financial statements. Risk provisions are based on the best available information at the date of the interim financial statements.

It should be noted that the industrial plans used in the impairment tests are by their very nature based on hypotheses and assumptions for future performance that are uncertain. Consequently, also given the current macroeconomic environment, the current exhibition market and the outcome of the actions implemented by the Group, it cannot be excluded that the actual results could differ from the estimates.

The plan is subject to constant assessments by the Directors to ascertain the effective implementation of decisions and their effect on the forecasts and economic and financial performance of the Group.

### *Taxes*

Income tax for the semester is calculated by applying to the pre-tax profit for the period the tax rate which would be applicable to the expected annual results. If the estimated effective tax rate does not give credible results, the income taxes are calculated by applying the tax rate and enacted regulations in the countries in which the Group operates to the taxable income for the period.

## 2) Disclosure on joint ventures, subsidiaries and associates

The Group has a 49% shareholding in Hannover Milano Global Germany GmbH, jointly controlled with Deutsche Messe AG. Under IAS 31 - *Interests in joint ventures* (before application of IFRS 11), the investment in Hannover Milano Global Germany GmbH was classified as a jointly controlled entity and the Group share of assets, liabilities, revenues and expenses were accounted using proportionate consolidation.

Following the application of IFRS 11 - *Joint arrangements* from 1 January 2014, the Group has classified its investment as a joint venture and therefore accounts for it using the equity method.

Under the joint venture agreement with Deutsche Messe AG, the Group share of equity is calculated on the results generated from the exhibitions; this share went from 44.33% at 30 June 2014 to 41.169% at 30 June 2015.

The shares of the Group in the income and equity of the joint venture are summarised in the following tables:

	(€'000)	
	<b>30/06/15</b>	<b>30/06/14</b>
Current assets	22,589	17,628
Non-current assets	10,104	10,143
Current liabilities	14,710	11,552
Non-current liabilities	-	-
<b>Equity</b>	<b>17,983</b>	<b>16,219</b>
<b>Carrying value of the joint venture</b>	<b>8,812</b>	<b>7,947</b>

	(€'000)	
	<b>1st Half at 30/06/15</b>	<b>1st Half at 30/06/14</b>
Total revenues	17,207	11,741
Total operating costs	(12,899)	(8,434)
Depreciation and amortisation, write downs, net financial (expenses)/income	69	(238)
<b>Profit/(loss) before tax</b>	<b>4,377</b>	<b>3,069</b>
Income tax	(1,506)	(896)
<b>Profit/(loss) for the year</b>	<b>2,871</b>	<b>2,173</b>
<b>Profit/(loss) attributable to the Group</b>	<b>1,182</b>	<b>963</b>

The investment in Milan International Exhibitions Srl, a company in which the Group has 20% and that is currently in liquidation, is consolidated using the equity method and generated a decrease in the entry for investments valued using the equity method of Euro 0.010 million in the period under review.

### 3) Assets and liabilities held for sale

On 29 June 2015, the Board of Directors of the Parent Company approved the divestment of 60% of the subsidiary Fiera Milano Interteks Uluslararası Fuarcilik A.S., in keeping with its decision to withdraw from the Turkish market, which it no longer considers to be strategic given the downgrading of future growth expectations for the local exhibition market. The sale of the investment, finalised in July 2015 for a symbolic sum of Euro 1.00, means that the assets and liabilities of Interteks were classified as held for sale and generated an impairment charge at the consolidated level of Euro 1.587 million for intangible assets linked to event brands and goodwill. Under IFRS 5 - *Non-current Assets Held for Sale and Discontinued Operations*, the results of the company, the impairment charges for goodwill and other assets are shown in a single entry in the Income Statement: net result for the period of discontinued operations,.

Details of the Income Statement and the earnings/(losses) per share of discontinued operations are shown in the following tables:

	(€'000)	
<b>Interteks income statement</b>	<b>1st Half 2015</b>	<b>1st Half 2014</b>
Revenues	938	936
Costs	1,347	1,326
Profit/(loss) from discontinued operations	(409)	(390)
Income tax	(8)	(12)
Profit/(loss) from discontinued operations net of tax effect	(401)	(378)
Capital loss on divestment	1,587	-
Profit/(loss) from discontinued operations attributable to:	<b>(1,988)</b>	<b>(378)</b>
- the shareholders of the controlling entity	(1,626)	(257)
- non-controlling interests	(362)	(121)
	<b>1st Half 2015</b>	<b>1st Half 2014</b>
<b>Earnings/(losses) per share</b>		
Profit/(loss) (€'000)	(1,988)	(378)
Average no. of shares in circulation ('000)	41,521	41,521
Earnings/(losses) per share basic and diluted (€)	(0.04788)	(0.00910)

Assets and liabilities included in the entry for assets held for sale are as follows:

	<b>30/06/15</b>
Current assets	1,038
Non-current assets	734
<b>Total assets held for sale</b>	<b>1,772</b>
Current liabilities	1,440
Non current liabilities	332
<b>Total liabilities held for sale</b>	<b>1,772</b>

#### 4) Segment reporting

The Half-year Financial Report has been prepared pursuant to Article 154-*ter* of Italian Legislative Decree No. 58/1998 and also in accordance with the IAS and IFRS accounting principles in force at 30 June 2015, issued by the International Accounting Standard Board (IASB) and endorsed by the European Union and, in particular IAS 34 – *Interim Financial Reporting*, as well as with the provisions of Article 9 of Legislative Decree no. 38/2005.

Fiera Milano Group is involved in all the normal phases of the exhibition and congress sector and is one of the leading international integrated companies in this sector.

Within Fiera Milano Group the following operating segments have been identified:

- **Italian Exhibitions:** this segment covers all activities for the organisation and hosting of exhibitions and other events in Italy through the use, promotion and offer of furnished exhibition spaces, of project support, and of ancillary services. Specifically this segment includes all activities associated with exhibitions (including end services for exhibitors and visitors):
  - that are directly organised by the Group or in partnership with third-parties;
  - organised by third-parties, through the hiring out of spaces and services.

These activities are carried out by the Parent Company Fiera Milano SpA.

- **Foreign exhibitions:** this segment covers all activities for the organisation of exhibitions and other events abroad through the use, promotion and offer of furnished exhibition spaces, of project support, and of ancillary services. Specifically this segment includes all activities associated with exhibitions (including end services for exhibitors and visitors) that are directly organised by the Group or in partnership with third-parties.

These activities are carried out by:

- a joint venture with Deutsche Messe AG of Hanover, which operates in China through two subsidiaries, Hannover Milano Fairs Shanghai Co Ltd and Hannover Milano Fairs China Ltd, and in India through its 50% shareholding in Hannover Milano Fairs India Pvt Ltd and the latter's investment in Global Fairs & Media Private Ltd;
  - Cipa FM Publicações e Eventos Ltda (hereinafter "Cipa FM"), with its registered office in São Paulo; it is held by the Brazilian subsidiary, Eurofairs International Consultoria e Participações Ltda (hereinafter "Eurofairs");
  - Fiera Milano India Pvt Ltd, with its registered office in New Delhi;
  - Limited Liability Company Fiera Milano, with its registered office in Moscow;
  - Fiera Milano Exhibitions Africa PTY Ltd (hereinafter "Fiera Milano Africa"), with its registered office in Westlake - Cape Town;
  - Fiera Milano Interteks Uluslararası Fuarcilik A.S. (hereinafter "Interteks") with its registered office in Istanbul, which, since 30 June 2015 has been classified under assets and liabilities held for sale as described in Note 3;
  - Worldex (China) Exhibition & Promotion Ltd (hereinafter "Worldex"), an important exhibition company on the Chinese market with its registered office in Guangzhou. The company operates in the province of Guangdong and, through its 99% owned subsidiary Haikou Worldex Milan Exhibition Co. Ltd, in the province of Hainan.
- **Stand-fitting services:** this segment covers stand-fitting services, technical services and all exhibition site services for exhibitions and congresses carried out by Nolostand SpA.
  - **Media:** this segment covers the production of content and supply of on line and off line publishing services, as well those associated with the organisation of events and congresses by Fiera Milano Media SpA.
  - **Congresses:** this segment covers the management of conferences and events by both Fiera Milano Congressi SpA and MiCo DMC Srl.

The key economic and financial data for each segment for the semesters to 30 June 2015 and 30 June 2014 are given in the following tables.

(€'000)

Income Statement 1st Half to 30/06/15	Italian exhibitions	Foreign exhibitions	Stand-fitting services	Media	Congresses	Adjustments	Consolidated
Revenues from sales and services to third-parties	145,393	3,664	8,976	5,387	18,112		181,532
Revenues from intersegment sales and services	3,330	333	26,240	1,359	297	(31,559)	
<b>Total revenues</b>	<b>148,723</b>	<b>3,997</b>	<b>35,216</b>	<b>6,746</b>	<b>18,409</b>	<b>(31,559)</b>	<b>181,532</b>
<i>of which from Italy</i>							177,868
<i>of which from foreign activities</i>							3,664
Cost of materials	508	29	3,179	145	73	(2)	3,932
Cost of services	77,852	3,875	23,280	3,460	11,852	(32,827)	87,492
Cost for use of third-party assets	28,000	391	984	168	2,042	(335)	31,250
Personnel expenses	22,800	1,678	2,533	2,820	1,919	(987)	30,763
Other operating expenses	2,740	246	649	169	226	(44)	3,986
<b>Total operating expenses</b>	<b>131,900</b>	<b>6,219</b>	<b>30,625</b>	<b>6,762</b>	<b>16,112</b>	<b>(34,195)</b>	<b>157,423</b>
Other income	3,367	39	308	226	138	(2,644)	1,434
Profit/(loss) of equity accounted companies	(10)	1,182					1,172
<b>Gross operating result</b>	<b>20,180</b>	<b>(1,001)</b>	<b>4,899</b>	<b>210</b>	<b>2,435</b>	<b>(8)</b>	<b>26,715</b>
<i>of which from Italy</i>							27,974
<i>of which from foreign activities</i>							(1,259)
Depreciation of property, plant & equipment	1,017	70	854	26	1,377		3,344
Depreciation of property investments							
Amortisation of intangible assets	2,433	356		277	8	54	3,128
Adjustments to asset values	1,591	6,406					7,997
Allowance for doubtful accounts and other provisions	(82)	550	(784)	(173)	(39)		(528)
<b>Net operating result (EBIT)</b>	<b>15,221</b>	<b>-8,383</b>	<b>4,829</b>	<b>80</b>	<b>1,089</b>	<b>-62</b>	<b>12,774</b>
<i>of which from Italy</i>							21,468
<i>of which from foreign activities</i>							(8,694)
Financial income and similar							692
Financial expenses and similar							2,842
Valuation of financial assets							
<b>Profit/(loss) before income tax</b>							<b>10,624</b>
Income tax							5,488
<b>Profit/(loss) from continuing operations</b>							<b>5,136</b>
<b>Profit/(loss) from discontinued operations</b>							<b>(1,988)</b>
<i>Revenues</i>							938
<i>Operating expenses</i>							2,926
<b>Profit/(loss) for the period</b>							<b>3,148</b>
Profit/(loss) attributable to non-controlling interests							(798)
<b>Group profit/(loss)</b>							<b>3,946</b>

The table below gives investments by operating segment:

Statement of Financial Position Data at 30/06/15		(€'000)
		Investments
Italian exhibitions		1,042
Foreign exhibitions		98
Stand-fitting services		1,013
Media		3
Congresses		494
<b>Total</b>		<b>2,650</b>

(€'000)

Income Statement 1st Half to 30/06/14	Italian exhibitions	Foreign exhibitions	Stand-fitting services	Media	Congresses	Adjustments	Consolidated
Revenues from sales and services to third-parties	109,868	5,194	2,354	5,504	14,676		137,596
Revenues from intersegment sales and services	3,086	3	19,132	1,037	215	(23,473)	
<b>Total revenues</b>	<b>112,954</b>	<b>5,197</b>	<b>21,486</b>	<b>6,541</b>	<b>14,891</b>	<b>(23,473)</b>	<b>137,596</b>
<i>of which from Italy</i>							132,403
<i>of which from foreign activities</i>							5,193
Cost of materials	544	20	747	157	19	(1)	1,486
Cost of services	63,017	5,124	16,186	3,276	9,728	(24,626)	72,705
Cost for use of third-party assets	29,286	277	837	192	1,754	(329)	32,017
Personnel expenses	17,750	1,597	1,804	2,768	1,772	(773)	24,918
Other operating expenses	2,807	543	160	156	120	(44)	3,742
<b>Total operating expenses</b>	<b>113,404</b>	<b>7,561</b>	<b>19,734</b>	<b>6,549</b>	<b>13,393</b>	<b>(25,773)</b>	<b>134,868</b>
Other income	3,061	184	289	256	77	(2,253)	1,614
Profit/(loss) of equity accounted companies		963					963
<b>Gross operating result</b>	<b>2,611</b>	<b>(1,217)</b>	<b>2,041</b>	<b>248</b>	<b>1,575</b>	<b>47</b>	<b>5,305</b>
<i>of which from Italy</i>							6,585
<i>of which from foreign activities</i>							(1,280)
Depreciation of property, plant & equipment	1,529	18	897	19	783		3,246
Depreciation of property investments							
Amortisation of intangible assets	2,292	353	2	509	10	38	3,204
Adjustments to asset values			6				6
Allowance for doubtful accounts and other provisions	(1,081)	105	(69)	(140)	244		(941)
<b>Net operating result (EBIT)</b>	<b>(129)</b>	<b>(1,693)</b>	<b>1,205</b>	<b>(140)</b>	<b>538</b>	<b>9</b>	<b>(210)</b>
<i>of which from Italy</i>							1,601
<i>of which from foreign activities</i>							(1,811)
Financial income and similar							451
Financial expenses and similar							3,061
Valuation of financial assets							
<b>Profit/(loss) before income tax</b>							<b>(2,820)</b>
Income tax							540
<b>Profit/(loss) from continuing operations</b>							<b>(3,360)</b>
<b>Profit/(loss) from discontinued operations</b>							<b>(378)</b>
<i>Revenues</i>							936
<i>Operating expenses</i>							1,314
<b>Profit/(loss) for the period</b>							<b>(3,738)</b>
Profit/(loss) attributable to non-controlling interests							(520)
<b>Group profit/(loss)</b>							<b>(3,295)</b>

\* Some figures in the Interim Condensed Consolidated Statement of Financial Position at 30 Jun 2014 have been restated for comparative purposes to reflect the application of IFRS 5.

The table below gives investments by operating segment:

Statement of Financial Position Data at 31/12/14	(€'000)
	<b>Investments</b>
Italian exhibitions	2,230
Foreign exhibitions	531
Stand-fitting services	1,438
Media	56
Congresses	4,260
<b>Total</b>	<b>8,515</b>

## Illustrative Notes to the Interim Condensed Consolidated Financial Statements

### STATEMENT OF FINANCIAL POSITION

#### ASSETS

#### NON-CURRENT ASSETS

#### 5) Property, plant and equipment

(€'000)									
	Balance at	Changes in the period							Balance at
	31/12/14	Incr.	Decr.	Depr.	Impairment	Currency translation differences	Other changes	Reclassification	30/06/15
<b>Property, plant and equipment</b>									
. historic cost	107,314	2,010	839	-	-	(44)	-	(422)	108,019
. depreciation	88,887	-	745	3,344	-	(28)	-	(396)	91,062
	18,427	2,010	94	3,344	-	(16)	-	(26)	16,957
<b>Leased property, plant and equipment</b>									
. historic cost	11	-	-	-	-	-	-	-	11
. depreciation	-	-	-	-	-	-	-	-	-
	11	-	-	-	-	-	-	-	11

The main increases in the semester were as follows:

- investments made by Nolostand SpA totalling Euro 1.013 million mainly for components to be hired out;
- investments made by Fiera Milano SpA of Euro 0.566 million primarily for electronic equipment and furnishings;
- investments made by Fiera Milano Congressi SpA of Euro 0.382 million mainly for optic fibre cabling in Mico Sud, for modifications in the lighting installations of some of the meeting rooms in Mico Nord, and for the new audio-visual network infrastructure in Mico Nord.

#### 6) Intangible assets

(€'000)									
	Balance at	Changes in the period							Balance at
	31/12/14	Incr.	Decr.	Am.	Currency translation differences	Impairment	Change in area of consolidation	Reclassification	30/06/15
<b>Goodwill and intangible assets with an indefinite useful life</b>									
. Historic cost	126,071	-	-	-	(126)	(6,216)	89	(716)	119,102
. Amortisation	16,597	-	-	-	-	-	-	-	16,597
	109,474	-	-	-	(126)	(6,216)	89	(716)	102,505
<b>Intangible assets with a finite useful life</b>									
. Historic cost	105,544	551	-	-	(762)	(1,781)	-	(1,902)	101,650
. Amortisation	63,960	-	-	3,128	(174)	-	-	(294)	66,620
	41,584	551	-	3,128	(588)	-1,781	-	(1,608)	35,030

#### Goodwill and intangible assets with an indefinite useful life

Goodwill and intangible assets with an indefinite useful life are subject to annual impairment tests or more frequently if there is any indication of impairment as described in section 1.4, Use of estimates, and in greater detail in the Explanatory and Supplementary Notes to the Consolidated Financial Statements at 31 December 2014.

The performance in the exhibition segment, particularly in Brazil and South Africa, showed signs of a downturn largely due to singularly negative circumstances in the semester under review. This resulted in a downgrade in forecasts and growth expectations. Brazil suffered from both the negative performance of some exhibitions in the semester and an unfavourable economic environment, which has worsened in recent months due to the elections and various scandals.



These risk indicators lay behind the updates made to the economic plans for the Brazilian and South African CGUs and also the impairment tests and the consequent impairment charges of Euro 4.537 million for the goodwill for Cipa Fiera Milano Ltda and Euro 1.679 million for Fiera Milano Exhibitions Africa Ltd.

The change of Euro 0.089 million in the area of consolidation was for MiCo DMC Srl.

The goodwill allocations are as follows:

- The directly organised exhibition cash-generating unit: this comprises the cash generating units of the exhibitions directly organised by Fiera Milano SpA. The goodwill allocated to this group was Euro 40.223 million and refers to the companies that organise exhibitions that were acquired and subsequently merged into Fiera Milano SpA through various merger transactions.
- The Exhibition cash-generating unit: this comprises the cash generating units of all the exhibitions owned by Fiera Milano SpA. The goodwill allocated to this group was Euro 29.921 million of which Euro 29.841 million was the goodwill coming from the contribution of the exhibition entity by Fondazione Fiera Milano to Fiera Milano SpA on 17 December 2001 and Euro 0.080 million was goodwill from the acquisition by the Parent Company of the Information Communication Technology business division from its subsidiary Expopage SpA, which is now Fiera Milano Media SpA.
- The Exhibition Stand-fitting cash generating unit: the goodwill of Euro 12.581 million from the acquisition of the "standard stand-fitting" business division by Nolostand SpA was allocated to this cash generating unit.
- The Publishing and Digital Services cash generating unit: this includes the cash generating units of publications and digital services and the goodwill allocated to this cash-generating unit was Euro 5.947 million.
- Events and Training cash generating unit: the goodwill of Euro 0.616 million from the acquisition of Business International SpA, now part of Fiera Milano Media SpA, was allocated to this cash-generating unit.
- The Congress cash generating unit: the goodwill allocated to this cash generating unit was Euro 5.544 million and was Euro 5.455 million from the acquisition of Fiera Milano Congressi SpA and Euro 0.089 million for the acquisition of MiCo DMC Srl.
- The Brazil group of cash generating units: this includes the cash generating units of the exhibitions organised by Cipa Fiera Milano Publicações e Eventos Ltda. The goodwill allocated to this group of cash generating units was Euro 0.230 million for the acquisition of the Brazilian company Cipa Ltda.
- The China group of cash-generating units: this includes the cash-generating units for the exhibitions organised by Worldex (China) Exhibition & Promotion Ltd. The goodwill allocated to this group of cash generating units was Euro 7.443 million of which Euro 7.427 million for the acquisition of the Chinese company Worldex (China) Ltd and Euro 0.016 million for the acquisition of Haikou Worldex Ltd.

#### **Intangible assets with a finite useful life**

The increases in the period included Euro 0.551 million of investments made by the Parent Company mainly for the purchase of software licences with a finite period of use, capitalised costs for the management information system, and the implementation of other digital projects.

Euro 1.608 million is for the reclassification of the assets of Fiera Milano Interteks Uluslararası Fuarçılık A.Ş. as held for sale.

Intangible assets included the trademarks and publications to which Fiera Milano has attributed a finite useful life. The following trademarks and publishing titles were found to be impaired following impairment tests and generated the following changes:

- Euro 1.591 million for Transpotec & Logitec following an indication of long-term impairment resulting from the negative performance of the 2015 edition of the exhibition;
- a Euro 0.190 million impairment charge for the value of goodwill for the Good Food & Wine Show, part of Fiera Milano Exhibitions Africa PTY Ltd.

Intangible assets with a finite useful life include the following trademarks and publishing titles totalling Euro 31.027 million (Euro 35.874 million at 31 December 2014):

- Exhibition trademarks:
  - Good Food & Wine Show: Euro 3.751 million;
  - BIT: 3.358 million;
  - Transpotec & Logitec: Euro 0.945 million;
  - Exposec: Euro 2.074 million;
  - Host: Euro 2.220 million;
  - Mipap Milano Prêt-à-Porter: Euro 2.086 million;
  - Fisp: Euro 1.790 million;
  - Tubotech: Euro 1.221 million;
  - Reatech: Euro 1.091 million;
  - Fluidtrans Compomac: Euro 0.930 million;
  - Bias: Euro 0.793 million;
  - Festivity: Euro 0.504 million;
  - Braseg: Euro 0.156 million;
  - Miart: Euro 0.155 million;
  - BtoBio Expo: Euro 0.098 million;
  - Other: Euro 0.042 million;
- other trademarks and publishing titles:
  - Food & Beverage titles: Euro 4.496 million;
  - Business International: Euro 2.380 million;
  - Technology titles: Euro 1.551 million;
  - Cipa: Euro 0.951 million;
  - Real Estate titles Euro 0.254 million;
  - Security: Euro 0.117 million;
  - Incendio: Euro 0.64 million.

## 7) Investments and other non-current assets

(€'000)

	Balance at 31/12/14	Changes during the period						Balance at 30/06/15
		Increase	Decrease	Results	Dividend distribution	Currency translation differences	Reclassification	
Equity-accounted investments	15,462	-	-	1,172	1,828	472	-	15,278
Other investments	40	-	-	-	-	-	(11)	29
Trade and other receivables	13,275	12	132	-	-	-	-	13,155
Deferred tax assets	6,457	165	2,841	-	-	29	150	3,960
<b>Total</b>	<b>35,234</b>	<b>177</b>	<b>2,973</b>	<b>1,172</b>	<b>1,828</b>	<b>501</b>	<b>139</b>	<b>32,422</b>

The entry for Equity accounted investments was almost exclusively the carrying value of the investment in Hannover Milano Global Germany GmbH.

The entry for Deferred tax assets was the balance of the deferred tax assets offset at the level of each company within the consolidation.

The entry for Trade and other receivables includes Euro 12.257 million for related-party transactions (Euro 12.389 million at 31 December 2014) that were mainly for the Parent Company guarantee on

the property leases for the two exhibition sites of Rho and Milan. Further details are given in Note 38 on related-party transactions.

## CURRENT ASSETS

### 8) Trade and other receivables

<b>Trade and other receivables</b>	(€'000)		
	<b>30/06/15</b>	<b>31/12/14</b>	<b>Change</b>
Trade receivables	82,676	37,953	44,723
Trade receivables from the controlling shareholder	598	1,559	(961)
Trade receivables from associates	96	45	51
Other receivables	6,419	5,103	1,316
Deferred expenses from the controlling shareholder	7,236	5,097	2,139
Deferred expenses	2,656	847	1,809
<b>Total</b>	<b>99,681</b>	<b>50,604</b>	<b>49,077</b>

The Euro 49.077 million increase in trade and other receivables during the semester under review was primarily for the following:

- an increase in Trade receivables, mainly due to the increase in receivables from exhibition organisers and exhibitors, which reflected the more favourable exhibition calendar;
- a decrease in Receivables from the controlling shareholder mainly for a decrease in the receivable for Group VAT;
- an increase in Deferred expenses from the controlling shareholders mainly for the rental charge on the fieramilano exhibition site;
- an increase in Deferred expenses primarily in the Parent Company for insurance premiums and other expenses relating to future periods.

The provision for doubtful receivables changed as follows:

	<b>31/12/14</b>	<b>Provisions</b>	<b>Utilisation and other changes</b>	<b>Currency translation differences</b>	<b>30/06/15</b>
Provisions for doubtful receivables	9,089	614	1,591	(32)	8,080

The provision was to adjust the nominal value of receivables to their presumed realisable value. The use of provisions was for receivables found to be unrecoverable in the period under review.

The entry for Trade and other receivables includes Euro 7.834 million of related-party transactions (Euro 6.795 million at 31 December 2014). Further details are given in Note 38 on related-party transactions.

### 9) Inventories

<b>Inventories</b>	(€'000)		
	<b>30/06/15</b>	<b>31/12/14</b>	<b>Change</b>
Inventories	80	45	35
Suspended costs for future exhibitions	3,316	4,983	(1,667)
<b>Total inventories</b>	<b>3,396</b>	<b>5,028</b>	<b>(1,632)</b>

The change in suspended costs for future exhibitions was the result of the combined effect of a decrease in costs associated with exhibitions held during the semester and an increase in those relating to exhibitions to be held after 30 June 2015.

The details of suspended costs by exhibition are as follows:

	(€'000)		
<b>Exhibition</b>	<b>31/06/15</b>	<b>31/12/14</b>	<b>Change</b>
Host	1,073	496	577
Homi II semester	629	392	237
Tubotech	184	113	71
Sicurezza	127	-	127
Tuttofood	121	1,671	(1,550)
Fisp	92	-	92
Bit	16	887	(871)
Expo 2015	10	19	(9)
Miart	1	205	(204)
Homi I semester	-	527	(527)
Transpotec & Logitec	-	142	(142)
Other	1,063	531	532
<b>Total</b>	<b>3,316</b>	<b>4,983</b>	<b>(1,667)</b>

## 10) Cash and cash equivalents

Cash and cash equivalents totalled Euro 17.190 million and were comprised almost entirely of short-term bank deposits at variable interest rates.

The trend in financial flows compared to 30 June 2014 is shown in the Consolidated Statement of Cash Flows.

## EQUITY AND LIABILITIES

### 11) Equity

<b>Equity</b>	(€'000)		
	<b>30/06/15</b>	<b>31/12/14</b>	<b>Change</b>
Share capital	41,521	41,521	-
<i>of which treasury shares</i>	<i>(627)</i>	<i>(627)</i>	-
Share premium reserve	-	909	(909)
<i>of which treasury shares</i>	<i>(2,913)</i>	<i>(2,913)</i>	-
Legal reserve	-	7,865	(7,865)
Other reserves	(6,069)	(4,478)	(1,591)
Retained profits/(losses)	(17,110)	(9,828)	(7,282)
Profit/(loss) for the period	3,946	(18,955)	22,901
<b>Group equity</b>	<b>22,288</b>	<b>17,034</b>	<b>5,254</b>
Capital and reserves attributable to non-controlling interests	1,138	2,805	(1,667)
Profit/(loss) attributable to non-controlling interests	(798)	(151)	(647)
<b>Equity attributable to non-controlling interests</b>	<b>340</b>	<b>2,654</b>	<b>(2,314)</b>
<b>Total</b>	<b>22,628</b>	<b>19,688</b>	<b>2,940</b>

### Share capital

At 30 June 2015, the share capital was Euro 41.521 million (Euro 41.521 million at 31 December 2014) net of treasury shares for Euro 0.627 million. The fully paid up share capital is made up of 42,147,437 ordinary shares each of nominal value Euro 1.00 having no restrictions on dividend distribution and repayment of capital, except as pertains to treasury shares.

The breakdown and the change in the number of outstanding shares during the period were as follows:

	<b>Number of shares at 30 June 2014</b>	<b>Changes</b>	<b>Number of shares at 30 June 2015</b>
Ordinary shares in issue	42,147,437	-	42,147,437
Treasury shares	626,758	-	626,758
Total shares outstanding	41,520,679	-	41,520,679

### Share premium reserve

This entry was zero (Euro 0.909 million at 31 December 2014).

The decrease followed the approval given at the Parent Company Shareholders' Meeting on 29 April 2015 to cover part of the losses of the previous period by using the Share premium reserve.

### Legal reserve

This entry was zero (Euro 7.865 million at 31 December 2014).

The decrease followed the approval given at the Parent Company Shareholders' Meeting on 29 April 2015 to cover part of the losses of the previous period by using the Legal reserve.

### Other reserves

These were negative for Euro 6.069 million (negative for Euro 4.478 million at 31 December 2014).

The changes in the semester under review were as follows:

- a Euro 1.420 million decrease following the approval given at the Parent Company Shareholders' Meeting on 29 April 2015 to cover part of the losses of the previous period by using Other reserves;
- a Euro 0.429 million decrease in the translation reserve;
- a Euro 0.258 increase following the expiry of the put option on the shares of Fiera Milano Exhibitions Africa Ltd.

The translation reserve relating to assets held for sale, which will be reclassified in the net result of the Group once the assets have been divested, was negative for Euro 0.389 million.

### **Retained earnings**

These were negative for Euro 17.110 million (negative for Euro 9.828 million at 31 December 2014).

Changes in the semester were as follows:

- a Euro 8.761 million decrease for the result of the previous financial year;
- a Euro 0.204 million increase due to the re-measurement of the defined benefit plans net of the related tax effect;
- a Euro 0.892 million increase for the 25% increase in the shareholding in CIPA Ltda;
- a Euro 0.383 million increase for the acquisition of 15% of the shares of Fiera Milano Exhibitions Africa Ltd.

### **Group Profit/ (loss) for the period**

In the semester to 30 June 2015 the Group had net profit of Euro 3.946 million.

The net result for the financial year at 31 December 2014 was a loss of Euro 18.955 million

### **Capital and reserves attributable to non-controlling interests**

These totalled Euro 1.138 million (Euro 2.805 million at 31 December 2014).

Changes in the semester were as follows:

- a Euro 0.151 million decrease due to the allocation of the results of the previous financial year;
- a Euro 0.105 million decrease in the translation reserve;
- a Euro 0.932 million decrease for the increase of 25% in CIPA Ltda;
- a Euro 0.484 million decrease for the acquisition of 25% of Fiera Milano Exhibitions Africa Ltd;
- a Euro 0.005 million increase for the acquisition of 51% of MiCo DMC Srl.

### **Net result attributable to non-controlling interests**

The net result attributable to non-controlling interests was negative for Euro 0.798 million.

For the year to 31 December 2014 it was negative for Euro 0.151 million.

## **LIABILITIES**

### **12) Bank borrowings**

<b>Bank borrowings</b>	<b>(€'000)</b>		
	<b>30/06/15</b>	<b>31/12/14</b>	<b>Change</b>
Non-current bank borrowings	16,996	26,898	(9,902)
Current bank borrowings	54,140	82,894	(28,754)
<b>Total</b>	<b>71,136</b>	<b>109,792</b>	<b>(38,656)</b>

<b>(€'000)</b>		
<b>Non-current bank borrowings</b>	<b>Fiera Milano</b>	<b>Total</b>
Bank loans - non current portion	16,996	16,996
<b>Total</b>	<b>16,996</b>	<b>16,996</b>

<b>(€'000)</b>			
<b>Current bank borrowings</b>	<b>Fiera Milano</b>	<b>Fiera Milano Congressi</b>	<b>Total</b>
Other current financing	34,192	-	34,192
Bank loans - current portion	19,719	229	19,948
<b>Total</b>	<b>53,911</b>	<b>229</b>	<b>54,140</b>

Non-current bank borrowings were as follows:

- Euro 6.414 million (Euro 8.464 million at 31 December 2014) for the non-current portion of a Euro 20.000 million financing given by a leading bank on 21 December 2012, to be repaid in quarterly tranches payable in arrears from 21 March 2013 until 21 December 2017 and with an interest rate of three-month Euribor plus a spread of 4.00%;
- Euro 8.802 million (Euro 11.001 million at 31 December 2014) for the non-current portion of a Euro 20.000 million financing given by a leading bank on 6 December 2013, to be repaid in six-monthly tranches payable in arrears from 30 June 2014 until 30 June 2018 and with an interest rate of three-month Euribor plus a spread of 3.50%;
- Euro 1.780 million (Euro 1.909 million at 31 December 2014) the non-current portion of a Euro 7.000 million financing given by a leading bank on 6 October 2014, to be repaid in six-monthly tranches payable in arrears from 30 June 2015 until 31 December 2016 and with an interest rate of three-month Euribor plus a spread of 2.90 %.

In the first semester 2015, the following non-current bank borrowings were reclassified:

- The residual amount of a Euro 20.000 million non-current financing given by a leading bank on 22 June 2011, to be repaid in quarterly tranches payable in arrears from 22 September 2011 until 22 June 2016 and with an interest rate of three-month Euribor plus a spread of 1.60% that was Euro 1.988 million at 31 December 2014 was reclassified in current bank borrowings;
- The residual amount of a Euro 7.500 million loan given by a leading bank on 19 March 2014, to be repaid in six-monthly tranches payable in arrears from 31 December 2014 until 30 June 2016

and with an interest rate of three-month Euribor plus a spread of 2.90% that was Euro 3.536 million at 31 December 2014 was reclassified in current bank borrowings.

Current bank borrowings were as follows:

- Euro 34.192 million (Euro 59.524 million at 31 December 2014) of short-term credit lines taken out by the Parent Company to meet its treasury requirements;
- Euro 19.948 million (Euro 23.370 million at 31 December 2014) for the current portion of non-current bank loans.

All bank borrowings are variable interest rate loans.

Some of the non-current financial loans described above (those given on 21 December 2012 and 6 December 2013) are governed by financial covenants which have set a maximum level for the net debt/equity ratio. In addition, a current loan for Euro 15.000 million taken out by the Parent Company on 12 January 2015 is governed by financial covenants which set a maximum level for consolidated net debt and the net debt/equity ratio, in addition to commercial commitments on payments received.

The year-on-year change in non-current bank borrowings compared to the end of the previous financial year is due to the gradual repayment of non-current loans taken out in the past while current bank borrowings fell due to the positive cash flow in the period under review and the improvement in positive cash flows from net working capital.

At the date of these financial statements there was no financing expiring beyond five years.

### 13) Other financial liabilities

<b>Other financial liabilities</b>	(€'000)		
	<b>30/06/15</b>	<b>31/12/14</b>	<b>Change</b>
Other non-current financial liabilities	2,139	2,001	138
Other current financial liabilities	37,498	22,150	15,348
<b>Total</b>	<b>39,637</b>	<b>24,151</b>	<b>15,486</b>

<b>Other non-current financial liabilities</b>	(€'000)		
	<b>30/06/15</b>	<b>31/12/14</b>	<b>Change</b>
Valuation of the put option on the shares to acquire Wordex	1,812	1,781	31
Other loans	192	-	192
Finance leases	135	220	(85)
<b>Total</b>	<b>2,139</b>	<b>2,001</b>	<b>138</b>

This entry includes no related-party transactions (Euro 1.781 million at 31 December 2014).

<b>Other current financial liabilities</b>	(€'000)		
	<b>30/06/15</b>	<b>31/12/14</b>	<b>Change</b>
Financial payables to the controlling shareholder	36,538	21,683	14,855
Valuation of the options on the shares to acquire Fiera Milano Exhibitions Africa	-	300	(300)
Other financial payables	791	-	791
Finance leases	169	167	2
<b>Total</b>	<b>37,498</b>	<b>22,150</b>	<b>15,348</b>



The change in other current financial liabilities was due to an increase in the current account of the Parent Company held with the controlling shareholder Fondazione Fiera Milano for the rent on the exhibition site that was unpaid at the end of the semester under review.

This entry includes Euro 36.538 million for related-party transactions (Euro 21.983 million at 31 December 2014). Greater detail on related-party transactions is given in Note 38.

## 14) Provisions for risks and charges

<b>Provisions for risks and charges</b>						(€'000)
	<b>31/12/14</b>	<b>Provisions</b>	<b>Utilisation</b>	<b>Other utilisation</b>	<b>Reclassification</b>	<b>30/06/15</b>
Non current provisions:						
Provision for charges for "Palazzo Italia" project	203	-	-	-	-	203
Provision for tax consolidation	286	-	-	-	-	286
Other provisions for risks and charges	1,263	-	-	-	-	1,263
<b>Total non current provisions for risks and charges</b>	<b>1,752</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,752</b>
Current provisions:						
Provision for charges for "Palazzo Italia" project	915	-	259	-	-	656
Loss on exhibitons	-	-	-	-	-	-
Other provisions for risks and charges	411	468	320	(24)	-	535
<b>Total current provisions for risks and charges</b>	<b>1,326</b>	<b>468</b>	<b>579</b>	<b>(24)</b>	<b>-</b>	<b>1,191</b>

The provision for the Palazzo Italia project comprised the provisions made in previous financial periods to cover the losses expected from the Palazzo Italia project in Berlin. The current part of the provision, Euro 0.656 million, was recognised in provisions for current risks and charges. Therefore, at 30 June 2015, the total provision to cover this risk was Euro 0.859 million. In the previous financial year the provision totalled Euro 1.118 million but Euro 0.259 million was utilised in the period under review.

Other non-current provisions for risks and charges included provisions for disputes with suppliers and other disputes. Provisions made in the period were for costs for restructuring the personnel of the Brazilian subsidiary Cipa.

The use of provisions for risks and charges were linked to the occurrence of events for which the provisions were made.

## 15) Employee benefit provisions

<b>Employee benefit provisions</b>	(€'000)			
	<b>31/12/14</b>	<b>Severance indemnities accrued</b>	<b>Indemnities and advances paid</b>	<b>30/06/15</b>
Defined benefit plans	10,286	(30)	259	9,997
<b>Total</b>	<b>10,286</b>	<b>(30)</b>	<b>259</b>	<b>9,997</b>
<b>Accrued severance indemnities (€'000)</b>				
Personnel expenses:				
- Indemnities related to defined benefit plans		170		
Financial expenses:				
- Actualisation charges		82		
Other comprehensive income				
- Remeasurement of defined benefit plans		(282)		
<b>Total</b>		<b>(30)</b>		

The main hypotheses/assumptions used in the actuarial calculations for the defined benefit plans at 31 December 2014 and 30 June 2015 were as follows:

<b>Demographic assumptions</b>	
Mortality rate	Based on the ISTAT 2011 mortality tables by gender
Probability of disability	Based on the disability tables used in the INPS 2010 forecast model
Probability of termination of employment	The probable employee turnover rate was derived from the rates of the companies being valued
Retirement probability	Assumption that the basic requirements needed to receive the compulsory general insurance ( <i>Assicurazione Generale Obbligatoria</i> ) were met
Probability of early retirement	Assumption of 3% per annum and an average amount of 70% of the staff-leaving indemnities of all the companies valued.

<b>Economic and financial assumption for calculation of severance indemnity provisions</b>	<b>30/06/15</b>	<b>31/12/14</b>
Annual technical discount rate	2.00%	1.60%
Annual inflation rate	1.50%	1.50%
Annual rate of increase in total employee salaries	2.50%	2.50%
Annual rate of increase in severance indemnity provisions	2.62%	2.62%

The discount rate was calculated with reference to the Eurozone Iboxx Corporate AA index for a period equal to or greater than ten years.

The following table gives sensitivity analyses for the main assumptions used to calculate the liability for defined benefit plans.

<b>Effect of defined benefit plans on debt</b>					(€'000)
<b>Economic and financial assumptions</b>	<b>Range</b>	<b>Base figure (excluding severance indemnities)</b>	<b>Increase in assumptions</b>	<b>Decrease in assumptions</b>	
Annual technical discount rate	+/- 0.5%	9,997	9,711	10,301	
Annual rate of increase in total employee salaries	+/- 0.5%	9,997	10,040	9,954	
<b>Economic and financial assumptions</b>					
Life expectancy	+/- 1 anno	9,997	10,013	9,982	

## 16) Trade payables

These were Euro 53.925 million, an increase of Euro 17.765 million compared to the figure at 31 December 2014. Trade payables were mainly to Italian suppliers for the acquisition of services required to mount the exhibitions that are the typical business of the Company. The increase reflects a higher number of transactions with suppliers due to the increased level of activity caused by the more favourable exhibition calendar.

## 17) Pre-payments

Pre-payments totalled Euro 60.477 million, an increase of Euro 20.836 million compared to the figure at 31 December 2014.

These were mainly pre-payments invoiced to clients for exhibitions to be held after 30 June 2015. Recognition as revenue is delayed until the exhibition is held.

The increase in pre-payments was due to the combined effect of a decrease in revenues recognised for exhibitions held during the semester under review and an increase in pre-payments for exhibitions to be held after 30 June 2015.

The table below gives a breakdown by exhibition.

<b>Pre-payments</b>	(€'000)		
	<b>31/06/15</b>	<b>31/12/14</b>	<b>Change</b>
Host	22,743	3,483	19,260
Emo	9,303	-	9,303
Homi II semester	5,947	-	5,947
Micam September	5,466	-	5,466
Eicma moto	3,231	-	3,231
Mostra Convegno Expocomfort	2,654	816	1,838
Lineapelle II semester	1,801	-	1,801
Sicurezza	1,217	21	1,196
Vitrum	819	-	819
Ima	737	-	737
Milano Unica September	676	-	676
Simei	580	-	580
Viscom	353	-	353
L'Artigiano in fiera	184	-	184
Salone Franchising Milano	106	-	106
Mido	31	1,268	(1,237)
Promotion trade exhibition	7	269	(262)
Bit	5	579	(574)
Homi I semester	-	12,506	(12,506)
Tuttofood	-	4,027	(4,027)
Salone del mobile/Complemento d'arredo	-	1,921	(1,921)
Lineapelle I semester	-	1,650	(1,650)
Plast	-	1,297	(1,297)
Milano Unica Spring	-	1,053	(1,053)
Micam Spring	-	1,042	(1,042)
Ipack-Ima	-	981	(981)
Made Expo	-	782	(782)
Exposec	-	597	(597)
Made in Steel	-	522	(522)
Simac tanningTech	-	519	(519)
Mifur	-	478	(478)
Euroluce	-	460	(460)
Tubotech	-	387	(387)
Art for me	-	143	(143)
Evento Nowadays	-	140	(140)
Meat Tech	-	135	(135)
Fisp	-	133	(133)
Converflex	-	116	(116)
Congresses	2,155	2,812	(657)
Other	2,462	1,504	958
<b>Total</b>	<b>60,477</b>	<b>39,641</b>	<b>20,836</b>

This entry includes Euro 0.055 million for related-party transactions (zero at 31 December 2014).

## 18) Deferred tax liabilities and tax payables

	(€'000)		
	30/06/15	31/12/14	Change
Deferred tax liabilities	6,474	7,147	(673)
Current tax liabilities	3,727	2,091	1,636
<b>Total</b>	<b>10,201</b>	<b>9,238</b>	<b>963</b>

The entry for deferred tax liabilities was Euro 6.474 million (Euro 7.147 million at 31 December 2014). These were the difference between deferred tax assets and deferred tax liabilities of each company included in the area of consolidation and mainly reflected taxes on surpluses from acquisitions of foreign companies.

## 19) Other liabilities

The breakdown of other current and non-current liabilities was as follows:

Other current and non current liabilities	(€'000)			
	30/06/15		31/12/14	
	M/L Term	S-term	M/L Term	S-term
Payables to Fondazione Fiera Milano	-	2,403	-	2,183
Payables to social security entities	-	2,311	-	2,491
Payables to Directors and Statutory Auditors	-	104	-	92
Payables to employees	-	7,569	-	4,570
Payables to exhibition organisers	-	7,735	-	6,740
Group VAT payables to Fondazione Fiera Milano	-	4,058	-	1,945
Other payables	-	10,280	-	2,177
Accrued liabilities	-	68	-	-
Deferred income to Fondazione Fiera Milano	-	5	-	-
Deferred income	-	1,715	-	351
Other non-current liabilities	-	-	55	-
<b>Total</b>	<b>-</b>	<b>36,248</b>	<b>55</b>	<b>20,549</b>

The change was mainly due to other payables for guarantee deposits paid to exhibitors and for payables to employees resulting from higher provisions made for the variable remuneration of employees in the Parent Company.

The entry includes Euro 6.466 million of related-party transactions (Euro 4.128 million at 31 December 2014). Further details are given in Note 38 on related-party transactions.

## 20) Financial assets and liabilities

The breakdown of the net financial position is shown in the following table:

<b>Group Net Financial Position</b> (Amounts in € '000)	<b>30/06/15</b>	<b>31/12/14</b>	<b>Change</b>
A. Cash (including bank balances)	17,190	12,276	4,914
B. Other cash equivalents	-	-	-
C. Securities held for trading	-	-	-
<b>D. Cash and cash equivalents (A+B+C)</b>	<b>17,190</b>	<b>12,276</b>	<b>4,914</b>
<b>E. Current financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>
F. Current bank borrowings	34,192	62,908	(28,716)
G. Current portion of non-current debt	19,948	19,986	(38)
H. Other current financial liabilities	37,498	22,150	15,348
- H.1 of which Other current financial liabilities to the controlling shareholder	36,538	21,683	14,855
- H.2 of which Other current financial liabilities to other related parties	-	300	(300)
<b>I. Current financial debt (F+G+H)</b>	<b>91,638</b>	<b>105,044</b>	<b>(13,406)</b>
<b>J. Current net financial debt (cash) (I-E-D)</b>	<b>74,448</b>	<b>92,768</b>	<b>(18,320)</b>
K. Non-current bank borrowings	16,996	26,898	(9,902)
L. Debt securities in issue	-	-	-
M. Other non-current liabilities	2,139	2,001	138
- M.1 of which Other non current liabilities to other related parties	-	1,781	(1,781)
<b>N. Non-current financial debt (K+L+M)</b>	<b>19,135</b>	<b>28,899</b>	<b>(9,764)</b>
<b>Net financial debt/(cash) from continuing operations (J+N)</b>	<b>93,583</b>	<b>121,667</b>	<b>(28,084)</b>
<b>Net financial debt/(cash) from discontinued operations</b>	<b>784</b>	<b>-</b>	<b>784</b>
<b>O. Net financial debt/(cash)</b>	<b>94,367</b>	<b>121,667</b>	<b>(27,300)</b>

The decrease in net debt was mainly due to the positive cash flow generated in the semester under review and the increase in cash flow from net working capital that reflected pre-payments and payments received for exhibitions held in the semester or to be held in coming months.

The table below gives a comparison between the carrying value of financial assets and liabilities in the Interim Condensed Consolidated Financial Statements to 30 June 2015 and their fair value:

	(€'000)	
	<u>Book value</u>	<u>Fair value</u>
<b>Financial assets</b>		
Non-current trade and other receivables	13,155	13,155
Current trade and other receivables	99,681	99,681
Current financial assets	-	-
Cash and cash equivalents	17,190	17,190
<b>Total</b>	<b>130,026</b>	<b>130,026</b>
<b>Financial liabilities</b>		
Non-current bank borrowings	16,996	16,996
Other non-current financial liabilities	2,139	2,139
Other non-current liabilities	-	-
Current bank borrowings	54,140	54,140
Trade payables	53,925	53,925
Other current financial liabilities	37,498	37,498
Other current liabilities	36,248	36,248
<b>Total</b>	<b>200,946</b>	<b>200,946</b>

The carrying value of non-financial assets and liabilities is a fair approximation of their fair value.

## 21) Financial and market risk management

The main financial instruments used by the Group are bank borrowings, current accounts, and current financial loans from the controlling shareholder Fondazione Fiera Milano. Fiera Milano Group has a favourable cash management cycle due to the financial nature of the companies that organise exhibitions and congresses. The organisers of exhibitions and congresses request a pre-payment from their clients as confirmation of their participation at an event and the balance is usually received before the event is held or at its conclusion. Suppliers of goods and services are paid under the payment terms generally used. This generates negative working capital for the organisers, which gives a cash surplus.

Fiera Milano SpA, the Parent Company, which in turn rents the exhibition space to the organisers, carries out administrative and cash management services for the organisers, receiving on behalf of the latter everything that the exhibitors pay the organiser. After receiving the cash, Fiera Milano SpA, depending on the contractual agreements, retrocedes to the organiser what is its due and keeps the payment for the space rented out in the exhibition venues and for the services provided. In this way Fiera Milano SpA receives payments in advance, as do the organisers. Therefore, within Fiera Milano Group, those companies that benefit from this favourable cash management cycle are the companies that organise exhibitions and the Parent Company.

The situation is different for the companies in the Stand-fitting Services and Media segments where the cash management cycle is typical of that of a company that manufactures and supplies goods and services. They generate working capital requirements which are met by recourse to bank borrowings.

The exposure of the Group to different types of risk is as follows:

### 21.1 Credit risk

Credit risk is represented by Group exposure to potential losses from the non-fulfilment of obligations undertaken by counterparties. Credit risk is adequately monitored and also that pertaining to the cash management that characterises the business of the Group. Fiera Milano hosts and organises exhibitions that are leaders in their sector and, therefore, the loyalty of exhibitors is

high. For the Parent Company, Fiera Milano SpA, the current system means that all receipts from exhibitors flow into the Fiera Milano SpA accounts and it is Fiera Milano SpA that retrocedes to its clients/organisers the amounts due them. As regards the companies operating in the Stand-fitting Services and Media segments, part of the services supplied to exhibition organisers is invoiced and received on behalf of the individual Group companies by Fiera Milano SpA. In all cases the companies of the Stand-fitting Services and Media segments carry out the normal solvency checks on potential clients and any amount due is constantly monitored by the relevant departments in order to implement any recovery action deemed necessary.

Three different categories of credit risk have been identified: organisers, exhibitors and other receivables.

The first category is the exhibition **organisers**; the receivables included in this category are considered to represent the lowest risk as the Parent Company, Fiera Milano SpA, manages the cash flows of all the exhibitions at the two sites. The provisions for doubtful receivables from this category are a minimal amount of the total and have mainly been made because the current credit environment appears to indicate that their recovery will prove difficult.

The second risk category is the **exhibitors**; the receivables from this category are considered medium risk as exhibitors normally have to make payment before the end of the exhibition.

The third risk category is **other receivables**, which mainly comprises exhibition-related activities (stand-fitting, congresses, promotions, internet services) and activities that are not exhibition-related (sponsorship, advertising, etc.). These receivables are payable under normal payment conditions.

In some cases the Group will ask for bank guarantees as a further means of minimising credit risk.

## 21.2 Liquidity risk

Although the Group has taken measures to ensure that it has adequate levels of working capital and liquidity, a drop in the volumes of business caused by the seasonality and cyclicity that characterise the exhibition business can affect the its financial results and ability to generate cash flow. The figure for Group financial debt at 30 June 2015, an improvement on the figure at 31 December 2014, was positively affected by the good performance of the exhibition business in the first semester 2015, which showed significant and reliable signs of recovery, and by the favourable exhibition calendar. The seasonality of cash requirements reflects the exhibition calendar and is characterised by greater cash absorption in the summer months of July and August and by increasing stability in the following months. The significant losses generated in the 2013 and 2014 financial years led to a consistent reduction in net equity and an increase in debt causing an imbalance in the debt ratios and to the Parent Company finding itself in the conditions to which Article 2446 of the Italian Civil Code applies.

The aim of risk management at Fiera Milano SpA is to guarantee an adequate level of liquidity, minimising the opportunity cost and maintaining a balance in terms of the duration and composition of debt. Over the years, the Parent Company, in order to cover the investments made, has taken out a series of loans of three to five years. The Group believes that it will continue to follow this borrowing strategy in the remaining months of 2015 in order to meet financial requirements necessitated also by repayment of tranches of debt that are due to mature.

As described in Note 12, some non-current loans given to the Parent Company (that given on 21 December 2012, which had an outstanding amount of Euro 10.482 million at 30 June 2015, and that given on 6 December 2013, which had an outstanding amount of Euro 13.200 million at 30 June 2015) are subject to financial covenants that are measured on an annual basis; these financial indicators will next be measured on 31 December 2015 as, during 2014, the financial institutions that made the loans agreed to rewrite the existing agreements and to postpone the measurement of the relative financial indicators.

In January 2015, the Parent Company, in order to help to meet its cash requirements, obtained a Euro 15.000 million short-term credit line governed by financial covenants that are measured six-monthly and annually. The measurements made at 30 June 2015 showed that the Parent Company had complied with the covenants.

The existing credit lines from banks, together with the forecast operating cash flows, are currently considered adequate to cover short-term financial requirements despite the peak periods of cash absorption that are mainly concentrated in the months when no exhibitions are held. The latter are covered also by the use of the interest bearing current account held with the controlling shareholder Fondazione Fiera Milano through the granting of temporary extensions for the advance payment of the rent for the exhibition sites. With a view to achieving a better balance of non-current debt and given the forecast for a high level of current debt for the remainder of the 2015 financial year, discussions are already taking place with financial institutions. These initiatives, which continue the strategy of previous financial periods, may necessitate a further request to rewrite the abovementioned financial covenants.

The financial stability of the Group is also linked to reaching the targets in the industrial plan and to the performance of the general economy. Any assessment of the latter involves an evaluation of the outcome of future events and circumstances which by their very nature are uncertain. Once completed, the share capital increase detailed in the Interim Report on Operations should provide additional financial stability so that the Parent Company can once again meet the two-thirds threshold required by Article 2446 of the Italian Civil Code, while strengthening its equity position and raising resources for the Group development plan. The outcome of the share capital increase is, however, subject to the necessary legal authorisations being obtained and procuring these is already underway; it is also subject to the shareholders subscribing to and paying for the new shares. On 20 July 2015, Fondazione Fiera Milano, the controlling shareholder of Fiera Milano with 62.062% of the Company, gave an irrevocable undertaking, assuming approval of the Extraordinary Shareholders' Meeting, to exercise all its rights and to subscribe and pay for its quota of the new ordinary shares.

### **21.3 Market risk**

The Group policy is not to use financial hedging instruments as it wishes to protect itself from market risk.

#### **a) Interest rate risk**

The Group has access to credit lines at competitive rates and is able to manage interest rate fluctuations. Moreover, the Group constantly monitors market conditions so as to intervene promptly should conditions change.

#### **b) Exchange rate risk**

The Group operates in various markets worldwide and is therefore exposed to market risks linked to fluctuations in exchange rates.

The risk from movements in the exchange rate on the cash flows was substantially unchanged compared to the same period of the preceding financial year and is considered insignificant even though the Group has gradually increased its presence in international markets. This is because the



Group has no bank borrowings in foreign currencies and because in every country the costs and revenues of Group companies are both in the exchange rate of the country of operations and are mainly due to infragroup transactions for payments for cost sharing agreements, which give rise to exchange rate risks in the company that uses a different exchange rate from that of the infragroup transaction. Since Fiera Milano has a controlling shareholding in companies that prepare their financial statements in currencies other than the Euro and which are used to prepare the Consolidated Financial Statements, the Group is also exposed to exchange rate risk as the assets and liabilities of the subsidiaries that use currencies other than the Euro have to be translated into Euro. The main exchange rate risks are constantly monitored and currently there appears to be no need to use specific hedging strategies for this exposure.

### **c) Risk of changes in raw material prices**

The Group has limited exposure to the risk of changes in raw material prices. The Group normally has more than one supplier for any material considered critical and in some cases has long-term contracts that ensure lower price volatility.

## **22) Disclosure on guarantees given, undertakings and other potential liabilities**

### **Guarantees given**

These totalled Euro 4.037 million and were as follows:

- US\$ 1.500 million, equivalent to Euro 1.341 million, for the guarantee given by the Parent Company to Ing Bank Istanbul on behalf of the subsidiary Interteks to cover bank loans given by the bank;
- Euro 1.243 million for guarantees given by Nolostand SpA to Expo 2015 SpA for stand-fitting activity in the Congress Centre and Auditorium;
- Euro 0.597 million for guarantees on lease agreements;
- Euro 0.320 million for the guarantee given by Fiera Milano Congressi SpA to the Tax Authority to offset the VAT as part of the Group payment;
- Euro 0.156 million for guarantees given by the Parent Company to the Tax Authority for payments made as part of the Group VAT consolidation;
- Euro 0.150 million of guarantees given by the Parent Company to Expo 2015 SpA for constructing the Qatari pavilion – the Oryx Theatre;
- Euro 0.230 million for other guarantees.

### **Potential liabilities**

An adverse outcome to the legal procedures in which the Group is currently involved where the result is currently uncertain could, according to the legal advice taken, result in potential costs of approximately Euro 0.800 million.

## INCOME STATEMENT

Comments on the trends in costs and revenues are given in the Interim report on operations, which also includes information regarding business cyclicity and seasonality in the semester.

### REVENUES

#### 23) Revenues from sales and services

The breakdown of revenues was the following:

<b>Revenues from sales and services</b>	<b>(€'000)</b>		
	<b>1st Half 2015</b>	<b>1st Half 2014</b>	<b>Change</b>
Sales of exhibition space	54,073	46,520	7,553
Rental of stands, fittings and equipment	43,109	25,891	17,218
Exhibitor fees	39,030	24,001	15,029
Catering and canteen services	13,140	11,968	1,172
Revenues from exhibition and congress organisation services	7,473	6,995	478
Advertising space and services	6,534	6,828	(294)
Exhibition site services	5,055	4,326	729
Miscellaneous fees and royalties	3,792	4,070	(278)
Supplementary exhibition services	2,840	1,738	1,102
Exhibition insurance services	1,879	1,221	658
Access surveillance and customer care services	1,626	1,542	84
Administrative, telephone and internet services	1,188	1,190	(2)
Ticket office sales	702	474	228
Multimedia and on-line catalogue services	562	250	312
Congress organisation	529	582	(53)
<b>Total</b>	<b>181,532</b>	<b>137,596</b>	<b>43,936</b>

The higher revenues were due to the more favourable exhibition calendar in the semester under review that included the directly organised exhibition Tuttofood and the hosted exhibition Made Expo, the triennial exhibitions Ipack-Ima and Plast, as well as Lineapelle, a biannual exhibition that was held for the first time in the Rho exhibition site in the second half of 2014. There were also strong performances from the stand-fitting and congress segments due to contracts received for Expo 2015. These results were in part offset by the absence of the important biennial event Mostra Convegno Expocomfort and by the decrease in exhibition space occupied in Brazil.

This entry includes Euro 0.199 million of related-party transactions (Euro 0.050 million at 30 June 2014). Further details are given in Note 38 on related-party transactions.

### OPERATING COSTS

#### 24) Costs of materials

The breakdown was as follows:

<b>Cost of materials</b>	<b>(€'000)</b>		
	<b>1st Half 2015</b>	<b>1st Half 2014</b>	<b>Change</b>
Subsidiary materials and consumables	3,346	821	2,525
Printed materials, forms and stationery	434	485	(51)
Raw materials	163	187	(24)
Finished goods and packaging	15	6	9
Change in inventories of raw materials	-26	(13)	(13)
<b>Total</b>	<b>3,932</b>	<b>1,486</b>	<b>2,446</b>

The increase mainly reflected the purchase of subsidiary materials and consumables due to the higher volumes of stand-fitting sales as part of the collaboration with Expo 2015 and for the biennial and triennial exhibitions held in the semester under review.

## 25) Costs of services

The breakdown was as follows:

<b>Cost of services</b>	(€'000)		
	<b>1st Half 2015</b>	<b>1st Half 2014</b>	<b>Change</b>
Stands and equipment for exhibitions	17,519	12,030	5,489
Equipment hire	15,593	11,972	3,621
Catering services	10,127	9,531	596
Energy costs	5,417	4,921	496
Technical, legal, commercial and administrative services	5,035	5,315	(280)
Advertising	4,979	5,271	(292)
Maintenance	4,232	5,040	(808)
Security and gate services	3,452	3,015	437
Cleaning and waste disposal	3,446	2,709	737
Insurance	1,961	1,509	452
Ticketing	1,372	1,007	365
Telephone and internet expenses	1,370	1,087	283
Transport	938	842	96
Technical assistance and ancillary services	778	793	(15)
IT services	759	625	134
Conference and congress services	468	367	101
Remuneration of Statutory Auditors	100	107	(7)
Collateral events connected to exhibitions	92	18	74
Expenses for statutory bodies	77	57	20
Change in suspended costs for future exhibitions	2,099	(570)	2,669
Other	7,678	7,059	619
<b>Total</b>	<b>87,492</b>	<b>72,705</b>	<b>14,787</b>

Costs of services consisted mainly of costs for managing the exhibition sites during the setting up, running and dismantling of exhibitions and congresses.

These increased by Euro 14.787 million compared to the figure at 30 June 2014 due to the increased volume of business. The change in the entry, suspended costs for future exhibitions, was mainly costs sustained in the period for the exhibition Tuttofood.

The entry includes Euro 0.544 million of related-party transactions (Euro 0.810 m million at 30 June 2014). Further details are given in Note 38 on related-party transactions.

## 26) Costs for the use of third-party assets

The breakdown was as follows:

<b>Cost of use of third-party assets</b>	(€'000)		
	<b>1st Half 2015</b>	<b>1st Half 2014</b>	<b>Change</b>
Rent and expenses for exhibition and congress areas	28,524	29,449	(925)
Other rental expenses	2,202	2,105	97
Vehicle hire	347	330	17
Lease of company division	124	115	9
Office equipment and photocopier hire	50	12	38
Other lease expenses	3	6	(3)
<b>Total</b>	<b>31,250</b>	<b>32,017</b>	<b>(767)</b>

The rental charge in the first semester 2015 included additional rent of Euro 4.933 million for the period for the presence of Expo 2015 as required by the rental agreement for 2015. The entry includes Euro 27.872 million (Euro 29.401 million at 30 June 2014) for related-party transactions. Further details on related-party transactions are given in Note 38.

## 27) Personnel expenses

The breakdown was as follows:

<b>Personnel expenses</b>	(€'000)		
	<b>1st Half 2015</b>	<b>1st Half 2014</b>	<b>Change</b>
Salaries	19,168	16,777	2,391
Social Security payments	6,007	5,283	724
Early retirement incentives	2,606	53	2,553
Directors' remuneration	868	722	146
Defined contribution plan charges	835	793	42
External and temporary employees	464	464	-
Defined benefit plan charges	170	264	(94)
Expenses for seconded personnel	20	-	20
Other expenses	625	562	63
<b>Total</b>	<b>30,763</b>	<b>24,918</b>	<b>5,845</b>

The increase in personnel expenses (including those for employees on short-term contracts) reflected the indemnity of Euro 1.461 million paid to the Chief Executive Officer of the Parent Company when his mandate was not renewed, the increase in the variable part of the remuneration paid to employees, and redundancy incentives paid in the semester under review.

The average number of employees by category is shown in the following table:

<b>Breakdown of personnel by category</b>			
	<b>1st Half 2015</b>	<b>1st Half 2014</b>	<b>Change</b>
Managers	48	47	1
Middle managers and white collar workers	793	793	-
<b>Total personnel</b>	<b>841</b>	<b>840</b>	<b>1</b>

This entry included Euro 0.020 million for related-party transactions (zero at 30 June 2014). Further details are given in Note 38 on related-party transactions.

## 28) Other operating expenses

The breakdown was as follows:

<b>Other operating expenses</b>	(€'000)		
	<b>1st Half 2015</b>	<b>1st Half 2014</b>	<b>Change</b>
Local taxes	1,390	1,386	4
Doubtful receivables	1,310	752	558
Contributions and donations	240	306	(66)
Municipal tax on advertising	150	142	8
Copyright royalties (SIAE)	139	175	(36)
Gifts and promotional merchandise	130	103	27
Balancing item from closure of prior year exhibition accounts	51	31	20
Other expenses	576	847	(271)
<b>Total</b>	<b>3,986</b>	<b>3,742</b>	<b>244</b>

The entry includes Euro 0.435 million of related-party transactions (Euro 0.561 million at 30 June 2014). Further details are given in Note 38 on related-party transactions.

## 29) Other income

The breakdown was as follows:

<b>Other income</b>	(€'000)		
	<b>1st Half 2015</b>	<b>1st Half 2014</b>	<b>Change</b>
Office rent and expenses	735	763	(28)
Other recovered costs	355	343	12
Recovery of expenses for seconded employees	127	146	(19)
Insurance indemnities	4	10	(6)
Capital gains on non-current assets	7	6	1
Other income	206	346	(140)
<b>Total</b>	<b>1,434</b>	<b>1,614</b>	<b>(180)</b>

The entry includes Euro 0.098 million of related-party transactions (Euro 0.150 million at 30 June 2014). Further details are given in Note 38 on related-party transactions.

## 30) Results of equity accounted associates and joint ventures

This entry was Euro 1.172 million (Euro 0.963 million at 30 June 2014) and refers to the joint venture investment with Deutsche Messe AG.

## 31) Depreciation and amortisation

### Depreciation of property, plant and equipment

This was Euro 3.344 million (Euro 3.246 million at 30 June 2014).

Details of depreciation and amortisation are given in the illustrative note on property, plant and machinery.

The entry does not include any depreciation for leased property, plant and machinery.

### Amortisation of intangible assets

This was Euro 3.128 million (Euro 3.204 million at 30 June 2014).

Details of amortisation are given in the illustrative note on intangible assets.

## 32) Adjustments to asset values

<b>Adjustments to asset values</b>	(€'000)		
	<b>1st Half 2015</b>	<b>1st Half 2014</b>	<b>Change</b>
Impairment of goodwill on acquisitions	6,216	-	6,216
Impairment of exhibition trademarks and publications	1,781	-	1,781
Write-downs of Property, Plant and Equipment	-	6	(6)
<b>Total</b>	<b>7,997</b>	<b>6</b>	<b>7,991</b>

The impairment tests on intangible assets with an indefinite useful life resulted in adjustments to goodwill totalling Euro 6.216 million. The breakdown was as follows:

- Euro 4.537 million for Cipa Fiera Milano Ltda giving a residual value of Euro 0.230 million;
- Euro 1.679 million for Fiera Milano Exhibitions Africa Ltd.

The adjustments to the asset values of intangible assets with a finite useful life arising from impairment tests totalled Euro 1.781 million for exhibition trademarks:

- Euro 1.591 million for Transpotec & Logitec giving a residual value of Euro 0.945 million;
- Euro 0.190 million for the Good Food & Wine show belonging to Fiera Milano Exhibitions Africa PTY Ltd giving a residual value of Euro 3.751 million.

Further details are provided in Note 6.

### 33) Write-down of doubtful receivables and other provisions

Changes in this entry are shown in the following table:

<b>Write-down of doubtful receivables and other provisions</b>	(€'000)		
	<b>1st Half 2015</b>	<b>1st Half 2014</b>	<b>Change</b>
Write-downs of receivables	(654)	(18)	(636)
<i>provisions</i>	<i>614</i>	<i>734</i>	<i>- 120</i>
<i>utilisation</i>	<i>(1,268)</i>	<i>(752)</i>	<i>(516)</i>
Palazzo Italia project	(259)	(695)	436
<i>provisions</i>	-	-	-
<i>utilisation</i>	<i>(259)</i>	<i>(695)</i>	<i>436</i>
Personnel disputes	(260)	-	(260)
<i>provisions</i>	-	-	-
<i>utilisation</i>	<i>(260)</i>	-	<i>(260)</i>
Provisions for personnel reorganisation	468	-	468
<i>provisions</i>	<i>468</i>	-	<i>468</i>
<i>utilisation</i>	-	-	-
Losses on future exhibitions	-	(111)	111
<i>provisions</i>	-	-	-
<i>utilisation</i>	-	<i>(111)</i>	<i>111</i>
Other legal disputes	177	(117)	294
<i>provisions</i>	<i>237</i>	<i>63</i>	<i>174</i>
<i>utilisation</i>	<i>(60)</i>	<i>(180)</i>	<i>120</i>
<b>Total</b>	<b>(528)</b>	<b>(941)</b>	<b>413</b>

Further details on changes in provisions for risks and charges are given in Note 14.

### 34) Financial income and expenses

<b>Financial income and expenses</b>	(€'000)		
	<b>1st Half 2015</b>	<b>1st Half 2014</b>	<b>Change</b>
Exchange rate gains	598	210	388
Interest income from cautionary deposits related to the rent of the exhibition site	26	63	(37)
Interest income on bank deposits	15	33	(18)
Interest income on receivables from the controlling shareholder	5	-	5
Other financial income	48	145	(97)
<b>Total income</b>	<b>692</b>	<b>451</b>	<b>241</b>
Interest payable on bank accounts	1,318	1,568	(250)
Exchange rate losses	887	86	801
Interest payable on the current account with the controlling shareholder Fondazione Fiera Milano	503	584	(81)
Discounting of liabilities to present value	-	184	(184)
Charges on discounting defined benefit plans	82	143	(61)
Other financial expenses	52	496	(444)
<b>Total expenses</b>	<b>2,842</b>	<b>3,061</b>	<b>(219)</b>
<b>Balance financial income (expenses)</b>	<b>(2,150)</b>	<b>(2,610)</b>	<b>460</b>

This entry includes Euro 0.472 million of net financial costs from related-party transactions (Euro 0.535 million at 30 June 2014). Further details are given in Note 38 on related-party transactions.

### 35) Income tax

<b>Income tax</b>	(€'000)		
	<b>1st Half 2015</b>	<b>1st Half 2014</b>	<b>Change</b>
Current income tax	3,260	820	2,440
Deferred income tax	2,228	(280)	2,508
<b>Total</b>	<b>5,488</b>	<b>540</b>	<b>4,948</b>

The increase in taxable income caused a rise in current income taxes. Deferred taxes in the semester are for the inclusion in the Income Statement of pre-paid tax assets related to the taxable income for the period.

### 36) Profit/(loss) for the period

In the first semester 2015, net profit was Euro 3.148 million compared to a net loss of Euro 3.738 million at 30 June 2014.

### 37) Earnings/(losses) per share

The result per share went from a loss of Euro 0.0775 in the first semester 2014 to earnings per share of Euro 0.0950 in the first semester 2015. These figures were calculated by dividing the net result by the average weighted number of shares of Fiera Milano SpA in circulation in each period.

	<b>1st Half 2015</b>	<b>1st Half 2014</b>
Profit/(loss) (€'000)	3,946	(3,218)
Average no. of shares in circulation ('000)	41,521	41,521
Basic earnings/(losses) per issued share (€)	0.0950	(0.0775)
Earnings/(losses) per fully diluted no. of shares (€)	0.0950	(0.0775)

The numerator used to calculate basic earnings per share and diluted earnings per share was Euro 3.946 million at 30 June 2015 (a negative figure of Euro 3.295 million at 30 June 2014).

The weighted average number of ordinary shares used to calculate basic earnings per share and diluted earnings per share, and a reconciliation of the two figures, are shown in the following table:

('000)	<b>1st Half 2015</b>	<b>1st Half 2014</b>
Weighted average no. of shares used for calculation of EPS	41,521	41,521
+ Potential no. of shares issued without payment	-	-
Weighted average no. of shares used to calculate diluted EPS	41,521	41,521

### **38) Related-party transactions**

The companies that are part of Fiera Milano Group carried out transactions at market conditions with Group companies and with other related parties.

As part of its corporate governance, Fiera Milano SpA has adopted the *Principles of Conduct regarding Related-party Transactions* as described in the *Report on Corporate Governance and Ownership Structure*, which are included in the Board of Directors' Management Report in the 2014 Financial Statements.

Commercial transactions concern the organisation and management of exhibitions and other events managed by the Group. Fiera Milano SpA provides administrative services to some subsidiaries, with the aim of optimising the use of professional resources and competencies, and also communication services in order to ensure the uniformity of the Group image.

All the Italian subsidiaries, the consolidated companies, opted for the Italian tax consolidation procedure for IRES, which has a mandatory duration of three financial years. The tax consolidation procedure gives Fiera Milano Group a definite economic and financial benefit, particularly in allowing the immediate use of the tax losses of the Group generated in the financial years in which the option is available, to offset the profits of the consolidated companies, giving an immediate tax saving.

The legal relationships among the companies involved in the tax consolidation process are governed by a rule that imposes a uniform process for correct fulfilment of the fiscal requirements and related responsibilities by the companies involved.

In the Statement of Financial Position and the Income Statement, the amounts for related-party positions or transactions, if material, are shown separately. Given the total amount of statement of financial position and income statement items, the Group has decided that Euro 2.000 million is the material threshold above which separate disclosure must be made for equity items and Euro 1.000 million for economic items.



Detailed information on transactions is given below with different sections covering Related-party transactions with the controlling shareholder Fondazione Fiera Milano and Other related-party transactions that are not consolidated.

### **Related-party transactions with the controlling shareholder Fondazione Fiera Milano**

Recurring transactions are summarised below.

#### **I. Real estate lease agreements with Fiera Milano SpA**

As described below, on 31 March 2014 new lease agreements were signed for the exhibition sites of Rho and Milan. These contracts were effective from the second semester of 2014.

On 18 January 2003, Fiera Milano SpA signed a lease agreement with Fondazione Fiera Milano for the Rho exhibition site. The same agreement established the terms of the lease for the downtown site, giving an effective date of 1 January 2006 in the contracts for both exhibition areas. The lease agreement for both exhibition areas was, therefore, for nine years effective from 1 January 2006 (the date on which Fiera Milano SpA took possession of the Rho Exhibition Site). Cancellation of the contracts had to be notified eighteen months prior to the expiry of the contracts on 31 December 2014.

On 13 May 2013, the Board of Directors agreed a proposal put forward by the controlling shareholder Fondazione Fiera Milano to change the terms of the rental contracts for the exhibition sites of Rho and Milan by extending the period for cancelling the lease agreement from 30 June 2013 to 31 October 2013. Subsequently, further proposals to extend the period to 14 March 2014 were approved. On 31 March 2014 new rental agreements for the exhibition sites of Rho and Milan were signed. The new rental agreements are for nine years effective from 1 July 2014 (following the agreed early termination of the existing lease agreements due to expire on 31 December 2014) and may be automatically renewed for a further nine years.

As regards the rental agreement for the Rho exhibition site, compared to the previous agreement that was valid until 30 June 2014, the rent was reduced by Euro 2.000 million in the second semester of 2014 and by Euro 14.000 million for the full-year 2015 and for each subsequent year of the agreement. Therefore, the rent was Euro 24.400 million for the second semester of 2014 and Euro 38.800 million from 2015 and for each subsequent year of the agreement annually adjusted for 100% of the change in the ISTAT consumer price index. Because of Expo 2015, which is expected to have a positive impact on the exhibition business of Fiera Milano, for 2015 alone Fondazione Fiera Milano will be paid an additional rent based on any revenues generated in 2015 by Fiera Milano SpA that exceed the average annual revenues of the three-year period 2012-2014. Fiera Milano SpA will pay a supplementary rent equal to 15% of the additional revenues generated by Fiera Milano SpA up to a maximum amount of Euro 10.000 million.

For the Milan exhibition site, the parties agreed to maintain the current rent of Euro 2.850 million per annum, annually adjusted for 100% of the change in the ISTAT consumer price index.

A sum of Euro 10.412 million was also paid as a guarantee deposit; this sum is equivalent to the combined standard quarterly rent on the two exhibition sites. To simplify the agreement between the parties, it was decided that the debt payable by Fiera Milano for the new guarantee deposit would be offset by the credit it had for the right to repayment by Fondazione Fiera Milano of the guarantee deposit of Euro 12.784 million paid for the two previous rental agreements. The balance of Euro 2.372 million will be repaid by Fondazione Fiera Milano through a reduction of Euro 0.132 million on the amount payable by Fiera Milano to Fondazione Fiera Milano for each six-monthly rental payment up to the value of the aforementioned residual amount.

The transaction is a transaction of greater importance under Article 5 of Consob Regulation no. 17221 of 2010 on related-party transactions and of Article 10.2 of the Procedure regarding transactions with related parties adopted by Fiera Milano as it exceeds the materiality thresholds contained therein. As Fiera Milano qualifies as a "small and mid-cap company", as defined in Article 3, first paragraph, letter (f) of the Consob Regulation, the Company could have availed itself of the exemption permitted under Article 10, paragraph 1 of the same Regulation and could therefore have applied to a transaction of greater importance (such as the one described above) the procedures for transactions of lesser importance. However, because of the highly sensitive nature of the transaction and its importance to the corporate activities of the Company, the Board of Directors of Fiera Milano SpA, on the suggestion of the Control and Risk Committee, chose to employ for this transaction the more rigorous procedures required for transactions of greater importance.

To ensure that market conditions applied, the rental agreements were prepared also taking account of valuations done by the independent expert Jones Lang LaSalle S.p.A. acting for Fiera Milano SpA.

## **II. Real estate lease agreement with Fiera Milano Congressi SpA**

On 24 January 2000, Fondazione Fiera Milano signed a contract with Fiera Milano Congressi SpA, valid until 31 December 2012, relating to the availability of part of Pavilion 17 (equal to about 15,000 square metres of gross exhibition space) within the downtown site. This area was granted for the use of Fiera Milano Congressi SpA at no charge until 31 December 2002 (in view of the substantial restructuring operations carried out by Fiera Milano Congressi on the aforementioned area) while, since 1 January 2003, Fiera Milano Congressi SpA has paid an annual rent determined as a percentage of revenues, excluding revenues from activities conducted outside the downtown site.

On 15 March 2005, this contract was updated to reflect the expansion of the congress centre activities hosted in Pavilion 17 of the downtown site. The new agreement between the controlling shareholder Fondazione Fiera Milano and Fiera Milano Congressi SpA was valid until 30 June 2011 and renewable until 30 June 2017. At the first lease expiry date, the cancellation option, which expired on 30 June 2011, was not exercised. Under the new agreement, Fiera Milano Congressi SpA pays a fixed annual rent to which is added a variable portion that is dependent on achieving a specified level of revenues.

On 18 May 2009, Fondazione Fiera Milano signed a preliminary contract with Fiera Milano Congressi SpA for the use of Pavilions 5 and 6 within the downtown site; this area was used to build the new congress centre, called MiCo – South Wing, which was inaugurated in May 2011 and which is integrated with the congress areas of Pavilion 17 and called MiCo – Milano Congressi.

The final lease agreement for the area known as MiCo – Milano Congressi South Wing (the former pavilions 5 and 6) was agreed in 2012 and is effective for nine years with the initial period running from 1 May 2011 (the date on which Fiera Milano Congressi SpA took charge of the new congress centre). The contract is automatically renewed for a further nine years unless terminated by one of the parties. The full annual rent was fixed at Euro 3.000 million with a variable component of 5% of the excess revenues realised by Fiera Milano Congressi SpA in the centre compared to the revenue targets in its 2011–2014 industrial plan.

The rent is adjusted annually by an amount equal to 100% of the change in the ISTAT index reported for the previous year. Under the contract there was a reduction in the full rent for the first four years of the contract. The rent for the first year was fixed at Euro 0.750 million with the rent

rising annually by Euro 0.750 million in the following three years to reach the agreed full rent of Euro 3.000 million.

### **III. Settlement of Group VAT**

Taking advantage of the facility provided by Presidential Decree (DPR) 633/72, from 1 January 2002, Fiera Milano SpA chose to follow the procedures, managed by the controlling shareholder, Fondazione Fiera Milano, for settlement of Group VAT. This mechanism makes it easier to settle any tax obligations, without the Company incurring additional costs

### **IV. Group tax consolidation with the controlling shareholder Fondazione Fiera Milano**

In the financial year 2004/2005, Fiera Milano SpA and several of its subsidiaries opted to participate in the tax consolidation of the controlling shareholder Fondazione Fiera Milano. Following the change in the accounting year-end of Fiera Milano SpA and all its subsidiaries, participation in this tax consolidation ceased. However there remain certain contractual obligations to Fondazione Fiera Milano which are referred to in the Notes to the Financial Statements.

### **V. Contract for supply of services**

Fiera Milano SpA has an annual contract with Fondazione Fiera Milano for the reciprocal provision of services, which arise from or are necessary for the exercise of their respective activities. The contract is renewable annually unless cancelled by a written agreement between the parties.

The contract provides for the reciprocal supply between the Parent Company and Fondazione Fiera Milano of two kinds of services: i) services of a general nature, which fall within the range of activities of the entity providing them, supplied to the buyer on a continuous and systematic basis; ii) specific services, or services provided on request and relating to specific activities to be agreed from time to time between the buyer and the supplier, also on the basis of appropriate offers/estimates. The service supply contract is governed by market conditions.

### **VI. Licence agreements to use the Fiera Milano brand name**

On 17 December 2001, Fondazione Fiera Milano, as owner of the "Fiera Milano" brand name granted Fiera Milano SpA an exclusive licence for the use of the said brand name in order to typify its own activities, also through its use on headed paper, on its commercial material, and to differentiate its headquarters and offices. The licence has been granted for Italy and all countries and locations where the brand name has been or will be registered or lodged.

The symbolic consideration paid by Fiera Milano SpA to Fondazione Fiera Milano was Euro 1.0. Fondazione Fiera Milano, having as its corporate objective the development of the exhibition sector, has maintained Fiera Milano as part of its name and did not include it in the business division "Exhibition Management Activity" contributed to the Parent Company in 2001, but with the expectation that Fiera Milano SpA would use the said brand name for an extended period of time and without incurring further costs for its use.

It should be noted that this licence is valid until 31 December 2017, with automatic renewal for a further fifteen years, unless cancelled by one of the parties.

## VII. Current account with Fiera Milano SpA

The parties settle receipts and payments under the contracts existing between them through a current account on which interest is paid at market rates.

### Other related-party transactions

Other related-party transactions are carried out as part of normal operations and are regulated by market conditions.

The financial and economic transactions with non-consolidated related parties are summarised in the table below.

Related party entries in the Statement of Financial Position and Income Statement at 30/06/15 (€'000)													
	Trade and other non-current receivables	Trade and other current receivables	Other current financial liabilities	Pre-payments	Other current liabilities	Revenues from sales and services	Cost of services	Cost of use of third-party assets	Personnel expenses	Other operating expenses	Other income	Financial income and similar	Financial expenses and similar
<b>Controlling shareholder</b>													
Fondazione Fiera Milano	12,257	7,834	36,538	55	6,466	199	544	27,872	20	435	98	31	503
<b>Total reported</b>	<b>13,155</b>	<b>99,681</b>	<b>37,498</b>	<b>60,477</b>	<b>36,248</b>	<b>181,532</b>	<b>87,492</b>	<b>31,250</b>	<b>30,763</b>	<b>3,986</b>	<b>1,434</b>	<b>692</b>	<b>2,842</b>
% Rel. party transactions/Total reported	93%	8%	97%	-	18%	-	1%	89%	-	11%	7%	4%	18%

	(€'000)		
<b>Statement of related party cash flow</b>	<b>30/06/15</b>	<b>30/06/14</b>	
<b>Cash flow from operating activities</b>			
Revenues and income	297	200	
Costs and expenses	(28,871)	(30,772)	
Interest receivable	31	63	
Interest payable	(503)	(598)	
Changes in trade and other receivables	(907)	1,787	
Change in trade and other payables	2,393	293	
<b>Total</b>	<b>(27,560)</b>	<b>(29,027)</b>	
<b>Cash flow from investment activities</b>			
Investments in non-current activities			
. Tangible and intangible	-	-	
. Other non-current assets	-	-	
<b>Total</b>	<b>-</b>	<b>-</b>	
<b>Cash flow from financing activities</b>			
Change in financial (assets)/liabilities	12,774	4,239	
<b>Total</b>	<b>12,774</b>	<b>4,239</b>	
<b>Cash Flow in the period</b>	<b>(14,786)</b>	<b>(24,788)</b>	
The cash flows with related-parties are shown in the following table:			
	<b>Cash flow from operating activities</b>	<b>Cash flow from investment activities</b>	<b>Cash flow from financing activities</b>
1st Half to 30.06.15:			
Total	28,544	(1,906)	(21,131)
Related party transactoins	-27,560	-	12,774
1st Half to 30.06.14:			
Total	(6,862)	(4,858)	13,915
Related party transactoins	-29,027	-	4,239

## 39) Other information

### Non-recurring events and transactions

There were no events or transactions of significance in the semester under review.

### Significant events after the end of the reporting period

On 23 July 2015, the Parent Company finalised the acquisition of 100% of Ipack-Ima and the simultaneous payment to the seller, Centrexpo SpA, of Euro 2.500 million. Ipack-Ima SpA owns the following trademarks and already organises the trade exhibitions associated with these trademarks in the Fiera Milano exhibition site: Ipack-Ima (triennial), one of the world's leading events for food and non-food processing and packaging technologies; Meat-Tech (triennial), an exhibition for processing and packaging in the meat industry; Dairytech (triennial), an exhibition for treatment and packaging technologies in the dairy sector; Fruit Innovation (annual), an exhibition for technology and services in the fruit and vegetable sector (of which Fiera Milano owns 50%); Intralogistica Italia, a triennial exhibition for corporate internal logistics plant and equipment (50% owned by Deutsche Messe).

On 27 July 2015, the Parent Company sold its 60% shareholding in the Turkish subsidiary Interteks Uluslararası Fuarçılık A.S. Turkey is no longer considered a strategic country for the Group given the downgrading of future growth expectations for the local exhibition sector.

### Remuneration of the Administrative and Control Bodies, General Managers and Executives with strategic responsibilities

Executives with strategic responsibilities are those that have the power and responsibility, both direct and indirect, for the planning, management and control of Group activities.

Following an update to the Procedures for Related-party Transactions, the executives with strategic responsibilities of the Parent Company have been identified as the Directors, the Statutory Auditors and the Manager responsible for preparing the Financial Statements. In the previous version of the Procedures for Related-party Transactions, which was in use until 30 April 2015, the executives with strategic responsibilities of the Parent Company also included members of the Steering Committee, whilst Group companies included the Managing Directors, the Sole Directors and the Executive Managers of Group companies. The table below includes the remuneration of these executives until 30 April 2015.

Remuneration	1st Half 2015		
	Directors	Statutory Auditors	Others
Short-term benefits	679	70	1,074
Post-employment benefits	4	-	58
Other non current benefits	-	-	-
Staff-leaving indemnities	1,461	-	-
Notional income from stock option plans	-	-	-
<b>Total</b>	<b>2,144</b>	<b>70</b>	<b>1,132</b>

(€'000)

Remuneration	1st Half 2014		
	Directors	Statutory Auditors	Others
Short-term benefits	625	79	1,272
Post-employment benefits	15	-	51
Other non current benefits	-	-	-
Staff-leaving indemnities	-	-	400
Notional income from stock option plans	-	-	-
<b>Total</b>	<b>640</b>	<b>79</b>	<b>1,723</b>

At 30 June 2014, the residual amount payable to this category was Euro 0.130 million (Euro 0.234 million at 30 June 2014).

Rho, 27 July 2015

For the Board of Directors  
The Chairman  
Roberto Rettani

## List of companies included in the area of consolidation and other equity investments at 30 June 2015

Company name and registered office	Main activity	Share capital (000) (*)	Shareholding %			Shareholding of Group companies
			Group total	Directly held by Fiera Milano	Indirectly held through other Group companies	%
<b>A) List of companies included in the area of consolidation</b>						
<b>Parent Company</b>						
<b>Fiera Milano SpA</b>						
Milano, p.le Carlo Magno 1	Organisation and hosting of exhibitions in Italy	42,147				
<b>Fully consolidated companies</b>						
<b>Fiera Milano Media SpA</b>						
Milano, p.le Carlo Magno 1	Media services	2,803	100	100		100 Fiera Milano SpA
<b>Fiera Milano Congressi SpA</b>						
Milano, p.le Carlo Magno 1	Management of congresses	2,000	100	100		100 Fiera Milano SpA
<b>MiCo DMC S.r.l.</b>						
Milano, via G.Ripamonti 129	Management of congresses	10	51		51	51 Fiera Milano Congressi SpA
<b>Nolostand SpA</b>						
Milano, p.le Carlo Magno 1	Stand fitting services	7,500	100	100		100 Fiera Milano SpA
<b>Eurofairs International Consultoria e Participações Ltda</b>						
São Paulo Brasil, na Avenida Angélica, nº 2350, Sala B, Consolação,	Organisation of exhibitions abroad	R \$ 36,014	100	99.98	0.02	99.98 Fiera Milano SpA 0.02 Nolostand SpA
<b>CIPA Fiera Milano Publicações e Eventos Ltda</b>						
São Paulo Brasil, Av. Angelica	Organisation of exhibitions abroad	R \$ 705	100		100	100 Eurofairs International Consultoria e Participações Ltda
<b>Fiera Milano India Pvt Ltd</b>						
New Delhi, Barakhamba Road, Connaught Place	Organisation of exhibitions abroad	INR 20,000	99.99	99.99		99.99 Fiera Milano SpA
<b>Limited Liability Company "Fiera Milano"</b>						
Moscow, 24 A/1 ul. B. Cherkizovskaya	Organisation of exhibitions abroad	RUB 10,000	100	100		100 Fiera Milano SpA
<b>Fiera Milano Interteks Uluslararası Fuarçılık A.Ş.</b>						
Istanbul, Min Kemal Öke Cd No 6 Nişantaşı	Organisation of exhibitions abroad	TRY 1,308	60	60		60 Fiera Milano SpA
<b>Fiera Milano Exhibitions Africa Pty Ltd</b>						
Cape Town, The Terraces, Steenberg Office Park, Tokai	Organisation of exhibitions abroad	ZAR 100	100	100		100 Fiera Milano SpA
<b>Worldex (China) Exhibition &amp; Promotion Ltd</b>						
Guangzhou, 538 Dezheng Bei Road, Yuexiu District	Organisation of exhibitions abroad	CNY 6,000	75	75		75 Fiera Milano SpA
<b>Haikou Worldex Milan Exhibition Co. Ltd</b>						
Haikou, 12 Lantian Road West	Organisation of exhibitions abroad	CNY 200	74.25		99	99 Worldex Ltd
<b>B) List of jointly controlled companies equity-accounted</b>						
<b>Hannover Milano Global Germany GmbH</b>						
Hannover Germany, Messegeelaende	Organisation of exhibitions abroad	25	49	49		49 Fiera Milano SpA
<b>Hannover Milano Fairs Shanghai Co. Ltd</b>						
Shanghai China, Pudong Office Tower	Organisation of exhibitions abroad	USD 500	49		100	100 Hannover Milano Global Germany GmbH
<b>Hannover Milano Fairs China Ltd</b>						
Hong Kong China, Golden Gate Building	Organisation of exhibitions abroad	HKD 10	49		100	100 Hannover Milano Global Germany GmbH
<b>Hannover Milano Fairs India Pvt Ltd</b>						
East Mumbai, Andheri	Organisation of exhibitions abroad	INR 274,640	48.99		99.99	99.99 Hannover Milano Global Germany GmbH
<b>Global Fairs &amp; Media Private Ltd</b>						
New Delhi, Bahadur Shah Zafar Marg 9-10	Organisation of exhibitions abroad	INR 207,523	24.5		50	50 Hannover Milano Fairs India Pvt Ltd
<b>Milan International Exhibitions Srl under liquidation</b>						
Rho, S.S.Sempione 28	Other	120	20	20		20 Fiera Milano SpA
<b>C) List of companies accounted at cost</b>						
Company name and registered office	Main activity	Share capital (000) (*)	Shareholding %			Shareholding of Group companies
			Group total	Directly held by Fiera Milano	Indirectly held through other Group companies	%
<b>Esperia SpA</b>						
Rose (Cosenza)	Other	1,403	2		2	2 Fiera Milano Media SpA
<b>Uktas Uluslararası Kongre Sarayı Tesisleri İşletmeciliği Tic. A.Ş.</b>						
Istanbul	Other	TRY 17,700	0.07		0.07	0.07 Fiera Milano Interteks Uluslararası Fuarçılık A.Ş.

(\*) Euro or other currencies as specifically indicated

**Declaration relating to the Financial Statements in accordance with Article 154-bis, paragraph 5 of Legislative Decree of 24 February 1998, no. 58D.Lgs. 58/98**

1. The undersigned, Corrado Arturo Peraboni, as Chief Executive Officer, and Flaminio Oggioni, as Manager responsible for preparing the Financial Statements of Fiera Milano SpA, declare, taking note of the provisions of article 154-bis, paragraphs 3 and 4, of Legislative Decree 24 February 1998, no. 58:
  - the suitability in relation to the characteristics of the business and
  - the effective application of the administrative and accounting procedures for the preparation of the Interim Condensed Consolidated Financial Statements for the first semester 2015.
2. The evaluation of the adequacy of the administrative and accounting procedures for the preparation of the Interim Condensed Consolidated Financial Statements at 30 June 2015 is based on a process defined by Fiera Milano SpA, which is consistent with the Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission, which represents the generally accepted international benchmark.
3. It is also declared that:
  - 3.1 the Interim Condensed Consolidated Financial Statements at 30 June 2015:
    - have been prepared in accordance with the applicable international accounting standards recognised by the European Community in accordance with EC Regulation no.1606/2002 of the European Parliament and of the European Council of 19 July 2002;
    - correspond to the results contained in the accounting records and documents;
    - provide a true and correct representation of the capital, economic and financial situation of the Issuer and of all the companies included in the consolidation.
  - 3.2 the interim management report on operations includes a reliable analysis of the significant events of the first six-months of the financial year and their impact on the Interim Condensed Consolidated Financial Statements together with a description of the main risks and uncertainties in the remaining six months of the financial year. The interim management report on operations also includes a reliable analysis of information regarding significant related-party transactions.

27 July 2015

*Signed*  
**Chief Executive Officer**  
Corrado Arturo Peraboni

*Signed*  
**Manager responsible for preparing the  
Company's financial statements**  
Flaminio Oggioni



## Review report on the interim condensed consolidated financial statements (Translation from the original Italian text)

To the Shareholders of  
Fiera Milano S.p.A.

### Introduction

We have reviewed the interim condensed consolidated financial statements, comprising the consolidated statement of financial position, the consolidated statement of comprehensive income, the consolidated statement of cash flows, the consolidated statement of changes in equity and the related illustrative notes, of Fiera Milano S.p.A. and its subsidiaries (the "Fiera Milano Group") as of 30 June 2015. The Directors of Fiera Milano S.p.A. are responsible for the preparation of the interim condensed consolidated financial statements in conformity with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

### Scope of Review

We conducted our review in accordance with review standards recommended by Consob (the Italian Stock Exchange Regulatory Agency) in its Resolution no. 10867 of 31 July 1997. A review of interim condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the interim condensed consolidated financial statements.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements of Fiera Milano Group as of 30 June 2015 are not prepared, in all material respects, in conformity with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34) as adopted by the European Union.

### Matter of emphasis

As a matter of emphasis, we draw attention to the following matters:

- a) In the section "Business outlook and assessment of the Company as a going concern" of the Interim Report on Operations and in the Illustrative notes "1.4 Use of estimates" and "21.2 Liquidity Risk" to the interim condensed consolidated financial statements, Directors describe the results of operations for the interim period, the financial performance, the business outlook, as well as the conclusions on the adoption of the going concern assumption used by them in the preparation of the interim condensed consolidated financial statements as of and for the period ended 30 June 2015; adoption taking into account, also, the share capital increase proposal for a total maximum amount of Euro 70 million approved by the Board of Directors of the Parent Company on 29 June 2015 and that will be voted by the Extraordinary Shareholders meeting to be held on 31 July 2015;

- b) Fiera Milano Group undertakes significant transactions with related parties, as described in the note 38 of the Illustrative notes to the interim condensed consolidated financial statements.

Our conclusion is not qualified in respect of these matters.

Milan, 30 July 2015

Reconta Ernst & Young S.p.A.  
Signed by: Federico Lodrini, Partner

*This report has been translated into the English language solely for the convenience of international readers*