



Annual Report  
FINANCIAL YEAR 2015



**FIERA MILANO**

This document contains a faithful translation into English of the original report in Italian *Relazione Finanziaria Annuale Esercizio 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 Annuale Esercizio 2015* shall prevail upon the English version.

**Fiera Milano S.p.A.**

Registered offices: Piazzale Carlo Magno, 1 - 20149 Milan, Italy

Operational and administrative headquarters: Strada Statale del Sempione, 28 - 20017 Rho (Milan) Italy

Share capital: Euro 42,445,141.00 fully paid up

Companies Register, Tax code and VAT no. 13194800150 – Economic Administrative Register 1623812



# mission

Fiera Milano offers a means for companies to grow and become more international.



IT CONTRIBUTES TO  
ECONOMIC GROWTH.  
IT PROMOTES SOCIO-  
ECONOMIC IMPROVEMENT  
IN THE REGION IN  
WHICH IT IS BASED.

THE COMPANY'S AIMS ARE:



to feature among the leading global companies in the exhibition sector



to offer companies a more effective business platform to raise awareness of their existence, instigate fruitful contacts and increase their business opportunities



to be a leader in new growth areas worldwide while promoting Made in Italy exports



to facilitate the interaction of different corporate cultures, the exchange of know-how and experience, and to encourage innovation

# key group values

## Client satisfaction

Maximum focus on clients (organisers, exhibitors, visitors) ensuring a range of quality services that meet their needs and expectations.

## Ethics

Integrity, transparency, impartiality and correctness in executing its business and in all relationships of whatever type or nature.

## Professionalism

The Company offers a combination of skills, attention to detail, responsibility, diligence, conscientiousness and exceptional preparation in all its business activities.

## Make the best possible use of the assets managed

Continuous monitoring and timely intervention for the most effective use of the exhibition facilities, to provide the most efficient services, and to offer clients areas that are not merely functional and secure but are also welcoming and aesthetically pleasing.



## Collaboration

Sharing of information and knowledge to enhance value and to validate professional identity while overcoming organisational restrictions.

## Sustainability

Generate value for the region, support the community and businesses and identify synergies that help protect the environment.

## Innovation

A search for innovative and original solutions, finding new potential approaches to any situation or problem and conceiving/ generating original ideas.

## Safety

An explicit undertaking to spread and reinforce safety in the workplace and the awareness of potential risks by using all the resources necessary for guaranteeing the health and safety of all those who work with Fiera Milano.

# highlights

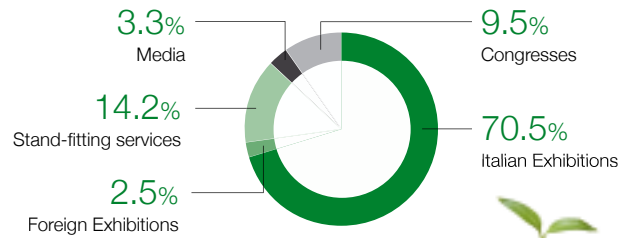


## performance

Euro **337** million

of consolidated revenues, of which Euro 9 million generated outside Italy.

Breakdown of revenues by operating segment  
(gross of inter-segment transactions)



## business

**114** exhibitions held, of which 51 abroad  
**42,640** exhibitors, of which 10,300 abroad

## environment



Environmental cost per square metre occupied\*:

Euro **3.21**

(\*) includes costs of electricity, district heating, drinking water and groundwater used in the pavilions during exhibitions and in all central structure buildings during the setting-up, running and dismantling of exhibitions.

## exhibition space



**2,223,920** square metres

net exhibition space occupied,  
of which **401,045** square metres abroad

**388,000** square metres

of total gross exhibition space,  
of which **345,000** square metres  
in the **fieramilano** exhibition site  
and **43,000** square metres  
in the **fieramilanocity** exhibition site

## personnel



**783** Group employees, of which 154 abroad

**60%** female employees of total Group,  
33% in middle management and 41% office staff

## a paperless environment



Invoice delivery:

The number of printed invoices fell by **72%**  
in the three-year period 2013-2015

Digital archive:

**145,000** less pages printed compared to the previous year



# area of operations



\* The Turkish subsidiary and related exhibitions were sold in the second semester 2015.

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# etter to shareholders



*Dear shareholders,*

2015 was a year that gave considerable satisfaction to the Fiera Milano Group. The results were significantly better than those of previous years and well ahead of forecasts with double-digit growth for all the key performance indicators.

A crucial contribution came from the proprietary exhibitions, Host and Tuttofood, which both had record editions and confirmed their leadership in their respective reference sectors. The biennial exhibition Host, the world's leading trade exhibition in the hospitality sector (Ho.Re.Ca.), had a 32% increase in net exhibition space occupied and a 14% rise in trade visitors with 40% of them coming from abroad. The biennial exhibition Tuttofood consolidated its leadership position in the food sector in Italy with net exhibition space of 75,000 square metres and is now a natural competitor for the large European food exhibitions.

There were also stronger than forecast results from exhibitions in different sectors of the market that were hosted by Fiera Milano, for example, Eicma moto (motorcycles), Itma (textile machinery) and EMO (mechanical engineering).

Among the most important exhibitions held in 2015 were Ipack-Ima and its associated exhibitions, acquired by Fiera Milano last July. The acquisition, followed by the main national sector association becoming a shareholder in the company, has made Fiera Milano a reference point for the food sector as it puts together Tuttofood with one of the leading international exhibitions for food processing and packaging technology and gives the Company an upstream profile in this sector that extends beyond the one exhibition and provides for the interests of the food production sector.

2015 was also the year of Expo. Fiera Milano benefited from the positive image of Milan that Expo 2015 transmitted globally and by the measures taken to improve circulation and access to the exhibition site. Moreover, through its subsidiaries Nolostand and Fiera Milano Congressi, the Group generated significant revenues from the provision of stand-fitting services, logistics, and facilities management services both to the company Expo 2015 and to some of the countries participating in the event. Without doubt Expo underpinned the excellent 2015 results. However, the re-found dynamism of the exhibition business in 2015, particularly evident in the second semester of the year, must be correctly placed against the more general background of an economic recovery which appears to be consolidating.

The improvement in the macroeconomic scenario is the most important legacy of 2015 and has provided an ideal context for profitable investment of the funds raised at year-end through the Company's share capital increase, which was 96% subscribed by shareholders who showed great faith in the Company and we now intend to repay this by achieving the appropriate results. The funds raised, totalling approximately Euro 67 million, provided the means of restoring the capital and financial structure of the Company but will also support a development plan aimed at strengthening the proprietary exhibitions since these are more profitable than those hosted but organised by third-parties. Therefore, the Company intends to make acquisitions that offer synergies with the reference sectors of the exhibitions currently in its portfolio and the acquisition of the triennial exhibition Ipack-Ima was part of this strategy. Another aim of the investments will be to reduce the seasonality of the Company's revenues due to the presence in the current exhibition calendar of biennial and multi-annual events that result in marked oscillations in the results for different financial years.

The foreign operations required some rationalisation: this included an exit from the Turkish market due to the unfavourable developments in that country. Socio-economic problems and a consequent downgrade in growth forecasts also resulted in impairment charges for some of the intangible assets of the subsidiaries in Brazil and South Africa where the Group implemented a reorganisation of its businesses. This reorganisation should provide the basis for renewed growth outside Italy: resources and energy will be concentrated on selected leading exhibitions that offer the greatest outlook for profitability. Expansion of the foreign business will also be based on the export of the most successful proprietary exhibitions to markets identified as offering strong potential.

We hope that, despite the less favourable exhibition calendar, 2016 will develop the promise of 2015 and will mark the end of the longest post-war recession in developed countries while kick-starting growth in newly industrialised countries. This long-awaited recovery would provide the conditions for Fiera Milano to consolidate its own recovery and reap the benefits of the rationalisation measures implemented and of the Company recapitalisation. Despite the all-pervasive digital era that is here to stay, trade exhibitions remain a vital marketing tool and means of conducting business and are even more strategic for those sectors experiencing significant change. By far the leading exhibition and congress company in Italy and one of the most important in the world, Fiera Milano remains an irreplaceable platform for developing and internationalising the economy of the country.



*"The excellent results achieved and the economic recovery provide the basis for the re-start"*

**Roberto Rettani**

CHAIRMAN

A handwritten signature in black ink that reads "Roberto Rettani".



*"The 2015 results were significantly better than those of previous years and well ahead of forecasts"*

**Corrado Peraboni**

CHIEF EXECUTIVE OFFICER

A handwritten signature in black ink that reads "Corrado Peraboni".

# history of the Group

In February, Ente Autonomo Fiera Internazionale di Milano, a private foundation, was constituted. In October, the Foundation passed to Fiera Milano SpA management of the exhibition sites, the organisation of exhibitions and supply of exhibition services, and the congress activities.



2000

The Fiera Campionaria Internazionale was held on the ramparts of Porta Venezia, Milan, before transferring in 1923 to a permanent site in the area now occupied by fieramilanocity.



1920

1997



The Portello site was extended with the opening of three new large pavilions that increased the available exhibition space by 74,000 square metres gross, giving a total capacity of over 348,000 square metres of space.

1946



On 12 September 1946, the Fiera Campionaria Internazionale inaugurated the new Fiera Milano, exhibition site that was rebuilt following its destruction during World War II bombardments.

The World Expo in Milan, of which Fiera Milano was an Official Partner for Operations, was highly successful. Fiera Milano Group supplied stand-fitting services, logistics and facilities management services both to the company Expo 2015 and to several countries participating in the event. In the final months of 2015, Fiera Milano launched a paid share capital increase which closed in January 2016 with 95.6% of the total shares offered being subscribed for a value of Euro 66.8 million. This shows the trust the market has in Fiera Milano and in its future development.



2015

2002



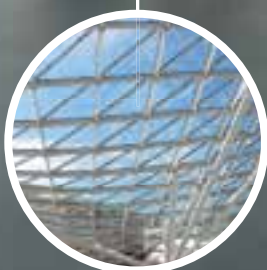
In December, Fiera Milano SpA was listed on the STAR segment of Borsa Italiana. Fiera Milano increased its range of activities through the acquisition of some important exhibition organisers and enhanced its offering in stand-fitting services, catering, trade publications and internet services.

2011



MiCo – Milano Congressi opened: this is the largest and most modern congress centre in Europe with capacity for 18,000 delegates. It is managed by Fiera Milano Congressi and was built by Fondazione Fiera Milano through the conversion of part of the fieramilanocity exhibition site.

2005



On 31 March, the new Fiera Milano exhibition complex on the outskirts of Milan was inaugurated; the site has 345,000 square metres of exhibition space. Some of the pavilions of the downtown site continued in use.

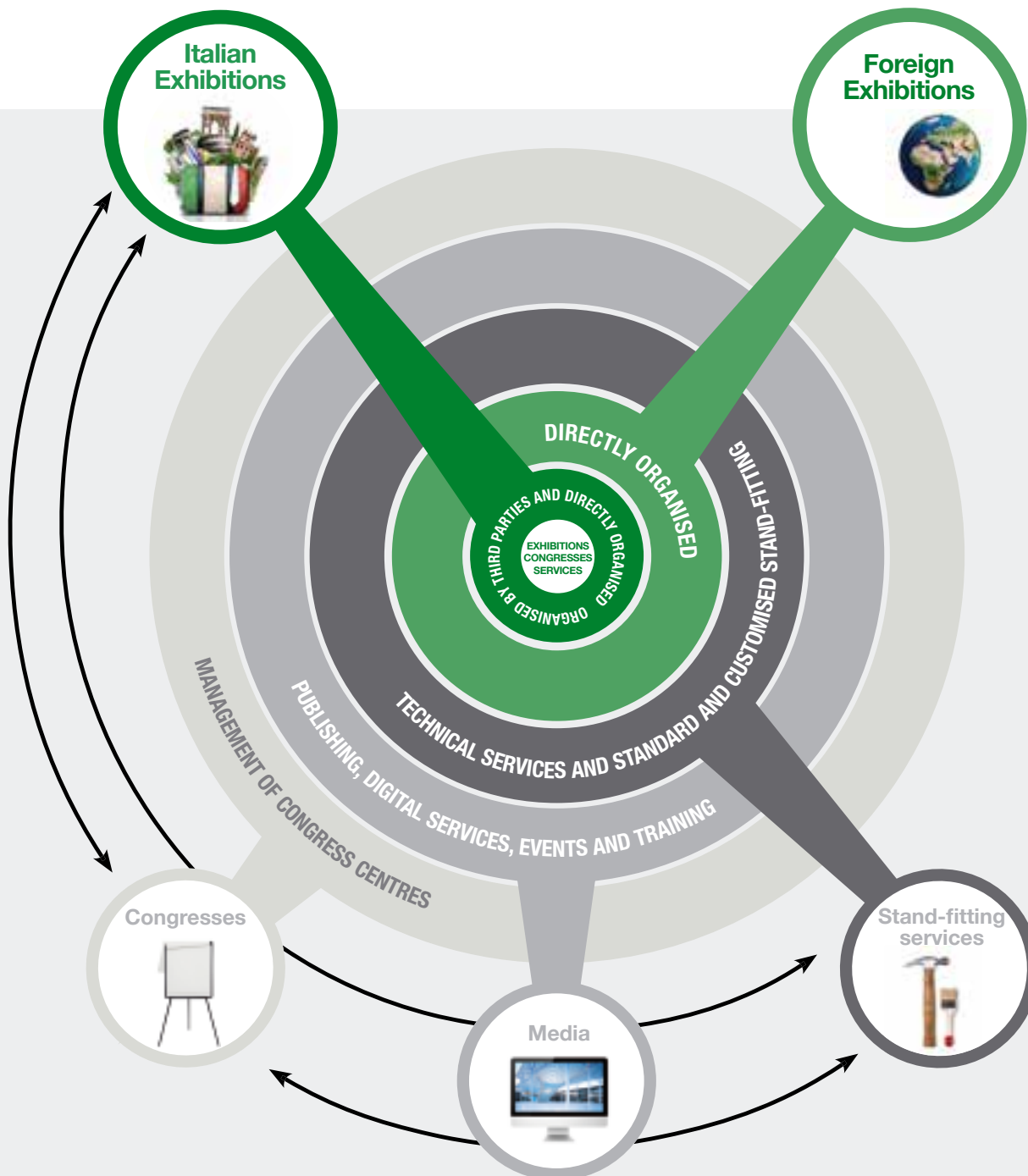
2008



An internationalisation process was started with the signature of a joint venture with Deutsche Messe, the owner of the Hannover exhibition site, covering regions outside Europe. In subsequent years, Fiera Milano has acquired leading exhibition organisers in Brazil, South Africa and China.

# business model

The 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.







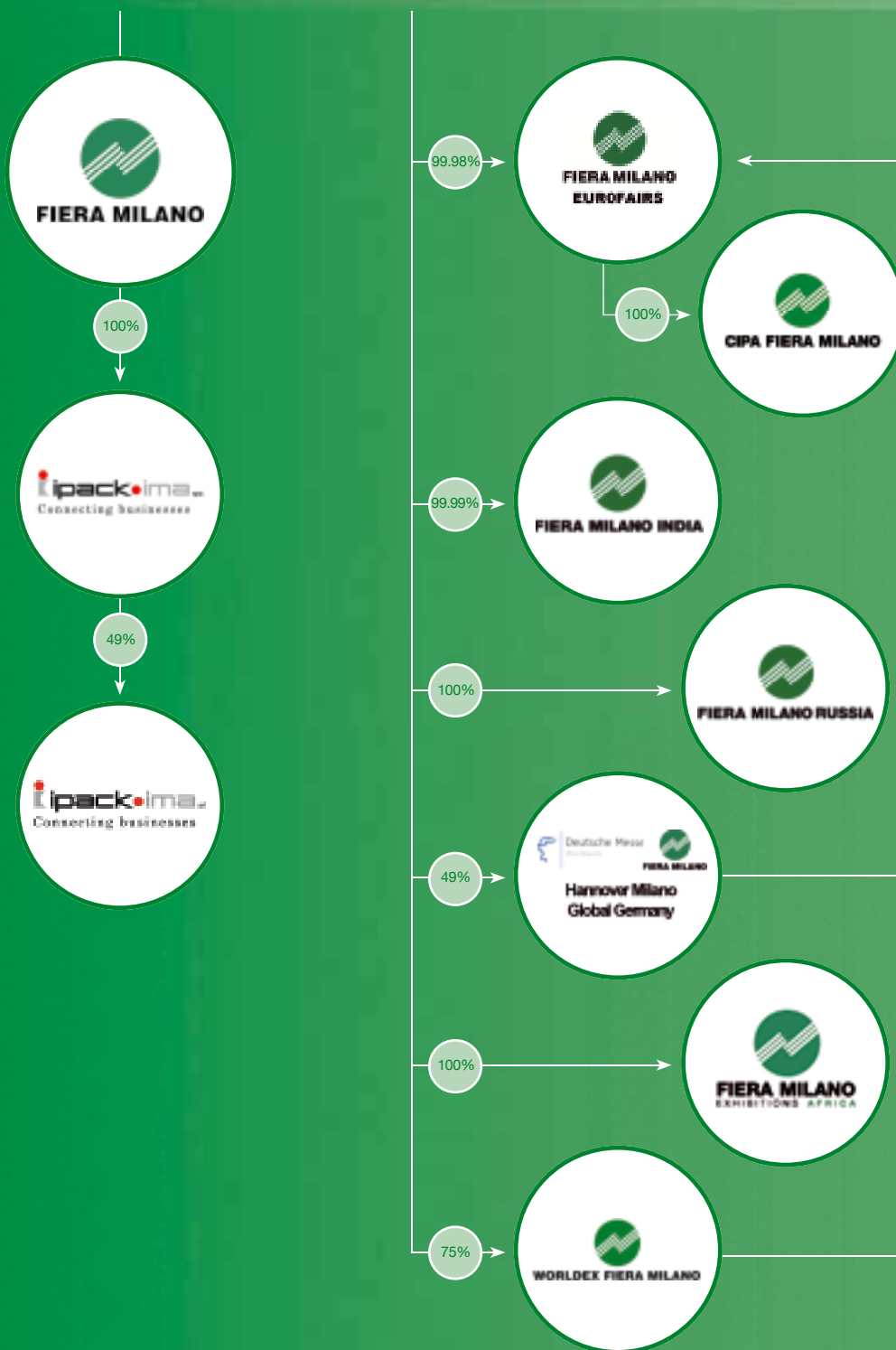
# group structure



## Italian Exhibitions



## Foreign Exhibitions





### Stand-fitting services



### Media



### Congresses

0.02%



100%



100%



100%

51%



100%



99.99%



50%



99%



# corporate bodies and independent auditor

## BOARD OF DIRECTORS

Roberto Rettani	Chairperson*°
Attilio Fontana	Deputy Vice Chairperson*°
Licia Ronzulli	Vice Chairperson*°
Corrado Peraboni	Chief Executive Officer
Joyce Victoria Bigio	Director*°
Renato Borghi	Director°
Pier Andrea Chevallard	Director*°
Romeo Robiglio	Director
Vincenza Patrizia Rutigliano	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 Nolli	Chairperson
Antonio Guastoni	Statutory Auditor
Carmine Pallino	Statutory Auditor
Francesca Maria D'Alessandro	Substitute Auditor
Alessandro Carlo Galli	Substitute Auditor

## SUPERVISORY BOARD UNDER LEGISLATIVE DECREE 231/01

Pier Andrea Chevallard  
Federica Nolli  
Ugo Lecis

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

Flaminio Oggioni

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 Chairman, 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.

## INDIPENDENT AUDITOR

Reconta Ernst & Young SpA

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

# strategic guidelines

The strategic aim of Fiera Milano is to create value for all stakeholders

## MAIN STRATEGIC GUIDELINES OF THE GROUP

### 1. Strengthen the exhibition portfolio in Italy

Increase the number of directly organised exhibitions:

- strengthen the leadership position of directly organised exhibitions with strong growth potential, including HOST and TuttoFood, increasing the penetration of sectors in which they are already present while growing the number of international exhibitors and buyers;
- acquire companies, businesses or exhibition trademarks that offer synergies with the reference sectors of the exhibitions currently in the portfolio, also through investments made using the funds from the successful share capital increase.

Attract new exhibitions to Milan that are leaders in sectors of interest and represent a reference point for the market.

### 2. Enhance the international business

Consolidate the portfolio of foreign exhibitions through a selective focus on those exhibitions in countries and industries that offer the greatest potential.

Enhance the Group presence in some countries through partnerships with leading international exhibition operators.

Create foreign editions of the leading exhibitions in the portfolio (e.g. HOST and Sposaltalia) that are adapted to the prevailing characteristics of local markets.

### 3. Maximise the potential of services

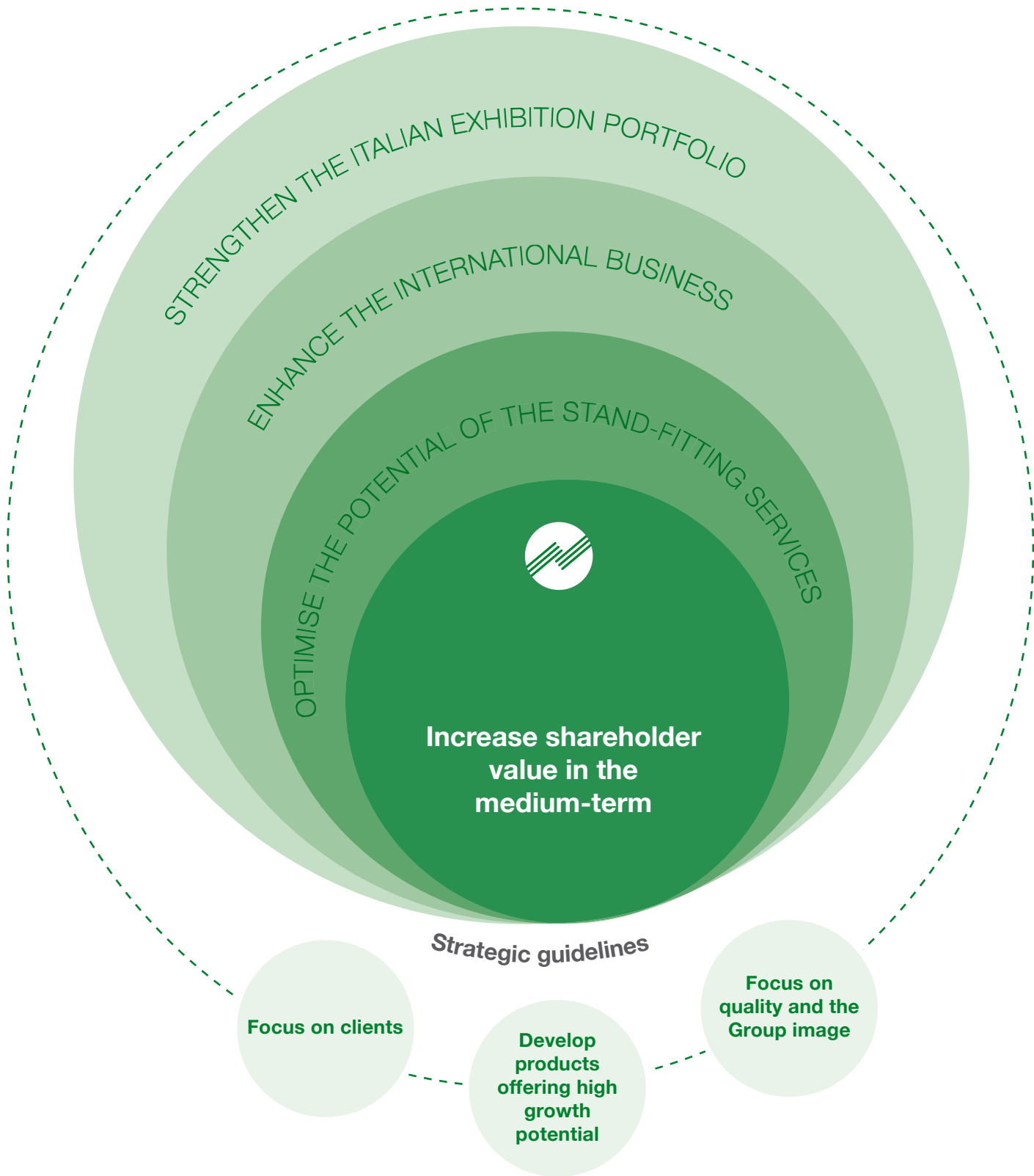
Increase the penetration of stand-fitting services through product innovation in the exhibition sector and in that of congresses and events.

Develop digital services that support exhibitions by raising their profile and increasing the number of visitor – exhibitor contacts (web and social media content curation, smart cataloguing and digital communication).

Further enhance the congress business by growing its share of largescale congresses, also by targeting association congresses not already organised and the corporate events sector.

Increase sponsorship also through agreements with leading food & beverage brands and promote synergies with clients and suppliers.

Develop visitor services offering destination management services (e.g. accommodation, transfers, post-congress entertainment) and expand existing catering and hospitality services.





## FIERA MILANO

FIERA MILANO S.p.A.  
Registered office in Milan, Piazzale Carlo Magno, 1  
Operational and administrative headquarters in Rho (MI), Strada Statale del Sempione, 28  
Share capital Euro 42,445,141.00 fully paid-up  
Milan Company Register,  
Tax code and VAT number 13194800150

### NOTICE OF CONVOCAZIONE OF THE ORDINARY SHAREHOLDERS' MEETING

The ordinary meeting of shareholders of Fiera Milano SpA is convened once in Rho (Milan), in the Auditorium of the Centro Servizi of the Exhibition Site, Strada Statale del Sempione 28, (reserved parking available on entering from Porta Sud), on 28 April 2016 at 14.00 hours to approve the following

#### Agenda

1. The Financial Statements at 31 December 2015, the Board of Directors' Management Report, the Report of the Board of Statutory Auditors; resolutions pertaining thereto and resulting therefrom.
2. The Report on Remuneration pursuant to Article 123-*ter* of Legislative Decree 58/98; resolutions pertaining thereto and resulting therefrom.
3. Incentive Plan under Article 114-*bis* of Legislative Decree 58/98; resolutions pertaining thereto and resulting therefrom.
4. Authority for the purchase and disposal of treasury shares; resolutions pertaining thereto and resulting therefrom.

The issued and fully paid-up share capital is Euro 42,445,141.00 (forty-two million four hundred and forty-five thousand one hundred and forty-one/00) made up of no. 71,917,829 (seventy-one million nine hundred and seventeen thousand eight hundred and twenty-nine) registered shares with no nominal value.

The shares are indivisible and each carries one voting right except for treasury shares held either directly and indirectly, which do not have this right. At today's date, the Company holds directly and indirectly no. 645,008 treasury shares, equal to 0.90% of the share capital.

### ADDITIONS TO THE AGENDA AND TABLING OF NEW RESOLUTIONS

Shareholders who collectively represent at least one-fortieth of the Company's share capital may also request, in writing, additions to the agenda of the meeting within ten days of publication of this notice of the Shareholders' Meeting, in accordance with Article 126-*bis* of Legislative Decree 58/1998 - the Consolidated Finance Act - (hereinafter, "TUF") and article 10.3 of the Articles of Association, by specifying in the request the additional topics they wish to discuss or any proposals for additional discussions on items already on the Agenda. Any such request must be sent, together with certification of ownership of the shares, by registered delivery, with proof of receipt, to the operational and administrative offices of the Company in Rho (Milan), Strada Statale del Sempione 28 (Investor Relations Department) or by e-mail to the e-mail address [investor.relations@fieramilano.it](mailto:investor.relations@fieramilano.it). Within the same time limit and in the same way a report which gives the reasons for the request for additional topics to be deliberated or for additional discussions of items already on the Agenda must be delivered to the Board of Directors of the Company. Requests for additions to the Agenda are not permitted if they concern topics that the Shareholders' Meeting has been asked to approve by the Directors under applicable law or regard a plan or report prepared by the Directors.

### LEGITIMATE ATTENDANCE AT THE SHAREHOLDERS' MEETING

Legitimate attendance at the Shareholders' Meeting and the exercise of the right to vote must be proved by a communication to the Company from an intermediary that agrees with the latter's accounting records on behalf of the person having the right to vote on the basis of evidence of possession of the shares at the end of the accounting day on the seventh trading day preceding the date set for the Shareholders' Meeting (i.e. by 19 April



2016); credit or debit registrations to the share account after this time will not be considered for the legitimate exercise of voting rights at the Shareholders' Meeting. Those who appear as shareholders of the Company after this date are not permitted to attend or vote in the Shareholders' Meeting. The aforementioned communication from the intermediary must reach the Company by the end of the third stock market trading day prior to the date set for the Shareholders' Meeting (i.e. by 25 April 2016). Those persons whose communication arrives at the Company after this date, as long as it arrives before the start of the Shareholders' Meeting that has been convened, may still legitimately attend and vote at the Meeting.

## PROXY ATTENDANCE AT THE SHAREHOLDERS' MEETING

Any person who may legitimately attend the Shareholders' Meeting may be represented by a written proxy according to the provisions of enacted law if the person who may legitimately vote signs the proxy form that is available on the Company website [www.fieramilano.it](http://www.fieramilano.it) (under *Investor Relations/Corporate Governance/Shareholders' Meeting*). Notification of the proxy may be made by sending the form to the operational and administrative headquarters of the Company in Rho (Milan), Strada Statale del Sempione 28 (*Investor Relations Department*) or to the e-mail address [investor.relations@fieramilano.it](mailto:investor.relations@fieramilano.it). Proxies attending the Shareholders' Meeting on behalf of shareholders must demonstrate, assuming full responsibility, that they are the person delegated in the original notification and have a proxy form that is identical to the original notification.

The proxy may also be freely given, with instructions on how to vote, to Computershare S.p.A., which has been delegated for this purpose by the Company, in accordance with Article 135-undecies of the Consolidated Finance Act by signing the proxy form available from 18 March 2016 on the Company website [www.fieramilano.it](http://www.fieramilano.it) (under *Investor Relations/Corporate Governance/Shareholders' Meetings*) on condition that the original is received by Computershare S.p.A. at its registered office in via Lorenzo Mascheroni 19, 20145 Milan, and by sending in advance a fax to +39-02-46776850 declaring that the proxy corresponds to the original notification or by sending it as an e-mail attachment to the e-mail address [ufficiomilano@pecserviziotitoli.it](mailto:ufficiomilano@pecserviziotitoli.it), by the end of the second stock market trading day preceding the date of the Shareholders' Meeting (i.e. by 26 April 2016). Proxies given in this manner may only be used for proposals where voting instructions have also been given. The proxy and the voting instructions may be retracted within the same time period above (i.e. by 26 April 2016).

## RIGHT TO TABLE QUESTIONS REGARDING ITEMS ON THE AGENDA

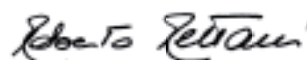
Shareholders may table questions regarding the items on the agenda of the Shareholders' Meeting in accordance with Article 127-ter of the Consolidated Finance Act (TUF); these must be sent by registered delivery, with proof of receipt, to the operational and administrative offices of the Company in Rho (Milan), Strada Statale del Sempione 28 (*Investor Relations Department*) or by e-mail to the e-mail address [investor.relations@fieramilano.it](mailto:investor.relations@fieramilano.it). Questions received by the third day preceding the date of the only convocation of the Shareholders' Meeting (i.e. by 25 April 2016) ) will be answered, at the latest, during the Shareholders' Meeting and the Company reserves the right to give a single answer to questions covering the same item.

## DOCUMENTATION AND INFORMATION

The documentation relating to items on the Agenda will be deposited at the registered office of the Company and at its operational and administrative offices in Rho (Milan), Strada Statale del Sempione 28, Centro Servizi, Office reception, on the Company website [www.fieramilano.it](http://www.fieramilano.it) under *Investor Relations/Corporate Governance/Shareholders' Meetings*, and on the website [www.emarketstorage.com](http://www.emarketstorage.com) managed by Bit Market Services S.p.A. as required by law. Shareholders may obtain copies of all the aforementioned documentation.

Rho (Milan), 14 March 2016

The Chairman of the Board of Directors  
Roberto Rettani



(Notice published in the daily newspaper *Avvenire* on 19 March 2016)

# Financial year 2015

## Board of Directors' Management Report

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# Board of Directors' Management Report

## Summary of results and significant events during the year

In contrast to the previous financial year, 2015 demonstrated a re-found dynamism in the exhibition business linked to increased confidence in the economic climate that was particularly evident in the second half of the year. Within this context, all the key indicators showed notable improvements and were above expectations. Several factors contributed to these results including the significant contribution of the two directly owned biennial exhibitions, Tuttofood and Host, which had record editions and confirmed their leadership in their respective sectors. The hosted exhibitions also had better than forecast results, in particular, Eicma moto, ITMA and EMO. Other noteworthy exhibitions were Ipack-Ima and its satellite exhibitions, which entered the Fiera Milano exhibition portfolio in July 2015 with the acquisition of the company that organises these exhibitions. This acquisition and the subsequent shareholding in this company taken by the main association for this sector will also ensure the vertical integration of the proprietary exhibition Tuttofood. 2015 was also the year of Expo. This event made an undeniable contribution to the strong results for the year; the Group generated considerable revenues from stand-fitting services, logistics, and facilities management supplied both to the company Expo 2015 and to individual countries participating in Expo.

Another significant event in the 2015 financial year was the share capital increase, which impacted the financial and capital situation of the Company. The share capital increase, launched towards the end of the year, raised approximately Euro 67.000 million with 96% of the shares subscribed. The resources raised have resulted in an improvement in the financial and capital structure of the Company while simultaneously providing it with the necessary flexibility for its planned future investments.

The foreign activities of Fiera Milano required some rationalisation also due to the unfavourable conditions prevailing in some markets. Fiera Milano decided to exit the Turkish market due to the well-known socio-economic problems in the country and also implemented a reorganisation of its activities in Brazil and South Africa.

EBIT was negatively impacted by impairment charges, most of which were already recognised in the interim consolidated financial statements at 30 June 2015. The impairment charges mainly related to goodwill and trademarks in the Brazilian and South African subsidiaries, to goodwill of the Chinese subsidiary Worldex, to the Transpotec & Logitec and Bias brands owned by the Parent Company, and to the real estate publications of the subsidiary Fiera Milano Media SpA. During the year, these businesses were affected by particularly negative circumstances with a consequent impact on expected results and future growth.

The table on the following page shows the key Group economic and financial figures.

When reading these figures it should be remembered that the exhibition business is seasonal due to the existence of exhibitions that have a biennial and multi-annual frequency. This makes a comparison between financial years more difficult.

It should be noted that there were no atypical and/or unusual transactions during the financial year under review. Further information on significant events and non-recurring transactions and details and information on related-party transactions are given in the Explanatory and Supplementary Notes.

## Fiera Milano Group Summary of key figures

(Amounts in € '000)	Full year 31/12/15	Full year 31/12/14 restated	Full year 31/12/13 restated
<b>Revenues from sales and services</b>	<b>337,339</b>	<b>242,711</b>	<b>242,854</b>
<b>Gross operating result (a)</b>	<b>43,594</b>	<b>133</b>	<b>7,974</b>
<b>Net operating result (EBIT)</b>	<b>11,958</b>	<b>(18,347)</b>	<b>(16,493)</b>
<b>Net profit/(loss) (continuing operations)</b>	<b>2,427</b>	<b>(18,635)</b>	<b>(16,012)</b>
<b>Net profit/(loss) (discontinued operations)</b>	<b>(1,998)</b>	<b>(471)</b>	<b>(613)</b>
<b>Net profit/(loss)</b>	<b>429</b>	<b>(19,106)</b>	<b>(16,625)</b>
- Attributable to the shareholders of the controlling entity	1,014	(18,955)	(16,498)
- Attributable to non-controlling interests	(585)	(151)	(127)
<b>Cash flow for the Group and non-controlling interests (b)</b>	<b>32,065</b>	<b>(626)</b>	<b>7,842</b>
<b>Net capital employed (c)</b>	<b>97,694</b>	<b>141,355</b>	<b>139,287</b>
<b>covered by:</b>			
<b>Equity attributable to the Group</b>	<b>84,572</b>	<b>17,034</b>	<b>34,650</b>
<b>Equity attributable to non-controlling interests</b>	<b>696</b>	<b>2,654</b>	<b>2,812</b>
<b>Net financial debt/(cash)</b>	<b>12,426</b>	<b>121,667</b>	<b>101,825</b>
<b>Investments (continuing operations and assets held for sale)</b>	<b>7,817</b>	<b>8,515</b>	<b>15,655</b>
<b>Employees (no. of permanent employees at year end)</b>	<b>783</b>	<b>807</b>	<b>826</b>

(a) Gross operating profit is operating result before depreciation and amortisation, adjustments to asset values and other provisions.

(b) Cash flow is the sum of net result for the financial year, depreciation and amortisation, provisions and adjustments to asset values.

(c) Net capital employed is the sum of non-current assets, non-current liabilities and net working capital.

Some of the 2013 and 2014 figures have been restated for comparative purposes to reflect the requirements of IFRS 5 following the divestment of the subsidiary Interteks on 27 July 2015 and for the different classification of the use of risk provisions. Some of the 2013 figures have been restated for comparative purposes to reflect the application of the new standard IFRS 11 from 1 January 2014.

## Share capital increase

On 31 July 2015, the Extraordinary Shareholders' Meeting approved the proposed share capital increase on a paid basis and in divisible form for a maximum amount, including the share premium, of Euro 70.000 million to be offered to existing shareholders of the Company, under 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 existing at the time of the issue of the new shares, to be carried out within a period of twelve months from the date of approval of the Shareholders' Meeting.

The Extraordinary Shareholders' Meeting also granted the Board of Directors all necessary powers to determine, nearer to the date of the transaction, the final amount of the share capital increase, the number of ordinary shares to be issued, the rights option ratio and the issue price, as well as the timing of the share capital increase.

The Extraordinary Shareholders' Meeting also approved the cancellation of the nominal value of the shares.

On 26 November 2015, the Board of Directors of the Company, using the authority given it by the Extraordinary Shareholders' Meeting of 31 July 2015, approved the final terms of the share capital increase, the rights option ratio and the timetable for the rights issue.

The Board of Directors approved the issue of a maximum of 31,126,821 ordinary shares of Fiera Milano, with no indication of nominal value, with normal entitlement, to be offered to existing shareholders at Euro 2.245 per share (of which Euro 0.01 per share to be allocated to share capital and Euro 2.235 per share to be allocated to the share premium), in the ratio of three new Fiera Milano shares for every four Fiera Milano shares held, for a maximum amount of Euro 69.880 million.

The share capital increase closed with 29,770,392 ordinary shares, equal to 95.64% of the total shares offered, being subscribed for a total value of Euro 66.835 million, of which Euro 0.297 million allocated to the share capital and Euro 66.538 million already received by 31 December 2015 allocated to the share premium reserve.

Fondazione Fiera Milano, the controlling shareholder of Fiera Milano SpA, exercised all its rights and subscribed to 19,618,206 ordinary shares for a total value of Euro 44.043 million.

The net proceeds of the share capital increase have improved the capital position of the Company and ensured that the capital meets the limit of one-third required by Article 2446 of the Italian Civil Code and have resulted in a reduction in debt. The new financial structure will support the Group's investment and development plans.

### New initiatives and optimisation of the exhibition portfolio

On 23 July 2015, the Parent Company finalised the acquisition of 100% of Ipack-Ima SpA, which organises the following exhibitions in the Fiera Milano site for which it owns the trademarks: Ipack-Ima (a triennial exhibition), one of the world's leading events for food and non-food processing and packaging technologies; Meat Tech (triennial) for meat processing and packaging; Dairytech (triennial), for processing and packaging technologies in the dairy sector; Fruit Innovation (biennial) for technology and services in the fruit and vegetable sector (held 50% by Fiera Milano SpA); Intralogistica Italia, a triennial exhibition for internal logistics machinery and equipment for companies (50% held by Deutsche Messe). The sum paid to the seller Centrexpo SpA was Euro 6.825 million including the net financial position of the acquired company. The price comprised a fixed sum of Euro 6.319 million paid at the time the acquisition was finalised and a variable amount of Euro 0.506 million for a price adjustment based on contractual terms. On 16 October 2015, the newly acquired company Ipack-Ima SpA and Proma Pack Srl, a company belonging to UCIMA, the association of Italian producers of processing and packaging machinery, set up Ipack-Ima Srl. The two companies hold respectively 49% and 51% of the shares of Ipack-Ima Srl. On 21 December 2015 and effective from 1 January 2016, two business divisions, Ipack-Ima from Fiera Milano and Food Pack from UCIMA, were contributed to the new company. This partnership will organise the leading Italian exhibition for processing and packaging technologies.

During 2015, fourteen new exhibitions were held that covered a total of 106,570 square metres of exhibition space, of which 91,135 square metres were in Italy and 15,435 square metres outside Italy. It should be noted that the triennial exhibitions, Intralogistica Italia and Meat Tech, were held in Italy. The former exhibition was organised by the Italian representative office of Deutsche Messe AG – Fiera di Hannover in collaboration with Fiera Milano SpA and with the support of Ipack-Ima SpA and the latter exhibition was organised by Ipack-Ima SpA.

### Expo 2015

2015 was the year of Expo, which had the theme "Feeding the Planet, Energy for Life", and was the culmination of the long process that began in 2008 when Milan was named as the city to host the World Expo. Fiera Milano, which had strongly supported the candidature of Milan, supplied know-how to promote the international event and offered essential support services.

During 2015, Fiera Milano made some areas of the **fieramilano** exhibition site available to Expo 2015 for vehicle circulation and parking for a total of approximately 120,000 square metres. The Company also made the necessary preparations to the various areas based on their utilisation by Expo and provided support and coordination by its own personnel specialised in exhibition logistics management. The areas provided to Expo 2015 had a dual use while causing no interference to the normal exhibition activities of the Company. At night, the areas provided a vital means for the re-supply of Expo 2015 as all the trucks arriving for Expo 2015 were subject to safety checks. During the day, the allocated areas were used as hubs for coaches providing parking space and enabling the loading/unloading of visitors to Expo 2015.

The subsidiaries Nolostand and Fiera Milano Congressi were responsible for the stand-fitting services and management of events in the Expo 2015 Congress Centre and Auditorium. The expertise of these subsidiaries was also used to organise and provide stand-fitting services for specific B2B events held in the Expo 2015 Congress Centre.

Lastly, Nolostand also supplied stand-fitting services to several countries that took part in Expo 2015.

Expo 2015 generated total revenues of Euro 23.240 million in the financial year under review.

## Other information

On 9 April 2015, the Parent Company acquired 15% of Fiera Milano Exhibitions Africa Pty Ltd for ZAR (South African rand) 3.945 million (Euro 0.300 million<sup>1</sup>). Following this acquisition, the percentage held in the company increased from 85% to 100%.

On 6 May 2015, the subsidiary Fiera Milano Congressi acquired 51% of MiCo Dmc s.r.l., a company active in destination management, for Euro 0.050 million.

On 27 July 2015, the Parent Company sold its 60% stake in the Turkish subsidiary Fiera Milano Interteks Uluslararası Fuarçılık A.S. Turkey is no longer considered a strategic country for the Group because of the decrease in growth forecasts for the local exhibition market.

On 29 July 2015, Euro 0.600 million was paid as part of the share capital increase of Fiera Milano Exhibitions Africa Pty Ltd.

On 1 October 2015, the Parent Company paid Euro 0.052 million, equivalent to CNY (Chinese renminbi) 0.370 million as the second tranche of the share capital increase of Wordex (China) Exhibition & Promotion Ltd. This followed the decision of the Board of Directors on 26 July 2013 to approve a share capital increase up to CNY 8.000 million of which 75% was contributed by Fiera Milano SpA.

On 22 December 2015, the shareholders' meeting of Milan International Exhibitions Srl, a company in liquidation, approved the final liquidation financial statements and the cancellation of the company from the Business Register, which took place on 28 December 2015.

In the financial year, the Group, due to the nature of its business, did not incur costs or make investments that typically fall within the category of research & development.



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

## Macroeconomic and reference sector background

### Macroeconomic trends

The International Monetary Fund forecast international growth of 3.1% in 2015 (3.4% in 2016). Growth in the developed economies in 2015 was modest as expected.

In emerging markets it was 4% and slowed for the fifth consecutive year although they still accounted for 70% of total world growth. The main reasons for the decline were the slowdown in China, where manufacturing production and investments continue to fall and where the economy is increasingly based on consumption and services; the decline in the price of oil and other commodities, at a thirty-year low; and the gradual, even if at present modest, tightening in US monetary policy against an international background where the other main central banks continue to follow expansionary policies. The slowdown in the Chinese economy has put pressure on other emerging markets whose economies depend on the export of raw materials. All international commercial flows have been affected.

Inflation has remained below forecasts in all the developed economies.

Current estimates are for growth in China to slow to 6.3% in 2016 and to 6.0% in 2017. However, India and other Asian markets are expected to have sustained growth. GDP in Latin America is expected to decline mainly due to the recession in Brazil caused by the political problems of the government currently in office and to macroeconomic stresses caused by the fall in commodity prices.

The countries of the Middle East are expected to perform better in 2016 compared to 2015 although geopolitical problems and continued oil price weakness could negatively affect forecasts. Russia is forecast to suffer a further negative year.

In the Eurozone, the decline in the oil price and the weak Euro contributed to a better than expected performance: 2015 GDP in this region was raised to 1.3% by the European Commission (+1.9% in 2016).

Italian GDP grew just 0.6% in 2015, moving into positive territory after three consecutive years of decline. Growth should consolidate in 2016 (+1.3%) due to a strong contribution from exports with a current account surplus of 2.6%. Labour costs should remain stable and inflation, negative in 2015, could show a material increase (1.5%). The public deficit is expected to be 2.6% in 2015 and 2% in 2016, whilst the stock of debt should rise in 2015 but start to decline in 2016.

Unemployment fell sharply year-on-year (-8.1%, equivalent to a reduction of 245,000 in the number of job seekers).

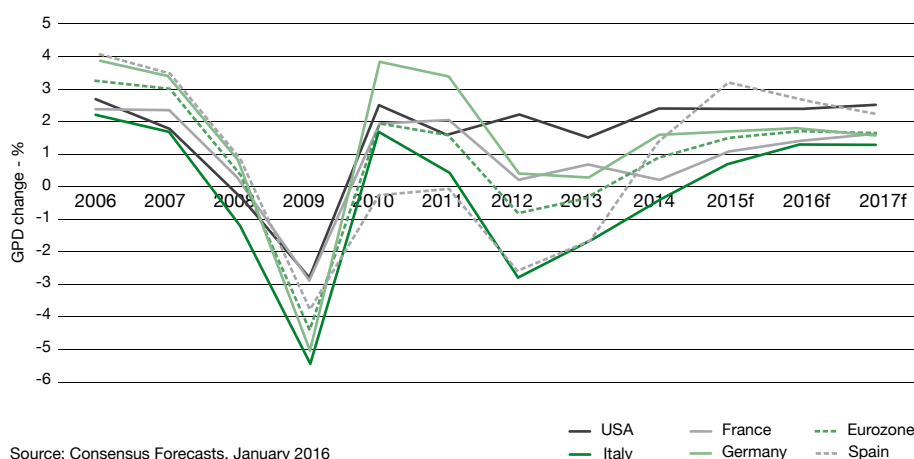
In 2015 average growth in industrial production was 1% year-on-year.

Adjusted for calendar effects, total sales rose 0.8% with 0.5% growth in the internal market and +1.1% abroad.

The unadjusted figure for sales was +4.1%; the largest contribution was from the internal component of capital goods, an important signal of the effectiveness of the industrial policy to promote replacement of the machinery and equipment park in the textile industry, which should lead to increased efficiency in the downstream industrial engineering sectors many of which are well represented at the exhibitions held in Fiera Milano exhibition sites.

Total orders rose 1.6% with internal orders up 4.4% and a decline of 2.5% in orders from abroad.

**GPD trends in main geographical areas**



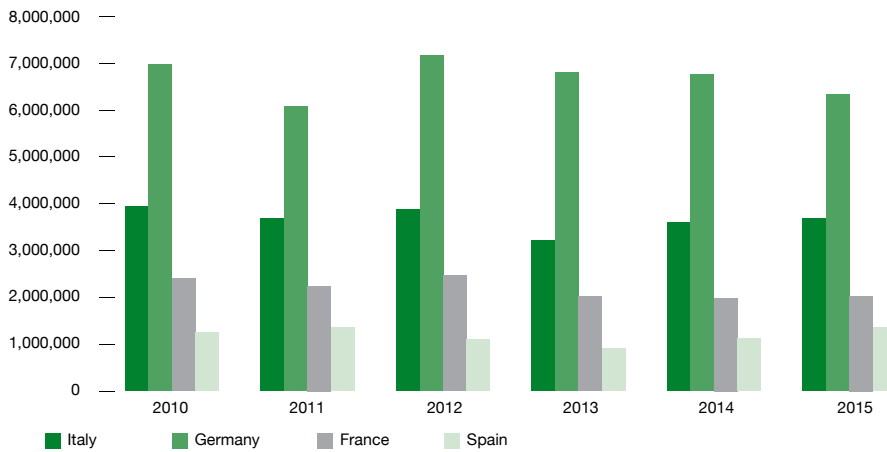
Source: Consensus Forecasts, January 2016



## The exhibition sector

2014 actual figures indicate substantial stability with a recovery in exhibition activity and an increase in rented space at international exhibitions organised in the major European countries. In Italy, the international exhibition business experienced significant growth compared to 2013 under almost all the indicators analysed: this mainly reflected the favourable calendar of biennial events (that typically favours even-numbered years). The latter was also a decisive factor in the improved

### Square metres rented out at international exhibitions



Source: Studi e Strategie Fondazione Fiera Milano using CERMES, AUMA, AFE, and OJS data. 2015 figures are estimates

performance of the annual exhibitions. Other indicators were also positive: total visitors +7.8% and total exhibitors +7.3% (+3.9% in direct exhibitors). There was also an increase in foreign participation, both by visitors (+11%) and exhibitors (+4.8% with direct exhibitors +5.1%). Whilst even-numbered years favour the Italian market as a whole, Fiera Milano Group benefits from the presence of the biennial exhibitions Tuttofood and Host in uneven-numbered years.

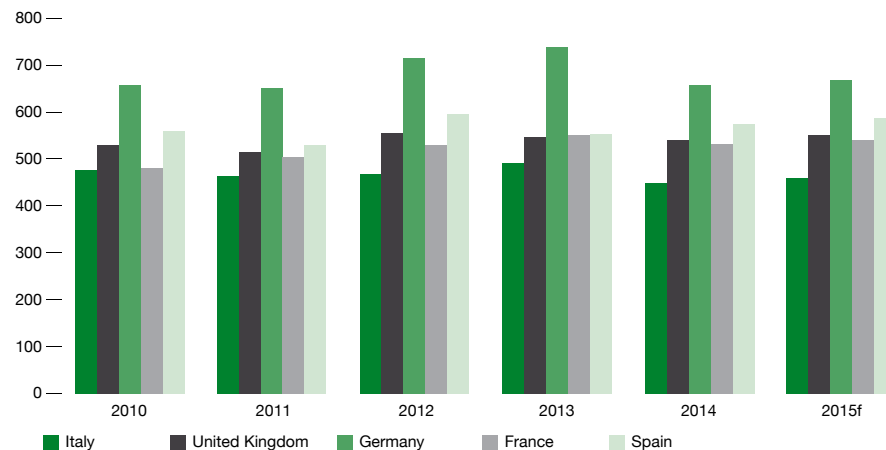
The preliminary figures for the sector in 2015 are not yet available but initial indications are of a recovery. The figures from CFI (*Comitato Fiere Industria*) reflect positive responses from its members for all indicators: rented exhibition space +3%, exhibitors +2%, and visitors +3%; in particular, there seems to have been a material increase in both foreign exhibitors and visitors.

The very modest fall in exhibition space rented out in Germany in 2014 was more marked in 2015 with only 6.3 million square metres of exhibition space rented out for international exhibitions. France, following the significant decline in space rented out in 2013, experienced a slight decline in 2014 while, in 2015, a small recovery is expected. In 2014, Spain reversed the sharp decline of the two previous years, which had taken space rented out at international exhibitions to below one million square metres.

## The congress sector

2014 actual figures produced by ICCA (International Congress and Convention Association) show a stabilisation and, in some cases, a decline in the number of events held. This partly reflects the international nature of the sector and, therefore,

### Number of itinerant International congresses ICCA



Source: Studi e Strategie Fondazione Fiera Milano using ICCA data. 2015 figures are estimates

its greater sensitivity to volatility in the international economy. Preliminary 2015 figures are not yet available but initial indicators show a positive trend and a year-on-year recovery, particularly in Europe. The annual survey of its members conducted by AIPC (International Association of Convention Centres) shows growth of 7.7% in revenues whilst international growth averaged 5.8%.

From 2015 a more detailed picture of the Italian congress market is available due to the report from the *Osservatorio Italiano dei Congressi e degli Eventi*, sponsored by *Federcongressi & Eventi* and compiled by the *Alta Scuola di Economia e Relazioni Internazionali* (ASERI) of the Università Cattolica in Milan: this monitors all types of congresses and events organised in Italy (congresses, conventions, promotions, product launches and meetings of any type organised by associations, companies, political parties, trade unions and entities of all kinds).

In 2014, 309,000 events were held in Italy in which twenty-five million people participated; the average duration of these events was one and a half days and the average number of attendees at each event was eighty-three. 33% of the events in Italy were organised by associations, 56% by companies, and 11% by institutions. An analysis of the geographic distribution of these events shows that the majority were held in Northern Italy (57.5%) and involved 61.7% of attendees. Of the sites available for these events, 5.1% were held in congress centres and accounted for 13.3% of total participants and, due to the higher average duration of these events (1.9 days compared to an overall average of 1.5 days), 16.6% of total attendees. Most events held in congress centres were connected to associations with a significant presence of international participants (15.4% compared to an average of 11.0%).

## The outlook

UFI, the Global Association of the Exhibition Industry, has published the sixteenth edition of the *Global Exhibition Barometer*, a survey of exhibition sites, exhibition organisers and service providers in all continents carried out to assess the health of the sector. The outlook for the exhibition sector is positive. The majority of those interviewed in all geographic areas stated that there would be an increase in revenues in 2016: the response was particularly positive for Europe and the Americas, two areas which have suffered more than others from a volatile trend. An analysis of the responses received showed an improved performance in Mexico and the United States as opposed to Brazil (where an improvement is expected in the second half of 2016) and other countries in Central and South America. In Germany, Italy and other European countries, on average seven/eight companies out of ten declared that they expected an increase in revenues whilst there was a more uncertain climate in China, the Middle East and South Africa.

Surveys of the leaders in the congress sector regarding future trends indicate a recovery in Europe, confirming the positive trend already witnessed in 2015, and forecast an increase in available budgets and in the number of those attending events.



# Economic and financial performance in the year ended 31 December 2015

## Economic performance

The Consolidated Income Statement is shown below.

### Consolidated Income Statement

(Amounts in €'000)	2015		2014 restated		2013 restated	
		%		%		%
<b>Revenues from sales and services</b>	<b>337,339</b>	<b>100</b>	<b>242,711</b>	<b>100</b>	<b>242,854</b>	<b>100</b>
Cost of materials	4,859	1.4	2,440	1.0	3,653	1.5
Cost of services	165,870	49.2	134,986	55.6	125,714	51.8
Costs for use of third party assets	61,419	18.2	56,546	23.3	61,250	25.2
Personnel expenses	61,675	18.3	48,634	20.0	46,300	19.1
Other operating expenses	5,753	1.7	4,949	2.0	5,220	2.1
<b>Total operating costs</b>	<b>299,576</b>	<b>88.8</b>	<b>247,555</b>	<b>102.0</b>	<b>242,137</b>	<b>99.7</b>
Other income	3,003	0.9	3,529	1.5	5,085	2.1
Results of equity-accounted companies	2,828	0.8	1,448	0.6	2,172	0.9
<b>Gross operating result</b>	<b>43,594</b>	<b>12.9</b>	<b>133</b>	<b>0.1</b>	<b>7,974</b>	<b>3.3</b>
Depreciation and amortisation	12,315	3.7	13,326	5.5	13,980	5.8
Allowance for doubtful accounts and other provisions	8,179	2.4	1,517	0.6	3,896	1.6
Adjustments to asset values	11,142	3.3	3,637	1.5	6,591	2.7
<b>Net operating result (EBIT)</b>	<b>11,958</b>	<b>3.5</b>	<b>(18,347)</b>	<b>-7.6</b>	<b>(16,493)</b>	<b>-6.8</b>
Financial income/(expenses)	(3,520)	-1.0	(4,869)	-2.0	(3,798)	-1.6
<b>Profit/(loss) before income tax</b>	<b>8,438</b>	<b>2.5</b>	<b>(23,216)</b>	<b>-9.6</b>	<b>(20,291)</b>	<b>-8.4</b>
Income tax	6,011	1.8	(4,581)	-1.9	(4,279)	-1.8
<b>Profit/(loss) from continuing operations</b>	<b>2,427</b>	<b>0.7</b>	<b>(18,635)</b>	<b>-7.7</b>	<b>(16,012)</b>	<b>-6.6</b>
<b>Profit/(loss) from discontinued operations</b>	<b>(1,998)</b>	<b>-0.6</b>	<b>(471)</b>	<b>-0.2</b>	<b>(613)</b>	<b>-0.3</b>
<b>Profit/(loss):</b>	<b>429</b>	<b>0.1</b>	<b>(19,106)</b>	<b>-7.9</b>	<b>(16,625)</b>	<b>-6.8</b>
<b>- attributable to the shareholders of the controlling entity</b>	<b>1,014</b>	<b>0.3</b>	<b>(18,955)</b>	<b>-7.8</b>	<b>(16,498)</b>	<b>-6.8</b>
<b>- attributable to non-controlling interests</b>	<b>(585)</b>	<b>-0.2</b>	<b>(151)</b>	<b>-0.1</b>	<b>(127)</b>	<b>-0.1</b>
<b>Cash flow for the Group and non-controlling interests</b>	<b>32,065</b>	<b>9.5</b>	<b>(626)</b>	<b>-0.3</b>	<b>(7,842)</b>	<b>3.2</b>

Some of the 2013 and 2014 figures have been restated for comparative purposes to reflect the requirements of IFRS 5 following the divestment of the subsidiary Interteks on 27 July 2015 and for the different classification of the use of risk provisions. Some of the 2013 figures have been restated for comparative purposes to reflect the application of the new standard IFRS 11 from 1 January 2014.

**Revenues from sales and services** were Euro 337.339 million, an increase of Euro 94.628 million compared to the figure of Euro 242.711 million in the 2014 financial year. The increase in revenues mainly reflected the more favourable exhibition calendar, which, in 2015, included the directly organised biennial exhibitions held in uneven-numbered years, Tuttofood and Host; the triennial exhibitions Ipack-Ima and Plast; the multi-annual exhibition EMO, which is held in Milan every six years; and the itinerant exhibition ITMA, which is held every four years in a different European country. The increase was partly offset by the absence of the large biennial exhibition held in even-numbered years, Mostra Convegno Expocomfort, and by the fall in revenues from Brazil due to the absence of the biennial exhibitions Fisp and Fesqua. There was a positive impact on revenues from the contracts with Expo 2015.

The **gross operating** profit was Euro 43.594 million compared to a gross operating profit of Euro 0.133 million in 2014, an increase of Euro 43.461 million.

The increase in the gross operating result mainly reflected the increase in revenues. This was, in part, offset by an increase in the Parent Company's employee costs: Euro 4.251 million for the variable component of employee remuneration linked to the increase in the gross operating profit, Euro 4.136 million for redundancy incentives, and Euro 1.461 million for the

leaving indemnity paid to the Chief Executive Officer when his position was not renewed. Moreover, there was an increase in rental costs of Euro 10.000 million for the **fieramilano** exhibition site due to the variable component of the rent; this amount is due only in 2015 and relates to the Expo 2015 event and the consequent higher revenues generated by the Parent Company in 2015 compared to the average annual revenues for the period 2012-2014. This amount was largely compensated by the Euro 6.713 million decrease in the fixed component of the rent following the renegotiation of the rental contract in 2014.

The **net operating profit** of Euro 11.958 million represents an improvement of Euro 30.305 million compared to the net operating loss of Euro 18.347 million in 2014. The increase reflected the trend in the gross operating profit partially offset by an increase in impairment charges to Euro 11.124 million (Euro 3.626 million in 2014) resulting from impairment tests, the increased risk provision recognised by the Parent Company, Euro 3.065 million, following the revised forecast for the "Palazzo Italia" in Berlin, and Euro 1.961 million booked by the subsidiary Fiera Milano Media to cover staff redundancies linked to the corporate reorganisation. The impairment charges were: Euro 5.527 million for goodwill and brands in the Brazilian subsidiary and Euro 1.857 million for the South African subsidiary, Euro 1.486 million for goodwill in the Chinese subsidiary Worldex, Euro 1.953 million for the Transpotec & Logitec and Bias brands owned by the Parent Company, and Euro 0.301 million for the real estate publications of the subsidiary Fiera Milano Media SpA.

**Net financial expenses** were Euro 3.520 million compared to net expenses of Euro 4.869 million in 2014. The decrease mainly reflected lower financial charges incurred on lower average debt both current and non-current.

The **Pre-tax profit** was Euro 8.438 million compared to a pre-tax loss of Euro 23.216 million in 2014.

The **Net profit** at 31 December 2015 was Euro 0.429 million compared to a net loss of Euro 19.106 million at 31 December 2014. The result reflects the higher tax charge relating primarily to the reversal of deferred tax assets for tax losses carried forward utilised to offset the taxable income generated by the Group, an increase in current taxation and the effect of the change in the IRES tax rate to be applied to the calculation of deferred tax assets/liabilities from 1 January 2017. Further details on taxes are provided in the specific Note in the Explanatory and Supplementary Notes to the Consolidated Financial Statements.

The net profit was **attributable** as follows:

- Euro 1.014 million to **the shareholders of the controlling entity**;
- a loss of Euro 0.585 million to **non-controlling interests**.

The **net profit generated by ongoing operations** was Euro 2.427 million compared to a net loss of Euro 18.635 million in 2014.

The **net loss from discontinued operations** was Euro 1.998 million, compared to a net loss of Euro 0.471 million in 2014, and mainly reflected the sale of the Turkish subsidiary Interteks. The increase in the net loss compared to the previous year was due to the loss on the sale of the net assets, booked to align the net book value with the expected sale price.

## Equity and financial performance

The table below shows the Restated Consolidated Statement of Financial Position.

### Reclassified Consolidated Statement of Financial Position

(Amounts in €'000)	31/12/2015	31/12/2014	31/12/13 restated
Goodwill and intangible assets with an indefinite useful life	104,945	109,474	109,930
Intangible assets with a finite useful life	29,408	41,584	49,222
Tangible fixed assets	14,755	18,438	18,559
Other non-current assets	33,194	35,234	31,691
<b>A Non-current assets</b>	<b>182,302</b>	<b>204,730</b>	<b>209,402</b>
Inventory and contracts in progress	1,884	5,028	4,006
Trade and other receivables	63,932	50,604	53,546
Other assets	-	-	-
<b>B Current assets</b>	<b>65,816</b>	<b>55,632</b>	<b>57,552</b>
Trade payables	49,267	36,160	43,830
Payments received on account	34,880	39,641	37,047
Tax liabilities	5,168	2,091	2,045
Provisions for risks and charges and other current liabilities	41,385	21,875	23,816
<b>C Current liabilities</b>	<b>130,700</b>	<b>99,767</b>	<b>106,738</b>
<b>D Net working capital (B - C)</b>	<b>(64,884)</b>	<b>(44,135)</b>	<b>(49,186)</b>
<b>E Gross capital employed (A + D)</b>	<b>117,418</b>	<b>160,595</b>	<b>160,216</b>
Employee benefit provisions	10,672	10,286	9,202
Provisions for risks and charges and other non-current liabilities	9,052	8,954	11,727
<b>F Non-current liabilities</b>	<b>19,724</b>	<b>19,240</b>	<b>20,929</b>
<b>G NET CAPITAL EMPLOYED continuing operations (E - F)</b>	<b>97,694</b>	<b>141,355</b>	<b>139,287</b>
<b>H NET CAPITAL EMPLOYED assets held for sale</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL NET CAPITAL EMPLOYED (G + H)</b>	<b>97,694</b>	<b>141,355</b>	<b>139,287</b>
covered by:			
Equity attributable to the Group	84,572	17,034	34,650
Equity attributable to non-controlling interests	696	2,654	2,812
<b>I Total equity</b>	<b>85,268</b>	<b>19,688</b>	<b>37,462</b>
Cash & cash equivalents	(56,092)	(12,276)	(11,416)
Current financial (assets)/liabilities	55,502	105,044	75,342
Non-current financial (assets)/liabilities	13,016	28,899	37,899
<b>Net financial position continuing operations</b>	<b>12,426</b>	<b>121,667</b>	<b>101,825</b>
<b>Net financial position assets held for sale</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>L Net financial position (TOTAL)</b>	<b>12,426</b>	<b>121,667</b>	<b>101,825</b>
<b>EQUITY AND NET FINANCIAL POSITION (I + L)</b>	<b>97,694</b>	<b>141,355</b>	<b>139,287</b>

Some figures in the Consolidated Financial Statements at 31 December 2013 have been restated for comparative purposes following the introduction of IFRS 11 applicable from 1 January 2014.

The items in the Reclassified Consolidated Statement of Financial Position correspond to those in the Consolidated Statement of Financial Position.

**Net invested capital** totalled Euro 97.694 million at 31 December 2015, a decrease of Euro 43.661 million compared to the figure at 31 December 2014.

**Non-current assets** were Euro 182.302 million at 31 December 2015 compared to Euro 204.730 million at 31 December 2014. The decrease was mainly due to a reduction in intangible assets following the impairment charges recognised on goodwill and trademarks, to lower investments made in the year, and to foreign exchange translation differences for goodwill.

**Net working capital**, the balance of current assets and current liabilities, rose from a negative balance of Euro 44.135 million at 31 December 2014 to a negative balance of Euro 64.884 million at 31 December 2015. The increase mainly reflects the increase in other current liabilities for personnel in the Parent Company due to voluntary redundancy incentives, and the increase in payables to exhibition organisers. Fiera Milano Group has structural negative net working capital due to the favourable cash management cycle of exhibitions held both in Italy and abroad and congresses where payment of part of the attendance fee is made in advance by clients. Furthermore, Fiera Milano SpA manages these activities on behalf of third-party organisers and generates positive cash flows also from the rent of exhibition space.

The Group had **net debt** of Euro 12.426 million at 31 December 2015 compared to net debt of Euro 121.667 million at 31 December 2014. The reduction in net debt was due to the funds raised in the Parent Company's share capital increase and to higher cash flow from operations.

Details of the net financial position are given in the Explanatory and Supplementary Notes to the Consolidated Financial Statements.

The following table shows the reconciliation of **Total Equity** between the Parent Company Financial Statements and the Consolidated Financial Statements:

#### Statement of reconciliation between Fiera Milano SpA and the Consolidated Financial Statements

(€'000)	Full year 2015		Full year 2014	
	Equity	Profit/(loss)	Equity	Profit/(loss)
<b>PARENT COMPANY EQUITY AND PROFIT/(LOSS)</b>	<b>86,329</b>	<b>(1,456)</b>	<b>21,736</b>	<b>(30,674)</b>
Equity and profit/(loss) of consolidated companies	46,390	(4,492)	51,673	(2,570)
Intragroup dividends	-	(2,145)	-	-322
Elimination of carrying value of consolidated investments	(102,651)	-	(99,943)	-
Goodwill arising from acquisitions	21,700	(6,885)	26,170	(500)
Write-down of investments, net of tax effect	32,592	15,465	19,686	14,942
Elimination of intragroup margins	3	(11)	14	18
Minor consolidation adjustments, net of tax effect	905	(47)	352	-
<b>TOTAL EQUITY</b>	<b>85,268</b>	<b>429</b>	<b>19,688</b>	<b>(19,106)</b>
of which attributable to non-controlling interests	696	(585)	2,654	(151)
<b>GROUP EQUITY AND PROFIT/(LOSS)</b>	<b>84,572</b>	<b>1,014</b>	<b>17,034</b>	<b>(18,955)</b>

## Investments

In the financial year to 31 December 2015, investments totalled Euro 7.817 million and the breakdown was as follows:

#### Investments

(€'000)	Full year to 31/12/15	Full year to 31/12/14 restated	Full year to 31/12/13 restated
Intangible fixed assets	4,292	1,781	13,741
Tangible fixed assets	3,525	6,734	1,914
<b>Total investments in non-current assets</b>	<b>7,817</b>	<b>8,515</b>	<b>15,655</b>

**Investments in intangible fixed assets** totalled Euro 4.292 million and mainly related to the goodwill from the acquisition of Ipack-Ima, Euro 3.084 million, and investments made by the Parent Company for digital projects.

**Investments in tangible fixed assets** totalled Euro 3.525 million and were mainly attributable to:

- acquisitions of furniture and goods to be hired out at exhibitions;
- plant and machinery, electronic machinery, and improvements made to the Rho exhibition site.

Further details on investments are given in the Explanatory and Supplementary Notes to the Consolidated Financial Statements.

# 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)

	2015		2014 restated	
<b>Revenues from sales and services</b>				
<b>- By operating segment:</b>		%		%
Italian Exhibitions	277,310	70.5	181,098	64.5
Foreign Exhibitions	9,376	2.5	16,040	5.7
Stand-fitting Services	55,890	14.2	33,389	11.9
Media	13,376	3.3	12,334	4.4
Congresses	37,446	9.5	37,835	13.5
<b>Total revenues gross of adjustments for inter-segment transactions</b>	<b>393,398</b>	<b>100.0</b>	<b>280,696</b>	<b>100.0</b>
Adjustments for inter-segment transactions	(56,059)		(37,985)	
<b>Total revenues net of adjustments for inter-segment transactions</b>	<b>337,339</b>		<b>242,711</b>	
<b>- By geographic area:</b>				
Italy	328,611	97.4	227,150	93.6
Foreign countries	8,728	2.6	15,561	6.4
<b>Total</b>	<b>337,339</b>	<b>100.0</b>	<b>242,711</b>	<b>100.0</b>
<b>Gross operating result</b>		%		%
<b>- By operating segment:</b>		on revenues		on revenues
Italian Exhibitions	31,931	11.5	(10,233)	-5.7
Foreign Exhibitions	(1,031)	-11.0	1,156	7.2
Stand-fitting Services	7,197	12.9	2,271	6.8
Media	821	6.1	655	5.3
Congresses	4,626	12.4	6,054	16.0
Adjustments for inter-segment transactions	50		230	
<b>Total</b>	<b>43,594</b>	<b>12.9</b>	<b>133</b>	<b>0.1</b>
<b>- By geographic area:</b>				
Italy	45,053	13.7	(840)	-0.4
Foreign countries	(1,459)	-16.7	973	6.3
<b>Total</b>	<b>43,594</b>	<b>12.9</b>	<b>133</b>	<b>0.1</b>
<b>Net operating result (EBIT)</b>		%		%
<b>- By operating segment:</b>		on revenues		on revenues
Italian Exhibitions	18,204	6.6	(18,320)	-10.1
Foreign Exhibitions	(11,100)	-118.4	178	1.1
Stand-fitting Services	5,221	9.3	365	1.1
Media	(2,138)	-16.0	(4,120)	-33.4
Congresses	1,764	4.7	3,373	8.9
Adjustments for inter-segment transactions	7		177	
<b>Total</b>	<b>11,958</b>	<b>3.5</b>	<b>(18,347)</b>	<b>-7.6</b>
<b>- By geographic area:</b>				
Italy	23,530	7.2	(18,271)	-8.0
Foreign countries	(11,572)	-132.6	(76)	-0.5
<b>Total</b>	<b>11,958</b>	<b>3.5</b>	<b>(18,347)</b>	<b>-7.6</b>
<b>Employees</b>				
(no. of permanent employees at the end of the period)				
<b>- By operating segment:</b>		%		%
Italian Exhibitions	448	57.2	437	54.2
Foreign Exhibitions	154	19.7	185	22.8
Stand-fitting Services	54	6.9	53	6.6
Media	90	11.5	95	11.8
Congresses	37	4.7	37	4.6
<b>Total</b>	<b>783</b>	<b>100.0</b>	<b>807</b>	<b>100.0</b>
<b>- By geographic area:</b>				
Italy	629	80.3	622	77.1
Foreign countries	154	19.7	185	22.9
<b>Total</b>	<b>783</b>	<b>100.0</b>	<b>807</b>	<b>100.0</b>

Some 2014 figures have been restated for comparative purposes to reflect the requirements of IFRS 5 following the divestment of the subsidiary Interteks on 27 July 2015 and for the different classification of the use of risk provisions.

The activities of the Fiera Milano Group are grouped into five operating segments: **Italian Exhibitions, Foreign Exhibitions, Stand-fitting Services, Media, and Congresses.**

**Revenues from sales and services**, before eliminations for inter-segment transactions, were Euro 393.398 million in the year to 31 December 2015, of which 71% was generated by Italian Exhibitions, 2% by Foreign Exhibitions, 14% by Stand-fitting Services, 3% by the Media segment and 10% by the Congress segment.

- Revenues from **Italian Exhibitions**, which refer to the Parent Company Fiera Milano SpA, were Euro 277.310 million, an increase of Euro 96.212 million compared to the figure of Euro 181.098 million in the previous year. The increase mainly reflected the more favourable exhibition calendar that in 2015 included the directly organised biennial exhibitions that fall in uneven-numbered years, Tuttofood and Host, the triennial exhibitions Ipack-Ima and Plast, the multi-annual exhibition EMO, which is held every six years in Milan, and the itinerant exhibition ITMA that is held every four years in a different European country. This was in part offset by the absence of the important biennial exhibition Mostra Convegno Expocomfort, which falls in even-numbered years. There was also a positive impact on revenues from the contracts with Expo 2015, in particular the rent of areas within the exhibition site for vehicle circulation and parking.
- Revenues from **Foreign Exhibitions** were Euro 9.376 million, a decrease of Euro 6.664 million compared to the figure of Euro 16.040 million in 2014. The fall in revenues mainly reflected the decline in revenues in Brazil due to the less favourable exhibition calendar, the absence of the biennial exhibitions Fesqua and Fisp, and the cancellation of nine exhibitions following the exhibition portfolio reorganisation, as well as lower sponsorship revenues in the South African subsidiary.
- Revenues from **Stand-fitting Services** were Euro 55.890 million, an increase of Euro 22.501 million compared to the previous year (Euro 33.389 million). The increase was due to higher stand-fitting volumes reflecting the more favourable exhibition calendar that in 2015 included the biennial exhibitions held in uneven-numbered years, Tuttofood and Host, the triennial exhibitions Ipack-Ima and Plast, the multi-annual exhibition EMO, and the itinerant exhibition ITMA. This was, in part, offset by lower stand-fitting volumes due to the absence of the biennial exhibition Mostra Convegno Expocomfort that falls in even-numbered years. There was also a significant contribution from contracts linked to Expo 2015, which accounted for 15% of revenues.
- Revenues from **Media** were Euro 13.376 million, approximately 8% higher than in 2014 (Euro 12.334 million). The increase was mainly due to higher billboard advertising revenues linked to the more favourable exhibition calendar and to higher advertising volumes on the web portal and increased revenues from digital services.
- Revenues from **Congresses** were Euro 37.446 million and were almost unchanged on the previous year (Euro 37.835 million). It should be noted that 2014 benefited from the decision to host the ministerial meetings held during the six-month Italian Presidency of the European Union in the MiCo Congress Centre; in 2015 this was almost totally compensated by revenues for the management of the Expo 2015 Congress Centre and Auditorium, as well as the dynamic trend in international congresses and corporate events. In the 2015 financial year, the international congresses included Assiom Forex 2015, Global Entrepreneurship 2015 and the UITP World Congress and corporate events like Cisco Live 2015.

The **gross operating profit** was Euro 43.594 million, an increase of Euro 43.461 million compared to the previous year; the breakdown by operating segment was as follows:

- **Italian Exhibitions** had a gross operating profit of Euro 31.931 million compared to a gross operating loss of Euro 10.233 million at 31 December 2014. The improvement in the gross operating profit mainly reflected the trend in revenues. This was, in part, offset by an increase in the Parent Company's employee costs: Euro 4.251 million for the variable component of employee remuneration linked to the increase in the gross operating profit, Euro 4.136 million for redundancy incentives, and Euro 1.461 million for the leaving indemnity paid to the Chief Executive Officer when his position was not renewed. There was also an increase in rental costs of Euro 10.000 million for the **fieramilano** exhibition site due to the variable component of the rent. This amount is due only in 2015 and relates to 2015 compared to the average annual revenues for the period 2012-2014. This amount was largely compensated by the Euro 6.713 million decrease in the fixed component of the rent following the renegotiation of the rental contract in 2014.
- **Foreign Exhibitions** had a gross operating loss of Euro 1.031 million compared to a gross operating profit Euro 1.156 million at 31 December 2014. The decrease in the figure reflected the trend in revenues in this segment and one-off higher costs for commercial reorganisation, redundancy incentives and the cancellation of contracts.
- **Stand-fitting Services** had a gross operating profit of Euro 7.197 million, an increase of Euro 4.926 million compared to previous year (Euro 2.271 million). The increase reflected the aforementioned growth in revenues in this segment.
- **Media** had a gross operating profit of Euro 0.821 million, an increase of Euro 0.166 million compared to previous year (Euro 0.655 million). The increase reflected the aforementioned increase in revenues which was, in part, offset by higher costs for the start-up of the digital services.



- **Congresses** had a gross operating profit of Euro 4.626 million compared to Euro 6.054 million at 31 December 2014, a decrease of Euro 1.428 million that exceeded the decrease in revenues. This was mainly due to the stronger mix of business with lower margins.

The total **net operating profit** was Euro 11.958 million compared to a net operating loss of Euro 18.347 million in 2014, and the breakdown was as follows:

- **Italian Exhibitions** had a net operating profit of Euro 18.204 million compared to a net operating loss of Euro 18.320 million at 31 December 2014. The Euro 36.524 million improvement reflected the improvement in the gross operating profit, which was, in part, offset by higher risk provisions following the revised forecasts for the “Palazzo Italia” in Berlin, impairment charges for the Transpotec & Logitec and Bias trademarks as a result of impairment tests carried out following an indication of impairment.
- **Foreign Exhibitions** had a net operating loss of Euro 11.100 million compared to a net operating profit of Euro 0.178 million in previous year. The deterioration in this result reflected the decrease in the gross operating result described above; Euro 5.527 million of impairment charges for goodwill and brands in the Brazilian subsidiary; Euro 1.857 million for the South African subsidiary; and Euro 1.486 million for goodwill in the Chinese subsidiary Worldex.
- **Stand-fitting Services** had a net operating profit of Euro 5.221 million, a 4.856 million improvement on the previous year (Euro 0.365 million). The change mainly reflected the trend in the gross operating profit.
- **Media** had a net operating loss of Euro 2.138 million, which was an improvement of Euro 1.982 million compared to the previous year (a net operating loss of Euro 4.120 million). The improvement was mainly due to lower impairment charges compared to 2014 and lower amortisation of publishing titles as their values had decreased as a consequence of the write-downs made in previous year. However, this was partly offset by risk provisions recognised for employee redundancies following the corporate reorganisation that started in December 2015 and by the impairment charge of Euro 0.301 million for the *Real Estate* publications.
- **Congresses** had net operating profit of Euro 1.764 million compared to Euro 3.373 million at 31 December 2014. This decrease reflected the fall in the gross operating profit, higher depreciation for investments made in previous years, and improvements to the MiCo congress sector.

The 783 Group **employees** at the end of the 2015 financial year were divided among the five operating segments as follows: 57% in Italian Exhibitions, 20% in Foreign Exhibitions, 7% in Stand-fitting Services, 11% in Media and 5% in Congresses.



The **key figures of the companies in the Foreign Exhibitions segment** are given in the table below.

### Summary data for companies in the Foreign Exhibitions segment

(Amounts in €'000)	2015		2014 restated	
<b>Revenues from sales and services</b>				
<b>- by company:</b>		%		%
Cipa FM Publicações e Eventos Ltda	5,166	55.1	10,621	66.2
Hannover Milano Global Germany GmbH	-	-	-	-
Fiera Milano Exhibitions Africa (PTY) Ltd	1,465	15.6	1,793	11.2
Fiera Milano India Pvt Ltd	-	-	63	0.4
Worldex (China) Exhibition & Promotion Ltd	2,182	23.3	2,659	16.6
Haikou Worldex Milan Exhibition Co. Ltd	249	2.7	356	2.2
Limited Liability Company Fiera Milano	314	3.3	548	3.4
Eurofairs International Consultoria e Participações Ltda	-	-	-	-
<b>Total gross of adjustments</b>	<b>9,376</b>	<b>100</b>	<b>16,040</b>	<b>100</b>
<b>Gross operating result</b>				
<b>- by company:</b>				
Cipa FM Publicações e Eventos Ltda	(2,973)		288	
Hannover Milano Global Germany GmbH	2,837		1,455	
Fiera Milano Exhibitions Africa (PTY) Ltd	(762)		(149)	
Fiera Milano India Pvt Ltd	(50)		38	
Worldex (China) Exhibition & Promotion Ltd	104		548	
Haikou Worldex Milan Exhibition Co. Ltd	101		101	
Limited Liability Company Fiera Milano	(121)		(180)	
Eurofairs International Consultoria e Participações Ltda	(167)		(945)	
<b>Total</b>	<b>(1,031)</b>		<b>1,156</b>	
<b>Net operating result (EBIT)</b>				
<b>- by company:</b>				
Cipa FM Publicações e Eventos Ltda	(9,400)		(453)	
Hannover Milano Global Germany GmbH	2,837		1,455	
Fiera Milano Exhibitions Africa (PTY) Ltd	(2,908)		(378)	
Fiera Milano India Pvt Ltd	(50)		38	
Worldex (China) Exhibition & Promotion Ltd	(1,392)		541	
Haikou Worldex Milan Exhibition Co. Ltd	101		101	
Limited Liability Company Fiera Milano	(121)		(181)	
Eurofairs International Consultoria e Participações Ltda	(167)		(945)	
<b>Total</b>	<b>(11,100)</b>		<b>178</b>	

Some 2014 figures have been restated for comparative purposes to reflect the requirements of IFRS 5 following the divestment of the subsidiary Interteks on 27 July 2015.

## Operating figures

The following page present the figures for events held at the **fieramilano** and **fieramilanocity** venues and those held abroad in 2015, compared with the figures for the previous years. The table show the net square metres of exhibition space occupied and the number of participating exhibitors. The events are classified according to how frequently they are held - annual, biennial or multi-annual - and figures for exhibitions directly organised by the Group are also given for each of the periods (*the figures have been rounded up to make them easier to read and compare*).

## Fiera Milano Group Summary operating figures

	Full year to 31/12/15		Full year to 31/12/14		Full year to 31/12/13	
	Total	Organised by the Group	Total	Organised by the Group	Total	Organised by the Group
<b>Number of exhibitions:</b>	<b>114</b>	<b>64</b>	<b>113</b>	<b>73</b>	<b>113</b>	<b>71</b>
<b>Italy</b>	<b>63</b>	<b>13</b>	<b>51</b>	<b>11</b>	<b>54</b>	<b>12</b>
annual	40	9	41	9	39	9
biennial	15	4	9	1	13	3
multi-annual	8	-	1	1	2	-
<b>Foreign countries</b>	<b>51</b>	<b>51</b>	<b>62</b>	<b>62</b>	<b>59</b>	<b>59</b>
annual	45	45	59	59	53	53
biennial	6	6	3	3	6	6
multi-annual	-	-	-	-	-	-
<b>Number of congresses with related exhibition space</b>	<b>36</b>	<b>-</b>	<b>37</b>	<b>-</b>	<b>34</b>	<b>-</b>
<b>Net sq.metres of exhibition space:</b>	<b>2,223,920</b>	<b>863,695</b>	<b>1,634,425</b>	<b>623,275</b>	<b>1,738,680</b>	<b>803,260</b>
<b>Italy</b>	<b>1,822,875</b>	<b>462,650</b>	<b>1,220,125</b>	<b>208,975</b>	<b>1,333,680</b>	<b>398,260</b>
annual (a)	988,335	187,255	928,255	178,165	996,115	198,925
biennial	455,250	275,395	275,390	14,330	323,700	199,335
multi-annual	379,290	-	16,480	16,480	13,865	-
(a) of which congresses with related exhibition space	49,075	-	33,745	-	40,105	-
<b>Foreign countries</b>	<b>401,045</b>	<b>401,045</b>	<b>414,300</b>	<b>414,300</b>	<b>405,000</b>	<b>405,000</b>
annual	376,220	376,220	375,685	375,685	369,885	369,885
biennial	24,825	24,825	38,615	38,615	35,115	35,115
multi-annual	-	-	-	-	-	-
<b>Number of exhibitors:</b>	<b>42,640</b>	<b>17,830</b>	<b>32,790</b>	<b>14,275</b>	<b>33,085</b>	<b>15,840</b>
<b>Italy</b>	<b>32,340</b>	<b>7,530</b>	<b>22,430</b>	<b>3,915</b>	<b>23,430</b>	<b>6,185</b>
annual (b)	20,280	3,780	18,625	3,365	18,870	3,620
biennial	6,475	3,750	3,565	310	4,290	2,565
multi-annual	5,585	-	240	240	270	-
(b) of which congresses with related exhibition space	2,460	-	2,195	-	1,905	-
<b>Foreign countries</b>	<b>10,300</b>	<b>10,300</b>	<b>10,360</b>	<b>10,360</b>	<b>9,655</b>	<b>9,655</b>
annual	9,680	9,680	9,615	9,615	8,825	8,825
biennial	620	620	745	745	830	830
multi-annual	-	-	-	-	-	-

The table shows that in 2015 the percentage of total net square metres of exhibition space covered by annual exhibitions was approximately 61%. Annual exhibitions covered 1,364,555 net square metres of exhibition space, an increase of 5% compared to 2014. The increase compared to 2014 was mainly in the hosted annual exhibitions in Italy (+35,660 square metres, approximately 5%). Biennial exhibitions covered 480,075 net square metres of exhibition space, a year-on-year increase of ca. 53%. There was an increase of 261,065 square metres in directly organised biennial exhibitions in Italy, which mainly reflected the presence of Tuttofood and Host that was partly offset by the 81,205 square metres decrease in space occupied by hosted biennial exhibitions due to the absence of Mostra Convegno Expocomfort. Multi-annual exhibitions occupied 379,290 square metres of net exhibition space, a year-on-year increase of 362,810 square metres. There was a year-on-year decrease of 13,255 square metres of net exhibition space, almost 3%, in the contribution from exhibitions held abroad. This mainly reflected the sale of the Turkish assets and the different exhibition calendar in Brazil; these were in part compensated by the exhibitions held in China. Fourteen new exhibitions were launched in 2015 covering a total of 106,570 square metres of net exhibition space.

The tables below give comparative figures for the last three financial years for the portfolio of events hosted by the Group in the **fieramilano** and **fieramilanocity** sites with an indication of the net square metres of exhibition space occupied and the number of exhibitors classified by how frequently the events are held, and indicating those exhibitions that were directly organised (*the figures have been rounded up to make them easier to read and compare*).

### Italian exhibition portfolio

Annual Exhibitions:	Net sq. metres of exhibition space			Number of exhibitors		
	Full year to 31/12/15	Full year to 31/12/14	Full year to 31/12/13	Full year to 31/12/15	Full year to 31/12/14	Full year to 31/12/13
<b>Directly organised</b>						
- Bit	15,335	13,750	23,095	405	280	295
- Chibimart Summer	4,020	3,310	3,620	125	105	105
- Chibimart Winter	3,110	2,820	2,925	95	95	80
- HOMI I semester	81,200	82,210	91,590	1,305	1,275	1,425
- HOMI II semester	63,845	57,840	59,860	1,265	1,055	1,185
- Miart	6,840	6,360	5,920	190	155	145
- Milano Pret a Porter Fall	2,580	2,605	2,165	120	150	110
- Milano Pret a Porter Spring	2,775	2,125	2,420	130	105	125
- Sposaltalia	7,550	7,145	7,330	145	145	150
<b>Total annual exhibitions directly organised</b>	<b>187,255</b>	<b>178,165</b>	<b>198,925</b>	<b>3,780</b>	<b>3,365</b>	<b>3,620</b>
<b>Hosted</b>						
- 3D Print Hub *	2,500	-	-	80	-	-
- Artigiano in fiera	63,440	59,100	57,090	1,875	1,640	1,510
- Cartoomics	9,855	8,000	8,000	190	225	240
- Eicma Moto	90,090	86,435	93,130	615	455	605
- Expotraining	1,290	1,405	1,550	75	80	70
- Fa la cosa giusta	7,845	8,500	6,000	630	600	700
- G! come giocare	6,825	5,965	6,290	90	80	80
- Hobby Show (I semester)	3,425	5,000	11,665	115	110	280
- Hobby Show (II semester)	2,885	5,000	5,000	110	160	140
- Lineapelle February *	41,640	-	-	945	-	-
- Lineapelle September	43,445	41,665	-	1,170	1,125	-
- Mido	43,645	40,700	40,575	990	910	880
- Mifur	13,350	16,885	15,895	170	190	180
- Milan Games Week **	5,295	4,430	-	55	20	-
- Milano Auto Classica	16,440	12,545	16,030	245	215	295
- Milano Unica (Fall)	19,200	18,915	19,810	410	420	435
- Milano Unica (Spring)	18,020	18,390	19,185	380	400	420
- Mipel (Fall)	8,390	10,640	12,820	235	290	365
- Mipel (Spring)	10,060	12,120	13,520	285	355	385
- Myplant & garden *	9,330	-	-	285	-	-
- Prima MU *	2,385	-	-	55	-	-
- Promotion trade exhibition	4,235	4,095	4,275	130	125	115
- Salone del Franchising Milano	3,995	4,035	3,815	125	145	140
- Salone del mobile/Complemento d'arredo	162,990	164,620	156,450	1,175	1,240	1,185
- Simac Tanning-Tech *	15,200	-	-	275	-	-
- Smau	4,045	3,290	3,815	15	15	15
- Super Fall °	1,360	1,660	-	155	200	-
- Super Spring ° °	1,600	-	-	180	-	-
- The Micam (Fall)	64,350	68,080	68,100	1,380	1,480	1,495
- The Micam (Spring)	67,075	67,910	67,455	1,425	1,490	1,445
- Viscom - Visual communication	7,800	6,605	6,665	175	185	175
- Esposizione Internazionale Canina	a)	15,000	15,000	a)	45	45
- Expo Italia real estate	a)	5,580	7,385	a)	140	135
- Expodental	a)	3,465	4,865	a)	150	180
- Kali	a)	4,015	-	a)	210	-
- Promotion Expo	a)	3,195	4,260	a)	140	170
- Smap Expo	a)	1,300	a)	a)	25	a)
- The innovation cloud	a)	7,800	22,500	a)	200	490
- Eudishow	a)	a)	5,320	a)	a)	120
- Nuce (previous Life-Med)	a)	a)	2,000	a)	a)	70
- Made Expo	b)	b)	58,620	b)	b)	980
<b>Total annual exhibitions hosted</b>	<b>752,005</b>	<b>716,345</b>	<b>757,085</b>	<b>14,040</b>	<b>13,065</b>	<b>13,345</b>
<b>Total annual exhibitions:</b>	<b>939,260</b>	<b>894,510</b>	<b>956,010</b>	<b>17,820</b>	<b>16,430</b>	<b>16,965</b>

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### Italian exhibition portfolio

Biennial Exhibitions:	Net sq. metres of exhibition space			Number of exhibitors		
	Full year to 31/12/15	Full year to 31/12/14	Full year to 31/12/13	Full year to 31/12/15	Full year to 31/12/14	Full year to 31/12/13
<b>Directly organised</b>						
- Host	132,580	-	100,725	1,890	-	1,555
- Sicurezza °°	14,455	14,330	-	305	310	-
- Transpotec & Logitec ***	53,475	-	52,610	210	-	165
- Tuttofood	74,885	-	46,000	1,345	-	845
<b>Total biennial exhibitions directly organised</b>	<b>275,395</b>	<b>14,330</b>	<b>199,335</b>	<b>3,750</b>	<b>310</b>	<b>2,565</b>
<b>Hosted</b>						
- Chem Med	1,130	-	2,470	50	-	80
- Enovitis	575	-	2,220	25	-	55
- Euroluce	38,765	-	38,685	395	-	380
- Farmacistapiù *	2,790	-	-	40	-	-
- Fruit Innovation *	5,945	-	-	150	-	-
- Made Expo	57,005	-	-	910	-	-
- Made in Steel	12,260	-	9,920	230	-	210
- Salone Ufficio	12,505	-	12,580	120	-	95
- Simei	29,565	-	29,430	490	-	445
- Venditalia °°	4,600	11,990	-	130	235	-
- Vitrum	14,715	-	14,810	185	-	195
- Bimu	-	37,140	-	-	555	-
- Eurocucina	-	35,740	-	-	120	-
- Mostra Convegno Expocomfort	-	125,265	-	-	1,540	-
- Salone Internazionale del Bagno	-	18,190	-	-	160	-
- Sfortec	-	630	-	-	40	-
- TPA Italia °	-	5,930	-	-	170	-
- Xylexpo	-	26,175	-	-	435	-
- Frameart Expo	a)	-	4,705	a)	-	85
- Mecha-Tronika °	-	-	2,635	-	-	105
- Photoshow	a)	-	6,910	a)	-	75
<b>Total biennial exhibitions hosted</b>	<b>179,855</b>	<b>261,060</b>	<b>124,365</b>	<b>2,725</b>	<b>3,255</b>	<b>1,725</b>
<b>Total biennial exhibitions:</b>	<b>455,250</b>	<b>275,390</b>	<b>323,700</b>	<b>6,475</b>	<b>3,565</b>	<b>4,290</b>
<b>Multi-annual Exhibitions:</b>						
<b>Directly organised</b>						
- Expodetergo °	-	16,480	-	-	240	-
<b>Total multi-annual Exhibitions directly organised</b>	<b>-</b>	<b>16,480</b>	<b>-</b>	<b>-</b>	<b>240</b>	<b>-</b>
<b>Hosted</b>						
- Converflex	4,790	-	6,815	110	-	140
- EMO	116,995	-	-	1,540	-	-
- Intralogistica *	2,815	-	-	75	-	-
- Ipack-Ima	52,270	-	-	855	-	-
- ITMA	109,570	-	-	1,690	-	-
- Meat Tech *	6,930	-	-	95	-	-
- Plast	54,615	-	-	1,080	-	-
- World Dog Show	31,305	-	-	140	-	-
- Grafitalia	-	-	7,050	-	-	130
<b>Total multi-annual exhibitions hosted</b>	<b>379,290</b>	<b>-</b>	<b>13,865</b>	<b>5,585</b>	<b>-</b>	<b>270</b>
<b>Total multi-annual exhibitions:</b>	<b>379,290</b>	<b>16,480</b>	<b>13,865</b>	<b>5,585</b>	<b>240</b>	<b>270</b>
<b>TOTAL EXHIBITIONS</b>	<b>1,773,800</b>	<b>1,186,380</b>	<b>1,293,575</b>	<b>29,880</b>	<b>20,235</b>	<b>21,525</b>
- Congresses with related exhibition space	49,075	33,745	40,105	2,460	2,195	1,905
<b>TOTAL</b>	<b>1,822,875</b>	<b>1,220,125</b>	<b>1,333,680</b>	<b>32,340</b>	<b>22,430</b>	<b>23,430</b>

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

\*\* In the previous edition of 2013 this exhibition was a congress

\*\*\* The exhibition was held at Veronafiere exhibition site

° The exhibition is co-organised with Fiera Milano

°° In 2015 an extraordinary edition of the exhibition was held

a) The exhibition did not take place

b) Starting from 2013 the exhibition is held biennially

The table below gives details of the exhibitions organised abroad. The net exhibition space utilised was 401,045 net square metres (the figures for square metres of net exhibition space have been rounded up to make them easier to read and compare).

## Foreign Exhibition portfolio

Annual Exhibitions:	Net sq. metres of exhibition space			Number of exhibitors		
	Full year to 31/12/15	Full year to 31/12/14	Full year to 31/12/13	Full year to 31/12/15	Full year to 31/12/14	Full year to 31/12/13
<b>Exhibitions directly organised in China</b>						
- CeMAT Asia Shanghai	17,910	15,355	12,000	500	470	410
- Chinafloor Domotex Shanghai	63,985	60,210	58,540	1,260	1,050	1,120
- China Commercial Vehicle Show	5,290	-	21,485	130	-	140
- China Tourism International and Commodities Fair *	11,335	-	-	205	-	-
- Comvac Asia	5,745	5,475	4,705	130	150	150
- Food Hospitality World Guangzhou	3,140	4,000	3,030	345	380	320
- Fruit& Forest Xinjiang	2,500	2,500	5,000	195	210	215
- GITF International Tour Guangzhou	5,180	4,715	4,970	215	210	185
- Heavy Machinery Asia	1,120	1,595	-	80	85	-
- IA - FA/PA Beijing	3,520	3,865	3,010	205	190	190
- Industrial Automation Shanghai	34,925	23,025	21,010	500	605	545
- Industrial Automation Shenzhen	7,985	8,035	-	400	420	-
- Industrial Supply Asia	425	340	600	45	30	50
- Metalworking and CNC Mach. Tool Shanghai	24,025	22,900	21,165	550	445	385
- Motor Show Chengdu	77,160	76,665	70,165	95	95	90
- M3 Fair Hainan	2,500	7,500	6,200	115	155	130
- PTC Asia Shanghai	42,035	31,930	43,860	1,600	1,210	1,490
- The Micam Shanghai 1° semester	2,900	2,940	4,820	150	155	250
- Energy Shanghai	a)	4,855	4,580	a)	150	145
- The Micam Shanghai 2° semester	a)	2,600	4,770	a)	125	240
- Wuhan Motor Show	a)	4,410	2,310	a)	10	5
- CWMTE - Lijia Chongqing Machine Tool	a)	-	140	a)	-	5
<b>Total Exhibitions directly organised in China</b>	<b>311,680</b>	<b>282,915</b>	<b>292,360</b>	<b>6,720</b>	<b>6,145</b>	<b>6,065</b>
<b>Exhibitions directly organised in India</b>						
- CeMAT India	1,445	1,935	2,060	110	75	60
- CeBIT India	2,565	5,200	-	265	350	-
- Food Hospitality World Bangalore	2,400	1,950	2,375	120	70	75
- Food Hospitality World Goa *	1,500	-	-	90	-	-
- Food Hospitality World Mumbai	3,195	2,390	2,385	175	155	125
- Industrial Automation India	1,865	1,405	935	100	60	40
- MDA India	1,110	1,445	1,440	75	50	100
- Surface Technology	200	375	515	30	30	40
- The China Products Show India	3,500	3,250	3,500	190	170	140
- Industrial Supply India	a)	1,100	520	a)	80	20
- Plugged-In India	a)	1,500	-	a)	45	-
<b>Total Exhibitions directly organised in India</b>	<b>17,780</b>	<b>20,550</b>	<b>13,730</b>	<b>1,155</b>	<b>1,085</b>	<b>600</b>
<b>Exhibitions directly organised in Russia</b>						
- HOMI Russia	1,700	2,600	1,210	90	95	75
<b>Total Exhibitions directly organised in Russia</b>	<b>1,700</b>	<b>2,600</b>	<b>1,210</b>	<b>90</b>	<b>95</b>	<b>75</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	65	65	40
- Pro-Show	1,430	1,870	1,300	20	15	15
- Art International Istanbul	b)	3,830	2,255	b)	75	60
- Beauty & Care Ankara	b)	1,670	2,530	b)	45	55
- Promoturk	b)	4,115	-	b)	70	-
- Transist	b)	3,365	2,850	b)	60	55
- Zhejiang Trade Fair	b)	1,280	-	b)	140	-
- Marathon Expo	b)	a)	1,930	b)	a)	45
<b>Total Exhibitions directly organised in Turkey</b>	<b>8,810</b>	<b>25,075</b>	<b>18,880</b>	<b>225</b>	<b>595</b>	<b>375</b>
<b>Exhibitions directly organised in South Africa</b>						
- Capetown Art Fair	1,100	850	310	40	45	40
- Food Hospitality World Capetown	950	1,325	-	70	85	-
- Good Food & Wine Show Capetown	2,855	3,250	4,170	205	195	235
- Good Food & Wine Show Durban	3,330	2,700	2,690	130	145	155
- Good Food & Wine Show Gauteng	3,360	3,300	4,185	200	180	260
<b>Total Exhibitions directly organised in South Africa</b>	<b>11,595</b>	<b>11,425</b>	<b>11,355</b>	<b>645</b>	<b>650</b>	<b>690</b>

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## Foreign Exhibition portfolio

Annual Exhibitions:	Net sq. metres of exhibition space			Number of exhibitors		
	Full year to 31/12/15	Full year to 31/12/14	Full year to 31/12/13	Full year to 31/12/15	Full year to 31/12/14	Full year to 31/12/13
<b>Exhibitions directly organised in Thailand</b>						
- The China Products Show Bangkok	2,500	2,500	1,500	195	95	80
<b>Total Exhibitions directly organised in Thailand</b>	<b>2,500</b>	<b>2,500</b>	<b>1,500</b>	<b>195</b>	<b>95</b>	<b>80</b>
<b>Exhibitions directly organised in Sri Lanka</b>						
- The China Products Show Colombo, Sri Lanka *	1,800	-	-	30	-	-
<b>Total Exhibitions directly organised in Sri Lanka</b>	<b>1,800</b>	<b>-</b>	<b>-</b>	<b>30</b>	<b>-</b>	<b>-</b>
<b>Exhibitions directly organised in USA</b>						
- Homi New York *	800	-	-	50	-	-
<b>Total Exhibitions directly organised in USA</b>	<b>800</b>	<b>-</b>	<b>-</b>	<b>50</b>	<b>-</b>	<b>-</b>
<b>Exhibitions directly organised in Brazil</b>						
- Enersolar	1,505	995	2,055	50	35	105
- Exposec **	9,760	11,355	12,670	170	180	220
- Food Hospitality World	1,375	690	1,970	55	40	65
- Infocomm	970	800	-	70	30	-
- Reatech, FísioTech	5,545	8,110	9,100	185	265	290
- The China Products Show Brasil	400	3,000	-	40	130	-
- 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
- Fippa-pet show	a)	3,150	770	a)	110	65
- Gospel	a)	950	695	a)	30	50
- Riosec	a)	230	520	a)	20	35
- Biotech	a)	a)	665	a)	a)	40
- Feinox	a)	a)	160	a)	a)	5
- 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>19,555</b>	<b>30,620</b>	<b>30,850</b>	<b>570</b>	<b>950</b>	<b>940</b>
<b>Total Annual Exhibitions</b>	<b>376,220</b>	<b>375,685</b>	<b>369,885</b>	<b>9,680</b>	<b>9,615</b>	<b>8,825</b>
<b>Biennial Exhibitions:</b>						
<b>Exhibitions directly organised in China</b>						
- Metal + Metallurgy	3,770	-	-	85	-	-
- WoodMac China	9,565	-	15,950	80	-	250
- Aviation & Space Fair Shanghai	-	1,200	-	-	55	-
- West China Manufacturing and Industrial Fair	-	430	-	-	35	-
<b>Total Exhibitions directly organised in China</b>	<b>13,335</b>	<b>1,630</b>	<b>15,950</b>	<b>165</b>	<b>90</b>	<b>250</b>
<b>Exhibitions directly organised in Brazil</b>						
- Braseg	1,510	-	2,745	55	-	95
- Tubotech	5,780	-	10,715	190	-	305
- Wire South America	3,415	-	3,305	165	-	25
- Fesqua-Vitech	-	13,845	-	-	285	-
- Fisp-Fire	-	23,140	-	-	370	-
- Saie	a)	-	1,280	a)	-	45
<b>Total Exhibitions directly organised in Brazil</b>	<b>10,705</b>	<b>36,985</b>	<b>18,045</b>	<b>410</b>	<b>655</b>	<b>470</b>
<b>Exhibitions directly organised in Singapore</b>						
- Rehabtech Asia	785	c)	1,120	45	c)	110
<b>Total Exhibitions directly organised in Singapore</b>	<b>785</b>	<b>-</b>	<b>1,120</b>	<b>45</b>	<b>-</b>	<b>110</b>
<b>Total Biennial Exhibitions</b>	<b>24,825</b>	<b>38,615</b>	<b>35,115</b>	<b>620</b>	<b>745</b>	<b>830</b>
<b>TOTAL EXHIBITIONS</b>	<b>401,045</b>	<b>414,300</b>	<b>405,000</b>	<b>10,300</b>	<b>10,360</b>	<b>9,655</b>

\* First edition of this exhibition

\*\* The exhibition in 2012 and 2013 also included Traffic

a) The exhibition did not take place.

b) The Turkish subsidiary and related exhibitions were sold in the second semester 2015.

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

## Fiera Milano Group Personnel

### Composition and turnover

At 31 December 2015, the Group had 783 permanent employees compared to 807 at 31 December 2014.

#### Permanent employees at year end

(units)	31/12/15			31/12/14			31/12/13		
	Total	Italy	Foreign countries	Total	Italy	Foreign countries	Total	Italy	Foreign countries
<b>Fully consolidated companies:</b>									
Executives	38	35	3	46	39	7	43	37	6
Managers and White collar workers (including Journalists)	687	594	93	698	583	115	730	584	146
<b>Total</b>	<b>725</b>	<b>629</b>	<b>96</b>	<b>744</b>	<b>622</b>	<b>122</b>	<b>773</b>	<b>621</b>	<b>152</b>
<b>Equity-accounted companies (a):</b>									
Executives	2	-	2	2	-	2	2	-	2
White collar workers	56	-	56	61	-	61	51	-	51
<b>Total</b>	<b>58</b>	<b>-</b>	<b>58</b>	<b>63</b>	<b>-</b>	<b>63</b>	<b>53</b>	<b>-</b>	<b>53</b>
<b>TOTAL</b>	<b>783</b>	<b>629</b>	<b>154</b>	<b>807</b>	<b>622</b>	<b>185</b>	<b>826</b>	<b>621</b>	<b>205</b>

(a) the indicated data corresponds to the pro-quota of total employees.

The net decrease of 24 employees in 2015 compared to 2014 was mainly due to the sale of the Turkish subsidiary, Interteks, and the reorganisation and voluntary redundancy projects in the Italian subsidiaries.

In 2015, 92 persons joined the Group, of which 45 were in Italy following the acquisition of Ipack-Ima and the strengthening of the marketing and international development departments, and 47 abroad due to the high employee turnover in the Brazilian and Chinese subsidiaries.

In 2015, 116 persons left the Group, of which 38 from the Italian companies, mainly voluntary resignations and agreed employment terminations, and 78 persons abroad due to the divestment of Interteks and the aforementioned high employee turnover rate.

On 31 December 2015, an early retirement project was completed involving 17 employees who left the Company in January 2016.

The turnover rate of employees, calculated as the difference between those joining and those leaving the Group as a percentage of the average number of employees, was 25.9% compared to 24.8% in the 2014 financial year.

Fiera Milano Group employs staff on fixed-term contracts to manage the peaks of activity in the exhibition calendar and for extraordinary projects. Personnel with fixed-term contracts went from 33 persons at 31 December 2014 to 30 persons at the end of 2015.

### Governing employment contracts

The Italian companies within the Fiera Milano Group use the national collective employment agreement for tertiary, distribution and service companies; the companies in the publishing sector employ personnel under the national collective employment agreement for graphic design and similar companies, publishing companies and multimedia companies and the national contract for journalists.

The employees of Fiera Milano Group are divided into three main categories:

- executives with a managerial role;
- middle managers and journalists with specialist roles;
- other employees, office staff, and technical support staff.

The Italian division of the Fiera Milano Group has no manual workers as it outsources all activities linked to the supply and organisation of exhibition services.

Outside Italy each company applies the employment law of the jurisdiction in which it is based.



## Safety measures adopted

The safety of its personnel is of primary importance and Fiera Milano Group makes significant investments on this front. In 2015 specific safety training was organised for employees with technical responsibilities.

## Training

In 2015, the number of training sessions held in Italian Group companies was higher than in 2014.

There were 98 training sessions, 41 of which were organised internally while 57 were external courses. 585 employees took part in the courses for a total of 1,105 hours.

The 2015 training programme of Fiera Milano Group focused on courses to increase special technical competences (for example, delegation, team work, problem solving and sales techniques) and foreign language training, some through specific customised courses.

There were training programmes on social and digital techniques to help create new business opportunities.

To support those employees given new challenges or new roles, coaching sessions were organised which focused on personal challenges and highlighted the main factors for success.

Following changes to the legal framework in the course of the financial year, courses were held to make employees aware of the new categories of crimes included in Legislative Decree 231/01, as well as refresher courses on occupational health and safety.



## Reorganisation

During 2015, several reorganisation projects were implemented that involved:

- outside Italy: the companies in Turkey, Brazil and South Africa
- in Italy: the Parent Company and the subsidiary Fiera Milano Media

The new Board of Directors that took office in May 2015 decided to exit the Turkish market, whilst in Brazil and in South Africa it implemented management changes to increase integration with the Parent Company and to create a new international strategy.

A project was implemented to reorganise the Parent Company Fiera Milano SpA, which concluded at the end of the year with three specific objectives:

1. stronger business focus,
2. increased efficiency in the delivery of services,
3. the consolidation of several departments.

The new organisation resulted in the departure of some executives and middle management.

At the end of the 2015, with the agreement of the trade unions, an early retirement project was concluded that involved 17 executives, middle managers and other employees.

The costs relating to this project were included in the personnel expenses of the year.

At the end of 2015, as part of the same efficiency drive, a reorganisation project was started in some of the Fiera Milano Media subsidiaries.

Over recent years, Fiera Milano Media has been implementing a cost reduction strategy and has reviewed several of its products; in 2015, it decided to close the publications in the *Real Estate* sector and the periodical *Energia Ambiente*. This resulted in the departure of three employees.

To increase the flexibility of personnel expenses it was also decided to outsource graphic design of the publications and the logistics business linked to event organisation.

As a result, in December 2015, a personnel mobility procedure was initiated for 25 specialist employees under the provisions of Legislative Decree 223/91. The procedure concluded with an agreement signed on 26 January 2016 with the national trade union representatives for the category [OO.SS] and the main employee representative bodies [RSU] involving a total of 19 employees.

The costs of this reorganisation were included in the provisions of the year.

## The Environment

### Environmental management

Fiera Milano Group pays particular attention to the responsible and efficient use of energy resources both through careful management attention to the normal running of the specific activities of Fiera Milano and to the design of new and more innovative plant.

All energy consumption in the Fiera Milano Group in Italy is mapped and monitored in real time in order to pinpoint more efficient energy solutions and a consequent reduction in emissions. Similarly, the attention paid by Fiera Milano Group to water resources has resulted in measures to reduce consumption.

The environmental impact of Fiera Milano Group in Italy comprises a variable component that is linked to the exhibitions, congresses and exhibition services and a fixed component that is constant over the year and is linked to the energy consumption of the facilities.

As part of its continuing energy performance improvement programme, Fiera Milano has replaced defective components with more efficient ones. In 2016, the lighting fixtures of another four pavilions will be replaced with units using LED technology that will guarantee the same level of light but give significant energy savings.

## Waste management

Fiera Milano Group adheres to the laws governing waste management and follows the provisions of enacted law regarding waste disposal. It has appropriate internal procedures to ensure it meets the requirements of environmental laws and has a dedicated department to monitor these aspects.

Most of the waste produced in the exhibition sites is from setting up the exhibition areas. The waste is collected by regional operators using multi-material means to sort the different types of waste materials which are then subjected to various processes to obtain primary and secondary materials.

In 2015 Fiera Milano implemented certain initiatives aimed at improving waste management and incentivising its guests to sort their waste.

## Sustainable mobility

The Company policy is to reduce energy consumption, acoustic pollution and to contain the emission of greenhouse gases. To this end it has set up an internal department to study and research ways of reducing its environmental impact.

The environmental impact linked to mobility derives from specific circumstances in the different phases of the life cycle of an event. During the organisation and setting up phase of an exhibition, the environmental impact is primarily from the supply and delivery of goods and equipment; during the event, the environmental impact derives from the transit of exhibitors and visitors to and from the exhibition site; at the end of the event, the persons dismantling and removing the materials used in the exhibition represent the major source of environmental impact. The impact of the employees of the Fiera Milano Group should be considered in the context of the cumulative effect generated across all operational activities.

To reduce the environmental impact during the various phases of the exhibitions, Fiera Milano Group has implemented several initiatives to manage mobility in the most environmentally sustainable way possible. Through its traffic control and coordination centre and a series of agreements with the main transport organisations and the law enforcement agencies, it actively contributes to managing mobility throughout the area in and around the exhibition sites during the different phases of events and provides real time traffic and mobility data through the information service, Info Mobility Fiera Milano.

## Green procurement policies

Depending on the type of goods or services acquired, Fiera Milano Group companies try, where possible, to incorporate in procurement contracts specific clauses that cover the sustainability of the products supplied. In particular, where the cost is the same, suppliers are requested to give preference to products that satisfy at least one of the following criteria: that it is composed partly of recycled material, possibly acquired from a source that is managed in an environmentally sustainable way, that it can be re-used many times and may be recycled at the end of its life.

Fiera Milano Group has adopted a procurement procedure with a specific section for the supply of sustainable products. Each company in the Group has focused on those supply categories that have the greatest environmental impact and have identified and implemented internal means of reducing this impact whilst increasing the awareness of these issues among its partners and colleagues.

Source: 2015 Sustainability Report

## Risk factors affecting Fiera Milano Group

### RISK MANAGEMENT IN FIERA MILANO GROUP

The Fiera Milano Group has for some time implemented a periodic analysis of the risks at Group level that is conducted using internationally recognised standards of Enterprise Risk Management (ERM).

The main aim is to have a systematic and proactive approach to the main risks to which the Group – and also each of its companies - is exposed in carrying out its business and pursuing its pre-established 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 SpA 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.

The Control and Risk Committee and the Board of Statutory Auditors are informed of the results of the aforementioned annual processes.

The main risk factors and uncertainties to which Fiera Milano Group is exposed that have emerged from the aforementioned process 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 economic environment**

Despite recent signals of an economic recovery, the outlook for growth in the European markets – and in the Italian market – remains marked by considerable uncertainty.

This gives the Group limited visibility on the likely investments of its clients (organisers, exhibitors and other clients of subsidiary companies) in exhibitions and related services and could well have an impact on the stability of revenues and profitability.

The recent indications of economic slowdown in China and Brazil could have an impact on the performance of the foreign companies of the Group.

In order to continue to combat the effect of this scenario on its activities (and specifically the risk of lower numbers at the exhibitions hosted or directly organised in the Fiera Milano exhibition sites and of the relative investment budgets), in 2016, the Group intends to continue the support actions and incentives for exhibitors at the exhibitions held in Italy and to pursue its strategy of consolidating the foreign exhibition portfolio through a careful focus on countries and industrial sectors that offer considerable potential, enhancing its international presence through partnerships with leading foreign exhibition organisers and through the organisation of foreign editions of the leading proprietary exhibitions in its portfolio.

#### **Risks connected to trends and competition in the exhibitions market**

The exhibition sector, as well as the publishing and congress sectors, are characterised by strong competition and pricing pressure on the services offered.

The context in which Fiera Milano Group operates remains in a mature phase that is probably destined to continue in coming years and is marked 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 even greater business opportunities and, above all, *(iv)* by an ever-increasing growth in competition, also on tariffs, and *(v)* the continuous development of the Asian and Middle Eastern markets.



To maintain its domestic market position and increase its position and competitiveness on the international market, Fiera Milano Group has continued its strategy of (i) enhancing its portfolio of directly organised or hosted exhibitions (by launching new proprietary initiatives, expanding some of these to include contiguous market sectors, by re-positioning existing exhibitions, and increasing the portfolio of hosted exhibitions) and (ii) enhancing its international business, consolidating its foreign exhibition portfolio, and promoting and “exporting” its leading proprietary exhibitions to foreign exhibition sites.

Group revenues in the publishing sector are mainly affected by market trends and by strong competition, also of a technological nature, that has been a feature of this sector in recent years. Given this context, Fiera Milano aims to maintain the high quality of its products investing in content and new technologies in order to develop an integrated B2B multimedia offer and to gradually diversify the communication channels in which it is present whilst continuing to consolidate its relationship with its major investors through both personal and professional contacts.

In recent years, the Italian congress sector has experienced a significant drop in demand also due to the higher number and strength of the major international competitors that, in some cases, have also been helped over time by state incentive policies. In order to maintain and consolidate its own competitive position, the Group is continuing to follow a strategy of relaunching its congress ancillary services (e.g. catering, stand-fitting, video services) also through a dedicated department.

## 2. Strategic and operating risks

### **Risks connected to a dependency on some leading events (organised by the Group or by third parties)**

In the last three years, the Group annual exhibition calendar has included an average of 110 exhibitions, of which half were held in Italy.

Despite the high number of events, a significant part of revenues still derives from approximately ten specific 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 Group economic and financial position and financial performance.

The average revenues generated in each of the last three years from events organised by third-party organisers, who are not part of the Fiera Milano Group or cannot be classified under existing law as a related party to Fiera Milano, accounted for approximately 49% of total consolidated revenues. The success of these exhibitions in the medium/long-term depends on the ability of those organisers to maintain and develop over time the necessary competences, including relational skills and an ability to spot market shifts.

Although the Group is pursuing a development and consolidation strategy for directly organised events both in Italy and abroad and has signed long-term contracts with third-party organisers (that include protective clauses in favour of the Group should the contracts be cancelled by the latter), it cannot be ruled out that the loss/failure of some of these exhibitions could have negative implications for the economic and financial position of the Group.

### **Risks connected to business expansion in emerging markets**

Fiera Milano Group continues to pursue internationalisation opportunities in BRIC and other countries through various means, such as joint ventures, acquisitions, partnerships, etc.

Although its previous and consolidated experience is a major advantage, pursuit of these expansion strategies could expose the Group to a series of risks connected to potential economic instability, local politics, social or safety and/or fiscal risks, restrictions on foreign investment, structural deficiencies, changes in the law or other extraordinary negative events (for example, wars, acts of terrorism, arson or sabotage), as well as to risks linked to the increased complexity of operational and marketing control that are the normal consequence of an internationalisation process.

To ensure better oversight of its growth strategies and its foreign presence and to consolidate the Group governance, Fiera Milano has implemented an organisational plan with centralised management of the activities and staff functions that coordinate individual areas of responsibility.

### Risks connected to seasonality

Exhibition organisation is subject to seasonality which is particularly marked in the Italian and European markets as almost no exhibitions are held in the summer months and because of the presence of biennial or triennial exhibitions both proprietary and belonging to third parties. This seasonality affects the annual spread of Group revenues and profits.

The strategies pursued by management and, in particular, (i) the enhancement of the exhibition portfolio and the re-positioning of some long-standing events, (ii) the internationalisation of events, (iii) the setting up of strategic and commercial collaborations/alliances with other exhibition venues and/or organisers, (iv) the increased exploitation of other revenue sources linked to the exhibition sites (such as musical events held in the summer months and billboard advertising), are all intended to counteract seasonality and thereby ensure greater stability of revenues and profits.

### Risks connected to the capacity to retain the necessary specialist competences

The Fiera Milano Group considers its human resources and competences in the exhibitions and congress sectors to be one of its principal strategic assets. The gradual evolution of exhibitions from “large marketplace” to “major event” or “experience” (with increasing importance attached to market trends) and the pursuit of medium/long-term strategies (including the development of new directly owned exhibitions and business internationalisation) require specialist professional competences that are not easily found.

The current performance management systems for assessing the ability of employees and the incentive plans aim to enable the Group to increase the validity and loyalty of its personnel and key internal competences ensuring a better coordination/exchange and sharing of expertise.

## 3. Compliance risks

### Risks connected to the reference legislative framework

The activities of the Group, particularly those carried out in the exhibition sites, and the number of persons (employees, suppliers, exhibitors, visitors, those involved in setting up exhibitions, etc.) that transit or work in the exhibition sites, expose the Group companies to the risk of accidents or breaches of the legislation governing occupational health and safety (Consolidated Law 81/2008). Should the laws on occupational health and safety be infringed, the Issuer risks the application of material sanctions or, in the case of accidents, could be exposed to litigation with possible negative effects on the economic and financial situation of the Group.

Furthermore, the Group makes extensive use of suppliers for services connected to the exhibitions (primarily stand-fitting and catering services) that come under the law governing contractors (Legislative Decree 223/2006 and subsequent amendments). Although the sub-contractors are exclusively responsible for the persons they employ to work on the exhibitions, under the law Group companies could be held jointly responsible with the contracting companies for the payment of social security contributions for workers carrying out the contracts.

Therefore, the Group is exposed to the risk of administrative sanctions (also under the provisions of Legislative Decree 231/2001) and interruption of its business for breaches of the relevant laws, including occupational health and safety and 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 a careful analysis of 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 setting up exhibitions;
- setting up meetings to raise awareness and provide training on safety issues and on matters that pertain specifically to setting up exhibitions;
- internal structures dedicated to inspecting exhibition safety, structures, and security in general;
- the application of rigorous procedures for identification and control of third parties that are not clients (i.e. organisers, exhibitors and visitors) with access to the exhibition sites;
- contractual protection.

### **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 Italian companies of the Group 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 implemented *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 law to cover other criminal offences, it cannot be ruled out that if crimes are committed under the provisions of the law by persons having a functional connection to Fiera Milano SpA and its subsidiaries for their own interest or advantage, that the models adopted could be considered by the competent Authority to be inadequate or not sufficiently updated, resulting in legal sanctions being imposed.

### **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.

To guard against these risks, Fiera Milano Group has taken out insurance policies and has set up an internal unit (Exhibition Safety) responsible for circulating safety information and material for the correct management of such risks.

## **4. Other 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, running 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 deterioration or interruption of commercial relations with service suppliers or material changes to the prices of services, the payment terms or service supply policies could have a significant impact on the Group business.

The internal structures of the Group for managing the portfolio of suppliers and outsourcers guarantees continuous control of the quality of the services provided by counterparties both when contracts are renewed and in the course of daily activities. The Group is also able to make any necessary replacement of an important service provider quickly and smoothly given the computerised and continuously updated register of suppliers it keeps, its position on the market, and the way it has broken down the activities assigned to third-parties.

In 2010 the Group awarded the facilities and maintenance contract for the exhibition sites to a single external company, Manutencoop Facility Management S.p.A. The service contract covers maintenance of the building services, electrical and mechanical equipment, closed circuit television networks and intruder alarm systems, smoke detectors, PA systems, permanent security in the exhibition areas, and a series of ancillary services and support when exhibitions are held.

For this reason, the ability of the Group to host and organise exhibitions and events in its exhibition sites is strictly dependent on the reliability of the supplier.



The selection process to award the contract for the abovementioned services carried out by the Company in 2014 when the four-year contract expired and was up for renewal was scrutinised by the investigating magistrates following a complaint made in July 2014 for the protection of the Company regarding anomalies linked to the senior management of the controlling shareholder. The Public Prosecutor initially recorded the complaint as an offence of presumed bribery involving private individuals or alternatively of presumed improper inducement.

In May 2015, the same investigating Prosecutor made a request that the complaint be dismissed; the Judge at the preliminary hearing ruled in December 2015 that the case could not be prosecuted.

The contract lasts 24 months from 1 July 2015 until 30 June 2017 and the amount payable under the contract is Euro 3.775 million in the first year and Euro 3.910 million in the second year. Currently Fiera Milano has no potential liabilities.

## 5. Financial risks

The disclosure required by IFRS 7 for financial assets and liabilities in the Explanatory and Supplementary Notes to the Financial Statements gives details of financial risk.



## Significant events after the end of the reporting period

There have been no significant events after the end of the period under review.

## Business outlook and assessment of the Company as a going concern

The Group continues its strategy focused on the increase of directly organised events, both through growing its penetration of sectors where it already has a significant presence and also the expansion of these sectors downstream. Fiera Milano is also focused on increasing the number of international buyers and exhibitors.

Outside Italy, the Group intends to consolidate its exhibition portfolio through a selective focus on exhibitions in countries and industrial sectors offering high growth potential while enhancing its presence in other countries also through partnerships with leading international exhibition operators.

However, 2016 will be impacted by a less favourable exhibition calendar than in the previous financial year due to the absence of some important directly organised biennial exhibitions and multi-annual exhibitions but will benefit from the reorganisation implemented.

With reference to the medium-term forecast, the Group expects a strong increase in gross operating profit already in 2017 as a result of the measures implemented and also expects to take advantage of the development potential of the business and the opportunities arising from the improvement in the economic environment, barring unforeseen events.

The strength of the capital and financial position following the recent share capital increase of the Company should underpin the Group investment and development plan, as well as covering working capital requirements.

Given the financial and economic position at year-end 2015, the budget financial forecasts, the 2016-2019 Industrial Plan approved by the Board of Directors on 10 February 2016, and the forecasts for working capital requirements, the Financial Statements and Consolidated Financial Statements have been prepared based on the principle of going concern.

## Economic and financial performance of Fiera Milano SpA

### Fiera Milano SpA Income Statement

(amounts in €'000)	2015		2014 restated	
		%		%
<b>Revenues from sales and services</b>	<b>277,307</b>	<b>100.0</b>	<b>181,098</b>	<b>100.0</b>
Cost of materials	900	0.3	818	0.5
Cost of services	144,893	52.3	107,571	59.4
Costs for use of third party assets	54,945	19.8	50,663	28.0
Personnel expenses	45,779	16.5	34,990	19.3
Other operating expenses	4,636	1.7	3,682	2.0
<b>Total operating costs</b>	<b>251,153</b>	<b>90.6</b>	<b>197,724</b>	<b>109.2</b>
Other income	6,756	2.4	6,406	3.5
<b>Gross operating result</b>	<b>32,910</b>	<b>11.9</b>	<b>(10,220)</b>	<b>-5.6</b>
Depreciation and amortisation	6,273	2.3	7,339	4.1
Allowance for doubtful accounts and other provisions (uses)	5,463	2.0	758	0.4
Adjustments to asset values	1,953	0.7	-	-
<b>Net operating result (EBIT)</b>	<b>19,221</b>	<b>6.9</b>	<b>(18,317)</b>	<b>-10.1</b>
Financial income/(expenses)	1,009	0.4	(2,642)	-1.5
Valuation of financial assets	(16,033)	-5.8	(14,942)	-8.3
<b>Profit/(loss) before income tax</b>	<b>4,197</b>	<b>1.5</b>	<b>(35,901)</b>	<b>-19.8</b>
Income tax	5,653	2.0	(5,227)	-2.9
<b>Profit/(loss) from continuing operations</b>	<b>(1,456)</b>	<b>-0.5</b>	<b>(30,674)</b>	<b>-16.9</b>
<b>Profit/(loss) from discontinued operations</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Profit/(loss)</b>	<b>(1,456)</b>	<b>-0.5</b>	<b>(30,674)</b>	<b>-16.9</b>
<b>Total Cash flow</b>	<b>12,233</b>	<b>4.4</b>	<b>(22,577)</b>	<b>-12.5</b>

Some 2014 figures have been restated for comparative purposes for the different classification of the use of risk provisions.

**Revenues from sales and services** were Euro 277.307 million compared to Euro 181.098 million in 2014, an increase of Euro 96.209 million.

The increase in revenues was mainly due to the more favourable exhibition calendar that in 2015 included the directly organised biennial exhibitions that fall in uneven-numbered years, Tuttofood and Host; the triennial exhibitions Ipack-Ima and Plast; the multi-annual exhibition EMO, which is held in Milan every six years; and the itinerant exhibition ITMA held every four years in a different European country. These results were, in part, offset by the absence of the important biennial exhibition that falls in even-numbered years, Mostra Convegno Expocomfort. There was also a positive impact on revenues from the activities linked to Expo 2015 and, in particular, the rent of areas inside the exhibition site for vehicle circulation and parking.

A breakdown of sales by geographic region is not given as Fiera Milano SpA operates almost exclusively on the domestic market.

The **gross operating profit** was Euro 32.910 million compared to a loss of Euro 10.220 million in the previous year, an increase of Euro 43.130 million.

The improvement in the gross operating profit mainly reflected the trend in revenues. However, it was, in part, offset by an increase in the Parent Company's employee costs: Euro 4.251 million for the variable component of employee remuneration linked to the increase in the gross operating profit, Euro 4.136 million for redundancy incentives, and Euro 1.461 million for the leaving indemnity paid to the Chief Executive Officer when his position was not renewed. Moreover, there was an increase in rental costs of Euro 10.000 million for the **fieramilano** exhibition site due to the variable component of the rent; this amount is due only in 2015 and relates to the Expo 2015 event and the consequent higher revenues generated by the Parent Company in 2015 compared to the average annual revenues for the period 2012-2014. This amount was largely compensated by the Euro 6.713 million decrease in the fixed component of the rent following the renegotiation of the rental contract in 2014.

The **net operating profit** was Euro 19.221 million compared to a loss of Euro 18.317 million at 31 December 2014.

The Euro 37.538 million increase reflects the trend in the gross operating profit but also the negative impact of the increase in the risk provisions following the revised forecast for the so-called "Palazzo Italia" in Berlin and the impairment charges recognised as a result of impairment tests carried out on the Transpotec & Logitec and Bias trademarks following the identification of some impairment indicators.

**Net financial income** was Euro 1.009 million compared to Euro 2.642 million of net expenses at 31 December 2014. The Euro 3.651 million improvement was mainly attributable to higher dividends received and to the decrease in financial expenses following lower average current and non-current debt.

The **valuation of financial assets** was negative for Euro 16.033 million compared to a negative figure of Euro 14.942 million at 31 December 2014. This was due to the impairment charges taken on investments.

The impairment charges were:

- Euro 9.413 million for Eurofairs International Consultoria e Participações Ltda;
- Euro 3.211 million for Fiera Milano Exhibitions Africa Pty Ltd;
- Euro 2.560 million for Fiera Milano Interteks Uluslararası Fuarcilik A.S.;
- Euro 0.806 million for Limited Liability Company Fiera Milano (this includes the write-down of the outstanding loan of Euro 0.545 million to the subsidiary);
- Euro 0.023 million for Milan International Exhibitions Srl in liquidation;
- Euro 0.020 million for Fiera Milano India Pvt Ltd.

Further details are provided in the Explanatory and Supplementary Notes to the Financial Statements.

The **net loss** at 31 December 2015 was Euro 1.456 million after taxes of Euro 5.653 million compared to a net loss in the previous financial year of Euro 30.674 million after a positive tax item of Euro 5.227 million. The higher tax charge was mainly due to the reversal of deferred tax assets related to tax losses carried forward utilised to offset the taxable income generated by the Group, an increase in current taxation and the effect of the change in the IRES tax rate to be applied in the calculation of deferred tax assets/liabilities from 1 January 2017.

Further details on taxes are provided in the specific Note in the Explanatory and Supplementary Notes to the Consolidated Financial Statements.

**Fiera Milano SpA Reclassified Statement of Financial Position**

(Amounts in €'000)	31/12/15	31/12/14
Goodwill and intangible assets with an indefinite useful life	70,144	70,144
Intangible assets with a finite useful life	13,079	18,267
Tangible fixed assets	4,139	4,819
Financial assets	86,382	94,338
Other non-current assets	3,084	6,338
<b>A Non-current assets</b>	<b>176,828</b>	<b>193,906</b>
Inventories	1,198	4,466
Trade and other receivables	45,878	38,754
<b>B Current assets</b>	<b>47,076</b>	<b>43,220</b>
Trade payables	26,185	22,016
Pre-payments	31,545	34,843
Tax liabilities	4,022	1,178
Provisions for risks and charges and other current liabilities	49,234	27,481
<b>C Current liabilities</b>	<b>110,986</b>	<b>85,518</b>
<b>D Net working capital (B - C)</b>	<b>(63,910)</b>	<b>(42,298)</b>
<b>E Gross capital employed (A + D)</b>	<b>112,918</b>	<b>151,608</b>
Employee benefit provisions	5,792	6,209
Provisions for risks and charges and other non-current liabilities	2,952	1,422
<b>F Non-current liabilities</b>	<b>8,744</b>	<b>7,631</b>
<b>G NET CAPITAL EMPLOYED continuing operations (E - F)</b>	<b>104,174</b>	<b>143,977</b>
<b>H NET CAPITAL EMPLOYED asset held for sale</b>	-	-
<b>TOTAL NET CAPITAL EMPLOYED (G + H)</b>	<b>104,174</b>	<b>143,977</b>
covered by:		
<b>I Equity</b>	<b>86,329</b>	<b>21,736</b>
Cash & cash equivalents	(42,972)	(3,564)
Current financial (assets)/liabilities	49,845	98,687
Non-current financial (assets)/liabilities	10,972	27,118
<b>Net financial position continuing operations</b>	<b>17,845</b>	<b>122,241</b>
<b>Net financial position asset held for sale</b>	-	-
<b>L Net financial position (TOTAL)</b>	<b>17,845</b>	<b>122,241</b>
<b>EQUITY AND NET FINANCIAL POSITION (I + L)</b>	<b>104,174</b>	<b>143,977</b>

The items in the Reclassified Statement of Financial Position correspond to those in the Statement of Financial Position.

**Net invested capital** was Euro 104.174 million at 31 December 2015, a decrease of Euro 39.803 million compared to the figure at 31 December 2014. The year-on-year change mainly reflected the impairment charges taken on portfolio investments and changes in working capital.

**Net working capital**, the balance of current assets and current liabilities, moved from a negative figure of Euro 42.298 million at 31 December 2014 to a negative figure of Euro 63.910 million at 31 December 2015. Fiera Milano SpA has structural negative net working capital due to the favourable cash management cycle of exhibitions where advance payment of part of the attendance fee is made by clients. Furthermore, Fiera Milano SpA also manages these activities on behalf of third-party organisers and, in this way, generates positive cash flows also from renting exhibition space. The change in net working capital was linked to an increase in other current liabilities for personnel, due to the redundancy incentives agreed as part of the voluntary redundancy plan, and to payables to exhibition organisers.

**Equity** was Euro 86.329 million, an increase of Euro 64.593 million compared to the balance at 31 December 2014, mainly due to the share capital increase which raised Euro 66.835 million for Fiera Milano SpA through the issue of 29,770,392 new ordinary shares at a price of Euro 2.245 per share (a share premium of Euro 2.235 per share). Euro 0.297 million of the sum raised was allocated to share capital, which rose from Euro 42.148 million to Euro 42.445 million, and Euro 66.538 million was allocated to the share premium reserve.

The **net financial position** at 31 December 2015 was net debt of Euro 17.845 million compared to net debt of Euro 122.241 million at 31 December 2014. The reduction in net debt was due to the funds from the share capital increase and from higher cash flow from normal operations.

**Investments** at 31 December 2015 totalled Euro 10.149 million and the breakdown was as follows:

### Investments

(€'000)	Full year at 31/12/15	Full year at 31/12/14
Intangible fixed assets	1,008	1,635
Tangible fixed assets	1,364	595
Financial fixed assets	7,777	1,122
<b>Total investments in non-current assets</b>	<b>10,149</b>	<b>3,352</b>

**Investments in intangible fixed assets** totalled Euro 1.008 million and related mainly to the implementation of digital projects and the acquisition of software.

**Investments in tangible fixed assets** were Euro 1.364 million and related mainly to plant and equipment, electronic equipment and improvements to the Rho exhibition site.

**Investments in financial fixed assets** totalled Euro 7.777 million and related to the acquisition of 100% of Ipack-Ima SpA, the acquisition of 15% of Fiera Milano Exhibitions Africa, and for the share capital increase of Worldex.

Information on related-party transactions is given in Note 42 of the Explanatory and Supplementary Notes to the Fiera Milano SpA Financial Statements.



## Fiera Milano SpA personnel

### Composition and turnover

The Company had 424 permanent employees at 31 December 2015 and the breakdown compared to the previous financial year was as follows:

#### Permanent employees at year end

(units)	31/12/15	31/12/14
Executives	26	33
Middle management and White collar workers	398	404
<b>Total</b>	<b>424</b>	<b>437</b>

There was a decrease of 13 permanent employees compared to the previous year.

16 persons joined the Company, eight of which were to strengthen the marketing departments and eight in the operations departments. 29 persons left the Company 11 of which resigned, 15 left having signed an employment termination agreement, two were dismissed and one left because the protected employment period had been exceeded. The personnel that left were from the marketing departments and the operations departments.

On 31 December 2015, an early retirement project involving 17 employees was finalised and they departed the Company in January 2016.

The turnover ratio of employees, calculated as the difference between those joining and those leaving the Company as a percentage of the average number of employees, was 10.4% in 2015 compared to 2.7% in 2014.

#### Movement in employees

	2015	2014
New employees	16	8
Leavers	29	4
Employee turnover	10.4%	2.7%
Internal mobility	62	50

Fiera Milano SpA employs staff on fixed-term contracts during the peaks of activity in the exhibition calendar and for extraordinary projects such as Expo 2015. Employees on fixed-term contracts went from 18 in 2014 to 17 in 2015 including a temporary manager.

#### Fixed-term contracts

	Full year at 31/12/15	Full year at 31/12/14	Change
Executives	1	-	1
White collar workers	16	18	(2)
<b>Total</b>	<b>17</b>	<b>18</b>	<b>(1)</b>

Through agreements with the Milan Polytechnic, the Bocconi University, the Università Cattolica del Sacro Cuore, Iulm, the Università degli Studi di Milano, the Università degli Studi di Milano Bicocca, the Istituto Europeo di Design, the Università Carlo Cattaneo – the LIUC and Fondazione Fiera Milano, Fiera Milano SpA gave work experience in 2015 to 21 persons allocated to various Company departments (Marketing, Management and Human Resources, Operations, Commercial Department, Customer Care, the Technical department, Administration and the Expo 2015 project department). The average length of these *stages* was six months.

Part-time employees went from 55 in 2014 to 47 in 2015; 43 were horizontal part-time employees and four were vertical part-time employees.

Employees of Fiera Milano SpA can be divided into three main categories:

- executives with a managerial role;
- middle management with specialist roles;
- office staff and technical support staff.

Fiera Milano SpA has no manual workers as it outsources all activities for providing exhibition and setting-up services. A breakdown by length of service in Fiera Milano SpA indicates the strong employee loyalty to the Company and confirms the figures for the previous financial year. The following table gives a breakdown of employees by length of service:

<b>Breakdown by length of service</b>		
	<b>31/12/15</b>	<b>31/12/14</b>
< 10 years	32%	39%
From 10 to 20 years	40%	35%
> 20 years	28%	26%
<b>Total</b>	<b>100%</b>	<b>100%</b>

## Governing employment contracts

### National Collective Employment Agreement

Fiera Milano SpA uses the National Collective Employment Agreement for employees of companies in the tertiary, distribution and services sectors and also a supplementary company contract for non-executive employees; this was renewed in June 2013 and runs until 31 May 2016.

Fiera Milano SpA – in an economic scenario that remains difficult - has strengthened its focus on its employees by identifying alternative ways of enhancing their wellbeing while, at the same, containing the costs to the Company.

The Corporate Welfare plan, initiated in January 2014 and continued with success in 2015, incorporates benefits, personal services and services to ensure a work-life balance. The Company has set aside an equal sum for these benefits for each employee. The “WellFair” plan is accessible on-line and permits employees to choose the services that best suit them from amongst those identified by the Company under the provisions of enacted law. It allows each individual to construct his/her own benefit package and to manage it as he/she sees fits until the credit allocated him/her has been exhausted.

## Equal opportunities and non-discrimination

Fiera Milano SpA considers diversity and equal opportunities to be extremely important and this is expressed in its *Code of Ethics*, which states:

*Fiera Milano offers all workers the same employment opportunities, operating in such a way as to ensure that all of them enjoy equitable treatment based on criteria of merit without any discrimination.*

*The competent functions must:*

- Adopt merit, skill, and in all cases, strictly professional criteria for any decision concerning an employee;
- Select, hire, train, pay and manage employees without discrimination;
- Create a work environment where personal characteristics cannot give rise to discrimination.

*Fiera Milano interprets its entrepreneurial role in the protection of both work conditions and of the worker's psychological and physical integrity, respecting his/her moral personality, and preventing the latter from suffering illicit influences or undue difficulties.*

In particular, with regard to the employment of women, Fiera Milano SpA prepares a biennial report on gender equality in hiring employees, training, promotion and other factors so as to have an overview of gender equality amongst its employees as required by Legislative Decree no. 198 of 11 April 2006.

In 2015, female employees numbered 265 representing 62.5% of total employees.

## Safety

The safety of all its employees is mandatory for Fiera Milano SpA and it makes significant investments to ensure their safety. In 2015 health and safety training was given to those with technical roles in the Company.

## Training

The 2015 training programme of Fiera Milano SpA aimed to support the business functions by offering courses in professional and personal growth.

On one hand, the courses were designed to encourage the spread of a digital and social-oriented culture in the various Company departments and, on the other hand, to provide the means of recognising and understanding cultural diversity in order to improve communications and relations with international counterparts.

The first project entitled "*web contact leadership*" was to find new business opportunities through strategic understanding and use of social media tools. Having ascertained the situation "as is" and having given a general overview of the use and potential of social media tools, a study was made of LinkedIn. Initiatives and useful means were provided to all Company departments that took part (Communications, HR, Procurement, IT, Legal, Administration and Marketing) to improve and make the best use of this form of social media in order to develop the departmental brand reputation and that of the Company as a whole.

The second project entitled "*Quark...Omm multiculturalism*" was to facilitate communication and the approach to international clients through an ability to understand cultural diversity. Using an original and innovative method participants on the course had to research information, cultural content and businesses for each individual country analysed. They were then required to make videos that, in addition to providing topics for discussion on the culture of each country, gave specific pointers on suitable behaviour and behaviour to be avoided in business negotiations. At the end of the course, the participants showed the films they had made and answered any questions that they provoked. Subsequently the videos were put on the Company intranet so they were available to all employees.

At the end of the training course entitled "*Extraordinary Leader*" run for the executive team of the marketing department, the first 360° degree evaluation was made so that each person became aware of his/her potential within the team. Each team member prepared his/her own development plan comparing it with those of other team members whilst attempting to identify and work out how to develop his/her personal strengths in order to create improved and excellent leadership abilities.

In the second semester of 2015, with funding from Fondir (*Fondo interprofessionale dirigenti*), full immersion English language courses were organised in London and, in conjunction with these, business English classes were held.

In 2015, Fiera Milano presented the edutainment project "LaCura", which it ran in 2014. It won first prize in a competition held by UFI (the Education Award 2015) for the best training course that year. The jury commented on the importance of having involved the entire marketing team in an innovative way that both engendered team spirit and contributed to the sharing of knowledge.

The Fiera Milano training programmes involved approximately 406 employees for a total of 2,914 hours.

## Reorganisation

A reorganisation project was started in 2015 which ended at the end of the year. It had three specific objectives: a greater focus on the business, greater efficiency in the delivery of services, and the merger of some departments.

The reorganisation led to the departure of some executives and middle management.

At the end of the financial period under review, an early retirement project was finalised with a trade union agreement involving 17 persons that included executives, office workers and other employees.

The costs of this project were included in personnel expenses for 2015.



## Other information

### 1. EQUITY INVESTMENTS HELD BY MEMBERS OF THE ADMINISTRATIVE AND CONTROL BODIES AND BY GENERAL MANAGERS AND EXECUTIVES WITH STRATEGIC RESPONSIBILITIES

The table below shows equity investments in Fiera Milano SpA and its subsidiaries held by members of the Administrative and Control Bodies, the General Managers and Executives with strategic responsibilities, as well as by their spouses not legally separated and children that are minors, directly or through subsidiary companies, trust companies or intermediaries that appeared in the shareholders' register at 31 December 2015 or from communications received or information obtained directly from the relevant parties.

Full name	Position	Investee company	No. of shares held at 31.12.2014	No. of shares purchased	No. of shares sold	No. of shares held at 31.12.2015
<b>Directors**</b>						
Roberto Rettani***	Chairperson	Fiera Milano SpA	-	-	-	-
Corrado Peraboni	Chief Executive Officer	Fiera Milano SpA	-	8,250	-	8,250
Attilio Fontana	Deputy Vice Chairperson	Fiera Milano SpA	-	-	-	-
Licia Ronzulli	Vice Chairperson	Fiera Milano SpA	-	-	-	-
Joyce Victoria Bigio	Director	Fiera Milano SpA	-	-	-	-
Renato Borghi	Director	Fiera Milano SpA	-	-	-	-
Pier Andrea Chevallard	Director	Fiera Milano SpA	-	-	-	-
Romeo Robiglio	Director	Fiera Milano SpA	-	-	-	-
Vincenza Patrizia Rutigliano	Director	Fiera Milano SpA	-	-	-	-
<b>Directors no longer in office*</b>						
Michele Perini	Chairperson	Fiera Milano SpA	-	-	-	-
Enrico Pazzali	Chief Executive Officer	Fiera Milano SpA	30,000	-	30,000	-
Roberto Baitieri	Director	Fiera Milano SpA	-	-	-	-
Davide Croff	Director	Fiera Milano SpA	-	-	-	-
Giampietro Omati	Director	Fiera Milano SpA	-	-	-	-
<b>Statutory Auditors**</b>						
Federica Nolli	Chairperson	Fiera Milano SpA	-	-	-	-
Antonio Guastoni	Statutory Auditor	Fiera Milano SpA	-	-	-	-
Carmine Pallino	Statutory Auditor	Fiera Milano SpA	-	-	-	-
<b>Statutory Auditors no longer in office*</b>						
Stefano Mercorio	Chairperson	Fiera Milano SpA	-	-	-	-
Alfredo Mariotti	Statutory Auditor	Fiera Milano SpA	-	-	-	-
Damiano Zazzeron	Statutory Auditor	Fiera Milano SpA	-	-	-	-
			<b>No. of shares held at 31.12.2014</b>	<b>No. of shares purchased</b>	<b>No. of shares sold</b>	<b>No. of shares held at 31.12.2015</b>
<b>No. of Executives with strategic responsibilities</b>	<b>Investee company</b>					
Executives with Strategic Responsibilities in charge	Fiera Milano SpA	no. 1			-	
Executives with Strategic Responsibilities no longer in office	Fiera Milano SpA	no. 13	10,130		8,000	-

\* Directors whose mandate expired on 29 April 2015.

\*\* Appointed on 29 April 2015.

\*\*\*The Chairperson Mr Rettani purchased no. 50.000 shares in January 2016. Details are available on the Company website.

No person in the above table holds shares in the subsidiary companies of Fiera Milano SpA.

## Report on corporate governance and ownership structure at 31 December 2015

In this Report on Corporate Governance and Ownership Structure (hereinafter the **Report**), Fiera Milano SpA provides an account of its corporate governance system, information regarding the ownership structure, and disclosure on its compliance with the recommendations under the principles and application criteria of the Borsa Italiana Self-regulatory Code of Listed Companies, as amended in December 2011, July 2014, and in July 2015 (hereinafter the **Self-regulatory Code**). The term corporate governance is used to identify the body of rules and procedures adopted for the management and control of joint stock companies. An effective and efficient corporate organisation model must be capable of using the correct means to manage the business risks and potential conflicts of interest that can arise between Directors and shareholders and between shareholders with a controlling interest and those with a non-controlling interest in the Company. These aspects are of even greater significance in listed companies with a wide shareholder base.

The indications given by Borsa Italiana in the *Format for the Report on Corporate Governance and Ownership Structure* have been taken into account in the preparation of this Report.

### 1. Description of the Issuer

Fiera Milano SpA (hereinafter also the "Company or Fiera Milano"), an issuer of shares listed on the regulated market and specifically in the Segment for companies that meet the highest requirements of Borsa Italiana SpA (the STAR segment), uses a corporate governance system that meets the requirements of enacted laws, existing regulations and those of the Borsa Italiana Self-regulatory Code.

The Company uses a traditional administration and control model based on the existence of a Board of Directors and a Board of Statutory Auditors.

The Company qualifies as a Small and Medium Enterprise (hereinafter "SME") under Article 1, paragraph 1, section *w-quarter* of Legislative Decree of 24 February 1998 no.58 (hereinafter the "Consolidated Finance Act").

As part of the initiatives to maximise shareholder value and guarantee the transparency of management actions, Fiera Milano SpA has drawn up concise and clear rules of conduct, governing both its organisational structure and its third-party relations, in particular those with shareholders, which conform to national and international best practice.

### 2. Disclosure on the ownership structure

#### Share capital

The paid in share capital is Euro 42,445,141.00 (forty-two million four hundred and forty-five thousand one hundred and forty-one) and comprises 71,917,829 (seventy-one million nine hundred and seventeen thousand eight hundred and twenty-nine) registered shares with no nominal value.

The new share capital balance is the result of the share capital increase launched by the Company in 2015.

On 31 July 2015, the Extraordinary Shareholders' Meeting approved a share capital increase on a paid basis and in divisible form for a total maximum amount, inclusive of any share premium, of Euro 70 million to be offered to holders of the shares 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 to be carried out within a period of 12 months from the date of approval granted by the Shareholders' Meeting.

The Extraordinary Shareholders' Meeting also granted the Board of Directors all necessary powers to decide, nearer to the date of the transaction, the final amount of the share capital increase, the number of ordinary shares to be issued, the rights option ratio and the issue price, as well as the timing of the share capital increase.

The Extraordinary Shareholders' Meeting also approved the cancellation of the nominal value of the shares.

In accordance with the mandate granted it by the Extraordinary Shareholders' Meeting of 31 July 2015, the Board of Directors, on 26 November 2015, approved the final terms of the Rights Issue and subsequent offer of unsubscribed rights and the relative timetable.

In detail, the Board of Directors approved the issue of a maximum of 31,126,821 ordinary Fiera Milano shares with no indication of nominal value with normal entitlement and identical in character to the shares already in circulation at the time of issue to be offered to existing shareholders at Euro 2.245 per share (of which Euro 0.01 to be assigned to share capital and Euro 2.235 to be the share premium) in the ratio of three new Fiera Milano shares every four Fiera Milano shares held, for a maximum total of Euro 69,879,713.

29,770,392 ordinary shares were subscribed in the Rights Issue. This was equal to 95.64% of the total shares offered and was for a total value of Euro 66,834,530.

The Company Articles of Association including the modifications to Article 5 – regarding the new amount of the share capital – are available on the Company website [www.fieramilano.it](http://www.fieramilano.it) in the section *Investor Relations/ Corporate Governance/ Articles of Association*.

Details of the share capital increase are given in the Prospectus and in the Supplement to the Prospectus and in other documentation available on the Company website [www.fieramilano.it](http://www.fieramilano.it) in the section *Investor Relations/ Capital increase*.

The shares are indivisible and each carries one voting right except in the case of treasury shares held directly and indirectly, which do not have this right.

The Company has issued no other financial instruments with rights to subscribe to newly issued shares. At 31 December 2015, the Company had no share-based incentive plans involving an increase, even without payment, of the share capital.

### Restrictions on the transfer of shares

There are no restrictions on the transfer of shares.

### Significant shareholdings

The Company is classified as a SME and, therefore, under Article 120, paragraph 2, of the Consolidated Finance Act the relevant level for the communication of significant shareholdings is 5% rather than 2%.

According to the shareholders' register and communications received pursuant to Article 120 of the Consolidated Finance Act, the shareholders that at 14 March 2016 held, directly or indirectly, shares equal to 5% or more of the share capital were as follows:

Declarant	Direct shareholder	No. of shares	% of ordinary share capital	% of voting capital
<b>Fondazione E.A.Fiera Internazionale di Milano</b>	Fondazione E.A.Fiera Internazionale di Milano	45,775,815	63.650	64.226
	<b>Total</b>	<b>45,775,815</b>	<b>63.650</b>	<b>64.226</b>
<b>Camera di Commercio Industria Artigianato e Agricoltura di Milano</b>	Parcam S.r.l.	4,689,316	6.520	6.579
	Camera di Commercio Industria Artigianato e Agricoltura di Milano	1	0.000	0.000
	<b>Total</b>	<b>4,689,317</b>	<b>6.520</b>	<b>6.579</b>

### Shares with special rights

No shares with special rights have been issued.

#### **Employee stock options: mechanism for exercising rights**

At 31 December 2015, there were no employee stock option plans.

#### **Restrictions on voting rights**

There are no restrictions on voting rights.

#### **Shareholder agreements**

There are no shareholder agreements as under Article 122 of the Consolidated Finance Act.

#### **Change of control clauses and provisions in the Articles of Association regarding tender offers**

There are no changes to control clauses pursuant to Article 123-bis, paragraph 1, section h) of the Consolidated Finance Act.

As regards tender offers, the Company's Articles of Association meet current regulations on the passivity rule and do not provide for the application of the neutralisation measures under Article 104-bis, paragraphs 2 and 3 of the Consolidated Finance Act.

#### **Mandates to increase the share capital and authorisations for the acquisition of treasury shares**

On 31 July 2015, the Extraordinary Shareholders' Meeting granted the Board of Directors all the necessary powers to decide the final terms of the Rights Issue and subsequent offer of unsubscribed rights.

The mandate was executed in 2015 as detailed in the preceding section headed "*Share Capital*".

In the 2015 financial year there was no authorisation from the Shareholders' Meeting to acquire treasury shares under Article 2357 and following of the Italian Civil Code.

At 31 December 2015, Fiera Milano SpA held directly and indirectly 645,008 treasury shares, equal to 0.90% of the share capital.

Of the total figure for treasury shares, 626,758 shares that are held directly were acquired before the 2015 financial year under previous authorisations given to the Board of Directors. The remaining 18,250 treasury shares are held indirectly through Ipack Ima S.p.A. following the acquisition of the latter during 2015.

#### **Direction and coordination**

As approved by the General Council of its controlling shareholder Fondazione Ente Autonomo Fiera Internazionale di Milano on 26 July 2004, Fiera Milano SpA has organisational and management autonomy and is not subject to any direction or coordination, pursuant to Article 2497 and following of the Italian Civil Code, by its controlling company.

Any presumption of direction and coordination is negated by the fact that Fondazione Ente Autonomo Fiera Internazionale di Milano exerts no decisive influence on the long-term strategic plans or annual budgets of Fiera Milano SpA or on its investment decisions, nor does it determine its policies regarding the acquisition of goods and services on the market, or coordinates any business initiative or activity in the sectors in which the Company and its subsidiaries operate.

### **3. Compliance**

Fiera Milano SpA adheres to the Self-regulatory Code, approved by the Corporate Governance Committee of Borsa Italiana in March 2006 and as modified in December 2011, July 2014 and again in July 2015.

The Self-regulatory Code is publicly available on the website of the Committee for Corporate Governance at <http://www.borsaitaliana.it/comitato-corporategovernance/codice/2015clean.pdf>

The governance structure of Fiera Milano SpA is not affected by the legal provisions of countries other than Italy.

## 4. Board of Directors

The Board of Directors has a central role in the Company organisation and is responsible for its activities and its strategic and operating guidelines, as well as for verifying that the necessary controls exist to monitor Company and Group performance.

### Appointments and replacements

As required by law and by the Company's Articles of Association, the appointment of members of the Board of Directors is made from lists presented by shareholders who, either alone or in association with other shareholders, hold shares with voting rights that represent at least 2.5% of the shares with voting rights in ordinary shareholders' meetings, as required by both the Company's Articles of Association and by Consob Resolution no. 19499 of 28 January 2016. The lists must be deposited at the registered office of the Company at least twenty-five days preceding the date set for the first convocation of the shareholders' meeting and must be made publicly available at least twenty-one days prior to this date in compliance with enacted regulations.

Ownership of the minimum amount required to present lists is based on the shares that are registered to the shareholder on the day on which the lists are deposited with the Company. To prove ownership of the minimum number of shares required to present lists, the Shareholders must provide within the time required for the publication of the lists by the Company the relative certification released in accordance with law by authorised intermediaries.

Each list must be accompanied, within the aforementioned time, by (i) information concerning the identity of the shareholders that have presented the list and the percentage of the company held by these shareholders, (ii) statements in which each candidate agrees to be a candidate and declares that there is no cause that would make them ineligible or incompatible and that they meet the necessary requirements under enacted law to be appointed, including any requirements of independence as established by the Statutory Auditors and as required by law and by the Self-regulatory Code (iii) a *curriculum vitae* of the business career of each candidate, indicating directorships and executive positions held.

It is also a legal requirement that at least one Director be appointed from the list with the greatest number of votes presented by minority shareholders and which is in no way connected, even indirectly, with the shareholders who presented, or joined together to present, or voted for the list that received the highest number of votes.

With reference to the appointment and replacement of members of the Board of Directors, in accordance with the requirements of Article 147-ter, paragraph 1-ter, of the Consolidated Finance Act and Article 144-undecies.1 of the Consob Regulation approved with deliberation 11971 of 14 May 1999 and subsequent amendments and modifications (hereinafter the "**Listing Rules**"), requires that:

- the number of Directors respects the principle of gender equality and guarantees that the least represented gender has at least one third of the seats on the Board;
- the way in which the lists are drawn up and the substitution mechanisms for replacing persons during their mandate guarantee that the approved principle of gender equality is adhered to;
- the mechanisms used should the elected body not respect the approved principle of gender equality ensure that some or all of the last three persons elected from the list that obtained the highest number of votes and that are of the gender most represented must step down to ensure the principle of gender equality to be replaced by the first persons that failed to be elected on the same list that belong to the less represented gender.

Under the Company's Articles of Association at least one of the members of the Board of Directors, or two members if the Board is made up of more than seven members, must be considered independent by the Statutory Auditors in accordance with enacted law (Article 148 of the Consolidated Finance Act).

For information purposes the entire section of the Company's Articles of Association regarding the aforementioned principle are available on the Company website [www.fieramilano.it](http://www.fieramilano.it) in the section *Investor Relations/ Corporate Governance/ Articles of Association*.

Furthermore, Fiera Milano SpA, as a company belonging to the STAR segment of the Italian Equity Market, is required to have two independent Directors in a Board of Directors of up to eight members, three independent Directors in a Board of Directors of between nine and a maximum of fourteen members, and at least four independent Directors in a Board of Directors with more than fourteen members. The Self-regulatory Code also recommends that an adequate number of independent Directors are appointed to the Board of Directors by applying the principles and criteria under articles 2 and 3 of the aforementioned Self-regulatory Code.

As indicated in the Self-regulatory Code, a Director of a listed company is not normally considered independent if:

- a) the Director, directly or indirectly, even through a subsidiary, fiduciary company or intermediary person, controls the issuer or is capable of exercising significant influence over it, or is part of a shareholding agreement through which one or more parties can exercise control or have a significant influence over the issuer;
- b) a Director has, or has held in the previous three financial years, a significant role (Chairman, Executive Director, executive with strategic responsibilities) in the issuer or in one of its subsidiaries of strategic importance or in a company which is subject to common control by the Company, or in a company or entity which, also with others through a shareholding agreement, controls the issuer or is capable of exercising significant influence over it;
- c) in the preceding financial year, the Director has or has had, directly or indirectly, a significant business, financial or professional relationship with:
  - the issuer, one of its subsidiaries or any of its top management;
  - someone who, also together with others through a shareholding agreement, controls the issuer, or – if a company or entity – is connected with any of the relevant top management;or who is, or in the last three financial years has been, an employee of any of the aforementioned entities;
- d) a Director receives or has received in the previous three financial years from the issuer, or one of its subsidiaries or from a parent company, significant additional remuneration to the compensation agreed for a non-executive Director of the issuer or remuneration for being a member of a committee recommended in the Self-regulatory Code, including any incentive plans linked to company performance, comprising those that are share-based;
- e) a Director has been a Director of the issuer for more than nine of the previous twelve years;
- f) a Director is an executive Director in another company in which an executive Director of the issuer is also a Director;
- g) a Director is a shareholder or Director of a company or entity belonging to the group of the company that is appointed as legal auditor to the issuer;
- h) a Director is closely related to a person in any of the situations described above.

### Succession plans

To date, the Company has not adopted a formal plan for the succession of the Chief Executive Officer as the professional characteristics present within the Board of Directors and in the present management should ensure continuity in the operational management of the Company.

### Composition

The Board of Directors appointed at the Shareholders' Meeting of 29 April 2015, from a single list presented by the majority shareholder, Fondazione Ente Autonomo Fiera Internazionale di Milano, will hold office until approval of the Financial Statements at 31 December 2017 (Table 1 attached to the present Report gives the structure of the Board). The Board is composed of nine Directors. A brief *curriculum vitae* for each Director with his/her main personal and professional attributes, as well as a list of appointments held is given below.

**Roberto Rettani**, Chairperson since 29 April 2015 and Independent Director under Article 148, paragraph 3 of the Consolidated Finance Act and under the Self-regulatory Code (**independent non-executive Director**).

Born in Milan on 16 February 1953, Mr Rettani graduated in Industrial Chemistry from the Università Statale of Milan and did an MBA at the Luigi Bocconi University.

In 2010 he founded Syneresis S.r.l., a consultancy company in the healthcare sector, and since that date has been its Chairman and Chief Executive Officer. He has over thirty years' experience in large Italian and foreign companies in the chemicals and pharmaceuticals sectors: from 2005 until 2008 he was Managing Director and CEO of Bracco Imaging S.p.A.; from 1999-2005, he was Managing Director and CEO of Zambon Group S.p.A.; from 1995-1999 he was Managing Director and CEO of Antibioticos S.p.A.; from 1994-1995 he was Group Director Planning & Strategy of Montedison S.p.A., a company in which he had previously been a member of the Steering Committee. From 1988-1994 he was Chief Executive Officer of Himont S.p.A. having previously been the Finance Director of Himont Incorporated. From 2005-2012 he was Chairman of the Chemicals Group of Assolombarda and also a Council member. His other appointments include President of the Carlo Erba Foundation and member of the Scientific Advisory Board of the Filarete Foundation. Since October 2015 he has been Chairman of Impact LaB S.r.l. He is also a Board member of Lisapharma SpA and the Chairman of Italchimici SpA.

**Corrado Peraboni**, Chief Executive Officer since 29 April 2015 (**Executive Director**).

Born in Monza on 2 June 1964, Mr Peraboni is a graduate in law from the Università degli Studi di Milano. He is currently the secretary of the governing body of UFI, the Global Association of the Exhibition Industry. From 2001-2014, he was Deputy Chairman of the European Section of UFI; from 2004-2008 he was simultaneously World Deputy Chairman of UFI and Chairman of the European Section.

From 2000-April 2015, he was Director General of Ente Autonomo Fiera Internazionale di Milano. From 1996-1999, he was a member of the General Council and Executive Council of Ente Autonomo Fiera Internazionale di Milano. Within the Fiera Milano Group he has been Chairman and Chief Executive Officer of Edizioni Fiera Milano S.p.A. (1997-2000); Chairman and Chief Executive Officer of Rassegne S.p.A. (1998-2000); a Board director of Fiera Milano International S.p.A. (2003-2007); Sole Director of Quartiere Fiera S.r.l. (2003-2012); a member of the Board of Directors of Villa Erba S.p.A. (2001-2014); and Chief Executive Officer of Expo CTS (2007-2009).

He has also held several institutional offices: in 1992 he was elected to the Chamber of Deputies and was re-elected again in 1994; he has been a member of the Production Activity Commission, the Commission for Regional Affairs, and the cross-Chamber Committee overseeing the Cassa Depositi e Prestiti. From July 2012 until May 2015 he was a Board Director of Arexpo S.p.A.

**Attilio Fontana**, Deputy Vice Chairman and Director since April 2009, an independent Director under Article 148, paragraph 3 of the Consolidated Finance Act and under the Self-regulatory Code (**independent non-executive Director**).

Born on 28 March 1952 in Varese, Mr Fontana is a graduate in law from the Università Statale di Milano and owns a legal studio that he set up in 1980. Since 1988 he has been a lawyer entitled to represent clients in the Court of Cassation. From 1983-1989 he was an honorary district judge. He was a member of the Advocates and Procurators Council of Varese for three mandates and is registered in the Register of Auditors of Accounts. Since 1995 he has held numerous administrative positions and, since 2006, has been the Mayor of Varese; he is currently Vice Chairman of the National Committee of ANCI and a member of its National Steering Committee.

**Licia Ronzulli**, Deputy Chairperson and Director since 29 April 2015, an independent Director under Article 148, paragraph 3 of the Consolidated Finance Act and under the Self-regulatory Code (**independent non-executive Director**).

Born in Milan on 14 September 1975, Ms Ronzulli took a Master degree in Health Management and from 2003-2009 was responsible for coordinating the health professions within the IRCCS – Istituto Ortopedico Galeazzi di Milano (the San Donato Hospital Group). From 2009-2014 she was a member of the European Parliament and a member of the Committee for Employment and Social Affairs. She also became a member of the Committee for Environment, Public Health and Food Safety. Since 2004, she has worked with the international non-profit organisation, ONLUS Progetto Sorriso nel Mondo, travelling several times to Bangladesh with a surgical team specialising in the treatment of children with physical abnormalities. She is a consultant, manager and instructor in Corporate Welfare, Work-life Balance and Social Innovation.

**Joyce Victoria Bigio**, Director since 29 April 2015, an independent Director under Article 148, paragraph 3 of the Consolidated Finance Act and under the Self-regulatory Code (**independent non-executive Director**).

Born in Norfolk, Virginia (USA), in 1954, Ms Bigio graduated in Economy and Commerce from the University of Virginia in Charlottesville (USA) in 1976. From 1976-1986 she worked for Arthur Andersen & Co both in Milan and Washington becoming a Senior Audit Manager. From 1986-1990, she was responsible for setting up and implementing the management control system at Euromobiliare SpA in Milan; in 1990 she joined The Waste Management Group, a company with offices in both London and Milan, first as a Finance Manager for Europe and later as Controller of Mergers & Acquisitions. For three years from 1995 she was Director General of American International Bakeries in Milan and in 1998 became the Finance Director and a Board member of the Italian and Swiss subsidiaries of Sotheby's auction house. In 2002 she founded International Accounting Solutions Srl where she is currently a Managing Partner. She has been a non-executive independent board Director of Fiat SpA, as well as a member of the Control and Risks Committee and the Appointments Committee until the effective merger by incorporation of Fiat S.p.A. into Fiat Investments N.V. She has also been an independent Director of Gentium S.p.A., a pharmaceutical company listed on Nasdaq, and of Simmel Difesa S.p.A. Since 2014 she has been an independent Board member and Chairperson of the Control and Risks Committee of RAI WAY SpA. In November 2015, she became an independent Director and Chairperson of the Control and Risks Committee of Veneto Banca S.c.p.a.

**Renato Borghi**, Director since 2006, an independent Director under Article 148, paragraph 3 of the Consolidated Finance Act and under the Self-regulatory Code (**independent non-executive Director**).

Born on 30 October 1948 in Milan, Mr Borghi is the Managing Director of Pellux S.r.l. He is also Deputy Chairman of Confindustria Nazionale; Deputy Vice Chairman of Confindustria Lombardia; Deputy Chairman of Federazione Moda Italia and National Chairman of Federmodamilano, both entities that represent companies in the retail and wholesale distribution of textiles, garments, furnishings, shoes, leather goods, travel goods and accessories.

**Pier Andrea Paolo Edoardo Chevallard**, Director since 2010, an independent Director under Article 148, paragraph 3 of the Consolidated Finance Act and under the Self-regulatory Code (**independent non-executive Director**). Born on 24 May 1951 in Turin, Mr Chevallard graduated in Political Sciences from the University of Turin. Since January 2015, he has been CEO and General Director of Tecnoinvestimenti SpA. From November 2001 - December 2014, he was Secretary General of the Milan Chamber of Commerce, Industry, Craft and Agriculture. He is also Chief Executive Officer of Parcam Srl, Tecno Holding SpA, and Tecnoinfrastrutture S.r.l.; a Director of Promos, a specialised internationalisation and regional marketing company that is part of the Milan Chamber of Commerce; Director General of DIGICAMERE S.c.a.r.l.; and a board Director of Fiera Milano Coongressi S.p.A., Ribes S.p.A. and ASSICOM S.p.A..

**Romeo Robiglio**, Director since 2003. (**Non-executive Director**).

Born in Montechiaro d'Acqui (Alessandria) on 20 January 1931, Mr Robiglio became the Deputy Director of the Milan headquarters of Credito Italiano in 1976 and from 1978-2003 was the Managing Director of Gruppo Siti Novara, a group of companies in the mechanical engineering sector. He has been a Director and member of the Executive Committee of Fondazione Cariplo (1998-2001) and of Intesa Asset Management (2000-2003). In 2001-2004, he was also Deputy Chairman of the Industrial Association of Novara and from 2004-2007 was appointed a board Director of Esatri S.p.A. part of Intesa San Paolo Group. He is also Director of Nolostand S.p.A., and of the companies within the Intesa San Paolo Group, Sirefid S.p.A. and OldEquiter S.p.A.

**Vincenza Patrizia Rutigliano**, Director since 29 April 2015, an independent Director under Article 148, paragraph 3 of the Consolidated Finance Act and under the Self-regulatory Code (**independent non-executive Director**).

Born in Barletta on 25 February 1968, Ms Rutigliano graduated in Foreign Languages and Literature. Since 2009, she has been the Director of Institutional Relations and Communications at Snam, one of the main European companies in the management of natural gas infrastructure. Since 2011, she has also been the President of FERPI, the Italian Public Relations Federation. From 2004-2009, she was Director of Communications at Autogrill and from 2001-2004 was the external relations Officer for Fastweb and Press Officer for e.Biscom. From 1997-2001 she was the spokesperson of the City of Milan. A specialist in Social Communications, she has been a professional journalist since 1997. In 2008 she was Director of the course for the Masters degree in Media Relations at the Alta Scuola in Media Comunicazione e Spettacolo of the Università Cattolica del Sacro Cuore in Milan. Since 2012 she has been a member of the Steering Committee of the Political Sciences Department of the Università degli Studi, LUISS Guido Carli in Rome. She is a member of the Steering Committee of the General Council of Assolombarda and the Committee for the Milano Expo 2015 Brand.. She is a member of the Board of Directors of Toscana Energie and of *Il Cittadino* in Monza and Brianza.

With the exception of the Chief Executive Officer, all other members of the Board are non-executive Directors since none have any management responsibility.

For information on positions as Director or Statutory Auditor held by members of the Board of Directors in other companies listed on regulated markets, also foreign, or in financial, banking or insurance companies or companies of significant size, please refer to the section above and Table 1 of the present Report.

It should be noted that the number of independent Directors shown above exceeds the minimum ratio to the total number of Board Directors that is required by enacted law and regulations.

The Board of Directors verified the requisite independence of the Directors at the board meeting on 29 April 2015. On the aforementioned date, the Board of Statutory Auditors, as part of their duties under the law, verified that the Board of Directors had correctly applied the criteria and procedures for ascertaining and evaluating the independence of its own members.

The Chairman of the Board of Directors and the Chairman of the Board of Statutory Auditors therefore certified the existence of the requisite independence of the Directors on the basis of declarations given to this end in accordance with enacted law.

Profiles of the members of the Board of Directors may be found on the Company website [www.fieramilano.it](http://www.fieramilano.it) under *Investor Relations/Corporate Governance/Corporate Bodies*.



## Role of the Board of Directors and Delegated Bodies

The Board of Directors is invested with the widest powers for the ordinary and extraordinary management of the Company; specifically, it may take any action deemed appropriate or useful to achieve the Company objectives, except for those which, pursuant to law, are reserved for the Shareholders' Meeting.

In addition to those responsibilities that by law are the exclusive preserve of the Board of Directors, the Company's Articles of Association specifically assign the Board the following responsibilities:

- (a) the purchase, underwriting and transfer on its own behalf of shares, shareholdings or investments in other companies, including newly incorporated companies, and the transfer of option rights, except for normal treasury investment transactions;
- (b) the conferral of fixed or other assets to other companies in the process of incorporation or already incorporated;
- (c) any form of loan taken out by the Company which exceeds 30% of shareholders' funds;
- (d) taking out mortgages, charges or other guarantee rights of any type on all or a significant part of the bonds, property or assets of the Company;
- (e) approval of the budget;
- (f) the granting of bank guarantees from the Company to third-parties;
- (g) the stipulation of property-related contracts, with the exception of property rental contracts for a period not exceeding six years, agreed as part of the Company business;
- (h) the acquisition, divestment, creation, lease and contractual licensing agreements for patents, brands, models, internet sites and/or domains, satellite or cable television channels, editorial publications, royalties and similar and any intellectual property rights in general that are connected to the corporate objectives of the Company;
- (i) the appointment, use of consultants, and authorisation of services not covered by the budget and exceeding Euro 100,000 to third-parties that are in no way connected to the Board;
- (j) the appointment and removal of the Manager responsible for preparing the company accounts.

The Board of Directors is also responsible for the following:

- (k) any merger decision in circumstances pursuant to Articles 2505 and 2505-*bis* of the Italian Civil Code;
- (l) the setting up and closure of branch offices;
- (m) the reduction of the share capital in cases of shareholder rescission;
- (n) amending the Company's Articles of Association so that they adhere to the law;
- (o) the transfer of the registered office to another location in the same Province.

The Chief Executive Officer is vested with all the powers necessary for the ordinary and extraordinary management of the Company, except for those matters that are the exclusive preserve of the Board of Directors.

The Chief Executive Officer provides the Board of Directors, at least quarterly, with adequate information on the general progress of operations, on the foreseeable outlook for the business, as well as on the more significant transactions carried out by the Company and its subsidiaries.

The Directors notify the Board of Statutory Auditors in a timely manner in writing, and at least quarterly at the meeting of the Board of Directors, of any material economic, financial or equity-related transactions carried out by the Company and its subsidiaries.

As regards the provisions of point 1.C.3 of the Self-regulatory Code concerning an opinion of the Board about the maximum number of appointments that may be held as Directors or Statutory Auditors in listed companies, financial institutions, banks, insurance companies or companies of a significant size, it should be noted that the current Articles of Association of the Company do not stipulate a maximum number of such positions that may be held. However, the members of the Board of Directors have undertaken to guarantee that they will carry out their duties effectively and dedicate to the necessary time to these duties. This is confirmed by the significant number of Board meetings held during the 2015 financial year and the high level of attendance at these meetings.

The meetings of the Board of Directors are usually scheduled according to a timetable approved at the start of the year in order to ensure maximum attendance at the meetings.

The corporate calendar is available on the Company website [www.fieramilano.it](http://www.fieramilano.it) in the *Investor Relations/Financial calendar* section.

During the financial year to 31 December 2015, the Board of Directors met twenty-five times with a high attendance rate for all Directors (the number of meetings attended by each member of the Board of Directors is shown in Table 1). The average duration of the board meetings was approximately two hours. At the date the present Report was approved, four Board Meetings had been held in the current financial year.

Group executives, who are responsible for the corporate activities pertaining to matters that are on the agenda, are invited to attend board meetings to supply additional information on the matters under discussion by the Board of Directors.

On 29 April 2015, the Board of Directors appointed a Secretary to the Board who is the Central Director of Corporate Affairs of Fiera Milano SpA.

The Chairman is supported by the Secretary in ensuring the timely delivery and completeness of the documentation supplied ahead of the board meetings and in maintaining the confidentiality of the data and information given.

Board Directors and Statutory Auditors receive the documentation and information sufficiently in advance of the date of the Board meeting to allow them to speak knowledgeably on the arguments submitted to them for discussion and approval.

The Board of Directors decided that the appropriate advance period for documentation given to Directors and Statutory Auditors ahead of board meetings was: seven days prior to the date of the meeting for any documentation regarding financial statements, budget and business plan except when there are valid reasons otherwise.

### **The Chairman of the Board of Directors**

The Chairman directs the proceedings of the Shareholders' Meetings, verifies the correct constitution of the meeting, checks the identity and the legitimate right of attendees, oversees its conduct, including the rules governing the order and duration of any intervention, organises the voting system and the counting of votes, and scrutinises the results of any vote. The Chairman also oversees relations with the shareholders, supervises national and international institutional relations and corporate communication; he coordinates strategies and the internal audit, and verifies that decisions taken by the Board of Directors are implemented, whilst assisting the Chief Executive Officer in the internationalisation of the Group.

### **Induction program**

The Chairman and the Chief Executive Officer have been diligent in informing the Board of Directors of market conditions in the exhibition sector. They ensured that the Directors had adequate knowledge of the sector in which Fiera Milano SpA operates, company matters and performance, as well as the reference legal framework. In particular, the Board of Directors was made aware of the national and international environment for exhibitions with particular reference to the Brazilian, Chinese, South African, Indian, and Russian markets.

### **Self-appraisal by the Board of Directors**

The Board of Directors carried out a self-appraisal of the functioning, composition and size of the Board of Directors and of its committees in the 2015 financial year.

The self-appraisal, instigated by the Chairman of the Board of Directors, was made by each Director completing a questionnaire; the results were revealed during the Board Meeting held on 14 March 2016.

The questions were designed to analyse (i) the size and composition of the Board of Directors with reference to the nature and professional experience of the Directors; (ii) its *modus operandi*, (iii) the composition and roles of the internal committees of the Board; (iv) the knowledge of the legal framework of the sector and the participation of Directors at meetings and in the decision-making process.

This questionnaire was completed by each Director and the results were aggregated and presented to the Board of Directors in an anonymous form.

The results of the questionnaire showed that the Board of Directors believes that the composition and *modus operandi* of the Board meet the organisational and administrative requirements of the Company. They also confirmed the diversity of professional qualifications of the Directors and the abilities and experience they bring to the decision-making process. A positive opinion was also expressed on the frequency of the meetings. There was also a positive evaluation of the internal committees concerning the role guaranteed by these committees within the Board.

## 5. INTERNAL COMMITTEES WITHIN THE BOARD OF DIRECTORS

The Control and Risk Committee and the Remuneration Committee have been set up by the Board of Directors; their roles and functions are in line with the standards indicated in the Self-regulatory Code and with corporate governance best practice.

On 29 April 2015, the Board of Directors decided against having a specific appointments committee within the Board of Directors, under Article 5.P.1 of the Self-regulatory Code, as there appeared to be no requirement for such a committee. It decided that the functions of an appointments committee would be carried out by the Board in order to meet the criteria of 4.C.2 of the Self-regulatory Code.

On 26 July 2013, the Board of Directors adopted *Rules for the Appointment of the Corporate Bodies of Subsidiaries*, which gives guidelines for appointments to the administration and control bodies in subsidiaries that refer to the *Rules for the Regulation of Direction and Coordination by the Parent Company* (see section 11).

### Remuneration Committee

A Remuneration Committee has been constituted within the Board of Directors.

The Board of Directors meeting of 29 April 2015 appointed the Deputy Vice Chairman, Attilio Fontana, as Chairperson of the Remuneration Committee and the non-executive Directors, Licia Ronzulli and Romeo Robiglio, as the other members of the committee.

The members of the Remuneration Committee are remunerated for the work they do.

During the financial year to 31 December 2015 the Remuneration Committee met five times, with minutes taken, making proposals, as is its duty, to the Board of Directors. The average duration of these meetings was approximately forty-five minutes.

At the date of the approval of the present report, five meetings had been held in the current financial year.

Information on the composition, activities and operation of the Remuneration Committee, is given in the Report on Remuneration published in accordance with Article 123-ter of the Consolidated Finance Act.

### Remuneration of the Board of Directors

Reference should be made to the Report on Remuneration published in accordance with Article 123-ter of the Consolidated Finance Act for:

- The general policy on remuneration;
- Remuneration of Executive and Non-executive Directors;
- Remuneration of executives with strategic responsibilities;
- Compensation payable to Directors on resignation, dismissal or termination of employment.

### Control and Risk Committee

The Board of Directors set up a Control and Risk Committee composed of independent and non-executive Directors. The Committee has an advisory role, makes proposals and carries out preliminary research to aid the Board of Directors in its decisions and evaluations regarding the internal control and risk management systems, as well as the approval of the financial statements and the six month interim financial statements; it gives the Board of Directors information, on at least a six-monthly basis when the annual financial statements and the interim six-monthly statements are approved, regarding its activities and also the adequacy of the internal control and risk management systems.

The Control and Risk Committee has the following remit:

- to give a preliminary opinion to the Board of Directors regarding:
  - (i) the definition of the guidelines of the internal control and risk management systems so that the main risks faced by the Company and its subsidiaries are correctly identified, quantified, managed and monitored while assessing the compatibility of these risks with management of the company that is consistent with its stated strategic objectives;
  - (ii) the annual evaluation of the adequacy and efficacy of the internal control and risk management systems given the nature of the business and its risk profile;
  - (iii) the description, which is part of the Report on Corporate Governance, of the main features of the internal control and risk management systems and the evaluation of its adequacy;
- to express a considered opinion on the interests of the Company and on the substantial correctness of conditions regarding related-party transactions, pursuant to the enacted Procedures for Related-Party Transactions adopted by the Company in accordance with Consob Resolution no. 17221/2010 and the relative enacted organisational procedures;
- to express a considered opinion on specific aspects regarding the identification of the main corporate risks;
- to evaluate, in collaboration with the Manager responsible for preparing the Company accounts, the Independent Auditors, and the Board of Statutory Auditors, the correct application of accounting principles, as well as their consistent application within the Group in the preparation of the consolidated financial statements;
- to express a preliminary opinion regarding the appointment or change in the Head of Internal Audit, ensuring that he/she has the necessary resources to carry out his/her role, as well as on whether the relative remuneration is consistent with Company policy;
- to express its opinion regarding the adoption and subsequent updating of the guidelines for the Manager responsible for the preparation of the Company accounts;
- to express an opinion to the Board of Directors on the annual approval of the work schedule prepared by the Head of Internal Audit and to examine the periodic reports made by the internal audit department to evaluate the internal control and risk management system, and any other important evaluations;
- to give an opinion to the Board of Directors on the results of the independent audit expressed in any eventual letter of suggestions and in the report on the fundamental questions pursuant to Article 19, paragraph 3 of Legislative Decree no. 39/10 that have emerged as part of the legal audit;
- to express an obligatory but non-binding opinion on any intra-group service contracts that could come under the Rule governing the exercise of direction or coordination by the Parent Company;
- to monitor the independence, adequacy and efficacy of the internal control procedures.

The Chairperson of the Board of Statutory Auditors (or a member of the Board of Statutory Auditors delegated by the Chairperson) and the Head of Internal Audit for Fiera Milano SpA attend meetings of the Control and Risk Committee. Other Statutory Auditors may also attend.

If considered appropriate, the Committee may invite Directors and executives of Fiera Milano SpA or of Group companies to attend its meetings so that they may give their opinion on specific matters; it may also invite other persons who may be able to assist in the business of the Committee.

The Control and Risk Committee has access to information and the corporate functions necessary to expedite its business and may also use external consultants.

At its meeting on 29 April 2015, the Board of Directors appointed the following as members of the Control and Risk Committee: Joyce Victoria Bigio (Chairperson), Renato Borghi and Patrizia Rutigliano, all independent Non-executive Directors.

At the time of these appointments, the Board of Directors expressed a positive opinion on the professional accounting and financial experience of the Director, Ms Bigio.

The members of the Control and Risk Committee are remunerated for the work they do.

During the financial year to 31 December 2015, the Control and Risk Committee held eleven meetings, minuted in accordance with the regulations. The average duration of the meetings of this Committee was approximately two hours. At the date of the approval of the present Financial Statements, three meetings had been held in the current financial year. During the financial year under review, the Control and Risk Committee has:

- evaluated the work schedules prepared by the Head of Internal Audit, with relevant periodic reports on the audit activity;
- examined the work schedule proposed by the independent audit firm, the relevant audit reports and the report on fundamental topics;

- examined the delegation and procurement systems;
- monitored the functioning of Group shared services;
- examined the process for preparing the quarterly and half-year operational report, as well as that for the annual Financial Statements, and evaluated the adequacy of the accounting standards used with particular attention to the methodology followed in applying any impairment test procedures;
- monitored the preparation of the Parent Company rights issue;
- periodically examined interim financial reports.

The Control and Risk Committee also exercised its prerogative to give a preliminary analysis to the Board of Directors identifying, quantifying, managing and monitoring the main risks faced by the Company.

On the subject of related-party transactions, the Committee expressed its opinion on the proposal to change the existing Related-party Procedure and examined the suitability and substantive correctness of the main economic, equity and financial transactions with related parties in the 2015 financial year.

## 6. Internal Control and Risk Management System

The internal control and risk management system of the Company and the Group is made up of rules, procedures and organisational structures that are designed to identify, quantify, manage and monitor the main risks. It contributes to the conduct of the Company and the Group as it is consistent with the corporate objectives established by the Board of Directors of the Parent Company and favours the adoption of informed decisions. It also contributes to guaranteeing (i) the protection of shareholder equity, (ii) efficient and effective corporate procedures, (iii) reliability of financial reporting, and (iv) compliance with applicable laws and rules, the Company's Articles of Association, and internal procedures.

Fiera Milano Group has developed an integrated risk management model based on internationally recognised Enterprise Risk Management (ERM) standards.

The main aim is to have a systematic and pro-active approach to identifying the principal risks to which the Group is exposed and to identify as early as possible the potential negative effects, taking suitable action to mitigate these effects while continually monitoring the relevant 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, and has made the necessary organisational changes in order to identify the roles and responsibilities of those involved.

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 course 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; (v) monitoring over time of any exposure that has been identified.

The Control and Risk Committee and the Board of Statutory Auditors are informed of the results of the aforementioned procedures.

### **Risk management and internal control system for financial reporting**

The aforementioned integrated risk management model cannot be considered separately from the internal control system used for the financial information process as both are elements of the overall internal control and risk management system of Fiera Milano SpA. It should be noted that the process for preparing the annual and interim financial statements and, in particular, the processes to describe the principal risks and uncertainties to which Fiera Milano SpA and the Group are exposed, are strictly linked and coordinated to the information flows deriving from the Enterprise Risk Management (ERM) processes of the Company and of the Group, which aim to identify, evaluate and mitigate any corporate risks.

In recent financial years, Fiera Milano SpA has modified its internal control system for financial reporting in keeping with the provisions of Law 262/05 so as to document, where necessary, the administrative and accounting control model adopted, and to schedule and carry out periodic checks on the operational efficacy of the controls that are behind the certification processes of the Manager responsible for preparing the company accounts.

The aforementioned administrative and accounting control model combines the internal procedures and methods used by the Company to attain the corporate targets of integrity, accuracy, reliability and timeliness of financial information. The approach of Fiera Milano SpA in formulating, implementing and continually updating the aforementioned administrative and accounting control model follows a development process in line with generally accepted best practice, the guidelines for the duties of the Manager responsible for preparing the company accounts under Article 154-*bis* of the Consolidated Finance Act issued by Confindustria, and the control elements identified in the Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission.

This reference model, based on the components of the internal control system (Control environment, Risk assessment, Control activities, Information & Communications, and Monitoring) necessary to attain the aforementioned financial reporting objectives favours, *inter alia*, the identification of coordination opportunities and the development of synergies among, for example, Enterprise Risk Management activities, activities undertaken to comply with Decree Law 231/2001 and the activities of the Internal Audit Department.

The internal control system phases relating to the financial reporting system of Fiera Milano SpA can be divided into the following macro-categories:

- identifying procedures, risks and controls;
- defining and updating administrative and accounting procedures;
- monitoring and updating administrative and accounting procedures.

As part of the responsibilities and powers given him/her by the Board of Directors, the Manager responsible for preparing the Company accounts must effectively implement any actions falling into the above categories.

The main activities under the model used, and included in the macro-categories listed above, are summarised below.

### **Identifying procedures, risks and controls**

This category includes all activities concerned with identifying or updating the extent of analysis and monitoring carried out, the identification and assessment of risks, the planning of administrative and accounting procedures and the formulation and assessment of checks aimed at mitigating those risks.

At least once a year, the Manager responsible for preparing the Company accounts decides the areas of the Company and Group processes that will be subject to risk analysis and to monitoring of the controls existing in the administrative and accounting control model. This will be done using both quantitative and qualitative parameters to ensure that the most significant areas and/or those that pose the greatest risk of failing to meet the objectives of the financial reporting controls are included in the aforementioned areas.

Defining the areas to be analysed and monitored necessitates identification of the relevant accounts, disclosures and connected procedures so that the subsequent identification and assessment of controls, both at entity level and at procedure and transaction level, can effectively mitigate the risks inherent in the process of preparing financial information.

With regard to identifying and assessing risk in financial reporting, the approach adopted considers both the risk of unintentional errors and those that may be caused by fraudulent activity, providing for the formulation and monitoring of checks and balances that address these types of risk, as well as coordinating the controls implemented with others in the overall internal control system.

To support the assessment of inherent risk levels, the reference criteria used are based on the following main potential risk indicators, generally recognised by the reference best practice: changes in information systems, processes and procedures and other complex elements, for example, the complexity of information processing required by a certain procedure, a high level of transactions, or, for example, in processes that incorporate a considerable amount of estimates and valuations, the adequacy of the documentation and the reliability of the assumptions made.

When significant risks in financial reporting are identified, the administrative and accounting control model provides for the appropriate identification of controls to mitigate these risks. Specifically, the approach adopted takes adequate account of both manual controls and the data system controls in the administrative and accounting procedures, the so-called automatic system controls application, the general IT control that govern system access, the control of developments and modifications to the application systems, and the adequacy of the information structures.

The administrative and accounting model, in line with reference best practice, ensures that the surveillance procedures for the processes, risks and controls is updated for significant changes in the Group administrative and accounting procedures whenever necessary.

### **Defining and updating administrative and accounting procedures**

Based on the results of monitoring the processes, risks and controls, the Manager responsible for preparing the Company accounts defines or updates the administrative and accounting procedures and guarantees their adequacy as regards the internal control model and monitors the various phases of the definition or updating of the procedures.

In particular, the updating of the administrative and accounting procedures is done in conjunction with the evaluation of the design of the controls and the continuous monitoring of their implementation.

### **Monitoring and updating of administrative and accounting procedures**

The Manager responsible for preparing the Company accounts constantly monitors the administrative and accounting procedures, with particular reference to those linked to the preparation of the financial statements, the consolidated financial statements and the summary half-year financial statements, as well as any action or communication of a financial nature that requires statements, attestations and declarations under paragraphs 2 and 5 of Article 154-*bis* of the Consolidated Finance Act, so as to ensure the adequacy and effective implementation of these procedures.

To achieve this, special verification actions to ascertain the correct implementation of the controls incorporated in the administrative and accounting procedures exist. The checks, analyses, and verification of the administrative and accounting procedures are based on defining a test strategy that determines the *modus operandi*, the controls and ways of monitoring the procedural systems implemented.

The timetable of the monitoring activity is prepared in such a way as to give priority to verifications of identified “key” controls, and to balance the objectives of efficiency with the requirement of achieving adequate coverage of the verification activities, introducing rotational tests for the significant processes and sub-processes of subsequent important balance sheet dates.

With regard to the organisational aspects and to the roles involved in the various phases of formulating, implementing, monitoring and updating over time the administrative and accounting control model, it should be noted that specific information flows have been defined between the Head of Internal Audit and the corporate, administrative and control committees and the corporate executives and/or areas that, outside the Department of Administration, Finance and Tax, are involved in compiling, preparing and circulating the annual financial statements, the consolidated financial statements, the summary half-year financial statements, the interim management reports and, more in general, any information subject to attestation/ declaration by the Manager responsible for preparing the company accounts. The accounting and administrative model also covers specific information flows among Group companies and internal attestations/declarations.

In preparing the annual and interim financial statements and describing the principal risks and uncertainties to which Fiera Milano SpA and the Group are exposed, the Manager responsible for preparing the Company accounts works with the Enterprise Risk Management of the Company and of the Group in order to identify and assess all corporate risks.

### **Governance of subsidiaries in countries outside the EU**

In accordance with the provisions of Article 36, as referred to in Article 39, paragraph 3 of the Stock Market Regulations, the Company and its subsidiaries have administrative and accounting systems which make public the accounting procedures used to prepare the consolidated financial statements of the Companies to which this law is applicable and which permit the regular communication of the data required to prepare the financial statements to the Parent Company management and its independent auditors.

Therefore, the conditions exist under the aforementioned Article 36, paragraphs a), b) and c) of the Stock Market Regulations issued by Consob.

### **Director appointed to oversee the internal control and risk management systems**

The Board of Directors is responsible for internal control and risk management and, with the help of the Internal Control and Risk Committee, for establishing its guidelines and periodically verifying that it is fit for purpose and is functioning effectively, ensuring that the principal corporate risks are identified and managed in an appropriate manner. On 29 April 2015, the Board of Directors, in accordance with Rule no. 7 of the Self-regulatory Code, also appointed the Chief Executive Officer as the Director responsible for the internal control and risk management system.

### **Head of Internal Audit (the "Internal Audit Department")**

The Head of the Internal Control Department is responsible for verifying that the internal control and risk management system is fit for purpose and working; he/she is not hierarchically answerable to anyone in charge of an operating area but reports directly to the Chairman so that independence and autonomy are guaranteed. There is also a system for functional reporting to the Control and Risk Committee. The Head of the Internal Control Department has direct access to all the information necessary and to adequate means for carrying out his/her role.

It is the responsibility of the Board of Directors, on the suggestion of the Chief Executive Officer, prepared in conjunction with the Chairman, and having received a favourable opinion from the Control and Risk Committee and having consulted the Board of Statutory Auditors, to appoint or cancel the appointment of the Head of the Internal Control Department and to ensure that the latter has all the resources required to carry out his/her duties and is remunerated in line with company policies. The Board of Directors is also responsible for annually approving the work schedule prepared by the Head of the Internal Control Department, having considered the opinion of the Control and Risk Committee, consulted the Board of Statutory Auditors, the Chairman and the Chief Executive Officer.

The Head of the Internal Control Department reports regularly to the Chairman and periodically to the corporate control bodies, the Control and Risk Committee and the Board of Statutory Auditors.

### **Organisational model pursuant to Legislative Decree no. 231/01**

The Company has adopted an Organisation, Management and Control Model in accordance with Legislative Decree no. 231/01.

The aim of the Organisation, Management and Control Model is to describe the operating and conduct rules governing the Company's activities, as well as the additional controls that the Company has adopted in order to prevent any of the offences described in the Decree being committed. The Model covers the current organisational and control tools, such as the organigram, the system of proxies and delegations and the service instructions.

In particular, the Model aims to:

- ensure, amongst those persons operating in the name of and on behalf of the Company in areas where there is a risk of offences being committed and in areas vulnerable to the committing of offences, that there is an awareness of the risk of committing an offence if the procedures received are violated, an event that might give rise to administrative or criminal sanctions not only for those persons but also for the Company;
- emphasise that any form of unlawful behaviour is strongly condemned by the Company (even where the Company may apparently be in a position to derive some advantage from it) as it contravenes not only the law but also the corporate ethics to which the company wishes to adhere in carrying out its corporate mission;
- permit the Company, through continuous monitoring of areas where there is a risk of offences being committed and of areas vulnerable to the committing of offences, to intervene promptly so as to prevent or act against the perpetration of any unlawful activity.

The Company's Model is composed of a general part, which describes the contents of Legislative Decree no. 231/2001, the function and principles of the Model, the identification of activities at risk, the definition of protocols, the characteristics



and functions of the Supervisory Body, the activities of training and information, the system of sanctions, and fourteen special sections, each dedicated to a category of offence under Legislative Decree no. 231/2001: (i) crimes committed against the public administration (ii) corporate crimes (iii) crimes of market abuse (iv) transnational offences (v) crimes against persons in violation of workplace health and safety (vi) crimes concerning receiving, laundering and the re-use and self-laundering of money and goods of unlawful origin (vii) IT crimes (viii) crimes of organised crime (ix) crimes against industry and trade (x) crimes of copyright infringement (xi) inducements not to make statements or to make false statements to the court (xii) environmental crimes (xiii) employment of citizens from outside the EU who do not have a legal right to be in the country (xiv) private bribery. Each special section gives a description of the relevant crime, describes the sensitive operations, the instrumental procedures, and the general and specific supervision principles. The Model is completed by appendices, which are an integral part of it, that include the Code of Ethics and the reporting lines of each Organisational Unit to the Supervisory Body.

The Code of Ethics clearly defines the values recognised, accepted and shared by the Company and the responsibilities it assumes both internally and externally. Observance of the Code by the employees of Fiera Milano is of fundamental importance to the functioning, reliability and reputation of the Company, factors that are a decisive asset in the success of the Group. The employees of Fiera Milano, in addition to meeting the normal requirements of loyalty, correct behaviour, and acting in good faith under the terms of the employment contract, must avoid carrying out any activity that is in competition with Fiera Milano, must respect the company rules and comply with the requirements of the Code of Ethics. All those who have business relations with the Company are made aware of the Code.

The most recent update to the Model was approved by the Board of Directors at its meeting on 26 February 2016. This version incorporates the effects of the most recent legislation and specifically the enactment of (i) Law no. 186/2014 containing "*Disposizioni in materia di emersione e rientro di capitali detenuti all'estero nonché per il potenziamento della lotta all'evasione fiscale. Disposizioni in materia di autoriciclaggio*" [Measures for the disclosure and repatriation of capital held abroad and to strengthen the measures against tax evasion. Measures for self-laundering], which introduced a new crime, that of self-laundering, (ii) of Law no.68/2015 containing "*Disposizioni in materia di delitti contro l'Ambiente*" [Measures against environmental crimes]; and (iii) of Law no. 69/2015 containing "*Disposizioni in materia di delitti contro la pubblica amministrazione, di associazioni di tipo Mafioso e di falso in bilancio*" [Measures for crimes against the public administration, crimes by Mafia-style organisations and for fraudulent accounting].

In order to monitor functioning, efficacy and observance of the Model, and to ensure that it is updated, the Board of Directors has given a collective body the functions of a Supervisory Body, with the aforementioned duties.

The Supervisory Body is composed of the non-executive and independent Director, Pier Andrea Chevallard (Chairperson), Ms Federica Nolli, the Chairperson of the Board of Statutory Auditors, and the lawyer, Mr Ugo Lecis acting as an external expert. The members of the Supervisory Body are remunerated for their work.

The Organisational Model, in implementation of the terms of Article 6 paragraph 2 of Legislative Decree no. 231/01, provides for specific information flows to the Supervisory Body so that it can carry out more effectively the supervision and monitoring of the functioning of the Model.

With reference to the unlisted companies of the Group that have adopted their own organisational model, the Supervisory Body has conducted research on each of these in order to identify adequate technical/operational solutions that, while respecting the mandate and powers reserved for the same by the prevailing regulations, are appropriate to the dimensions and organisational context of each corporate entity, also taking account of the relevant guidelines issued by the Parent Company.

As regards foreign subsidiaries operating under foreign law, which do not have to adhere to the provisions of Legislative Decree no. 231/01 and which do not have their own Organisational, Management and Control Models pursuant to the aforementioned Decree 231, these have adopted the Code of Ethics and the guidelines for anti-corruption rules and other compliance programmes in order to have a systematic reference framework of crime prevention regulations and standards.

### **Independent audit firm**

Accounting audit and control has been entrusted to Reconta Ernst & Young SpA, a company registered in the specific Consob Register, in compliance with applicable law. The mandate was conferred by the Shareholders' Meeting of 29 April 2014 and relates to the financial years ending 31 December 2014-2022.

### **Manager responsible for preparing the company accounts**

The Board of Directors of the Company, on 29 April 2015, having previously sought the opinion of the Board of Statutory Auditors, appointed as Manager responsible for preparing the company accounts Mr. Flaminio Oggioni, previously the company's Director of Administration Finance and Tax, at the same time conferring on him, through the appropriate delegation of functions, adequate means and powers to carry out the duties attributed to him under enacted law. The Board of Directors also supervises the effective compliance with administrative and accounting procedures. The Company's Articles of Association require the Manager to be an expert in matters of administration, finance and control and to possess the same characteristics of personal probity required for the Statutory Auditors under current legislation. The Manager's appointment is for three financial years and must not exceed the mandate of the Board of Directors that made the appointment.

### **Coordination among persons involved in the internal control and risk management system**

The coordination of persons involved in the internal control and risk management system is through a series of mechanisms and means of interaction: i) scheduling and holding joint meetings of the various corporate bodies and functions responsible for internal control and risk management; ii) attendance at meetings of the Control and Risk Committee by the Chairman of the Board of Statutory Auditors and other members of the Board of Statutory Auditors and by the Head of Internal Audit; iii) attendance by the Head of Internal Audit at the meetings of the Supervisory Committee under Legislative Decree 231/01.

## **7. Board of Statutory Auditors**

### **Appointment of Auditors**

The Company's Articles of Association currently require that the appointment of the Statutory Auditors is made on the basis of lists presented by the shareholders; the articles state that the position of Chairman of the Board of Statutory Auditors is granted to the first candidate on the second list by number of votes and who is in no way related, even indirectly, to those shareholders who presented, or combined to present, or voted for the first-placed list by number of votes. Only those shareholders who, individually or together, represent at least 2.5% of the share capital and are entitled to vote in the ordinary shareholders' meeting have the right to present a list, as required by the Company's Articles of Association and by Consob Resolution no. 19499 of 28 January 2016. A shareholder who intends to present a list of candidates and who does not own a controlling shareholding or the relative majority of the share capital of the Company must deposit a declaration stating the absence of any relationship with the controlling shareholder, as defined by the regulatory provisions. The lists must be deposited at the Company's registered office at least twenty-five days before the date fixed for the first convocation of the Shareholders' Meeting and must be made public by the Company at least twenty-one days before the date fixed for the first convocation of the Shareholders' Meeting.

Ownership of the minimum shareholding required to present lists is based on the shares that are registered to the shareholder on the day on which the lists are deposited with the Company. To prove ownership of the minimum number of shares required to present lists, the shareholders must provide within the time for the publication of the lists by the Company the relative certification by authorised intermediaries released in accordance with law.

Each list, deposited within the periods described above, must be accompanied by a declaration in which each candidate accepts the candidacy and declares that no reasons of ineligibility or incompatibility exist with reference to the accumulation of positions referred to below, that the requirements prescribed by enacted law relating to the assumption of the position are fulfilled, and must include a *curriculum vitae* of the career of each candidate that gives the administration and control positions held.

The Articles of Association also provide that, without prejudice to situations of incompatibility under prevailing laws, any person who is already an acting Statutory Auditor in five companies listed on regulated markets may not take up a position as Statutory Auditor and, if elected, their mandate is nullified, except where different limits are established by laws which may periodically be introduced.

To meet the requirements of Article 148, paragraph 1-*bis* of the Consolidated Finance Act and Article 144-*undecies* of the Listing Rules regarding the appointment and replacement of members of the Board of Statutory Auditors, the Company Articles of Association contain the same criteria and principles as those for the appointment and replacement of members of the Board of Directors described above.

The complete Company Articles of Association is available on the Company website [www.fieramilano.it](http://www.fieramilano.it) in the section *Investor Relations/Corporate Governance/ Articles of Association*.

### **Composition of the Board of Statutory Auditors**

The Board of Statutory Auditors was appointed by the Shareholders' Meeting of 29 April 2015, on the basis of a single list presented by the controlling shareholder, Ente Autonomo Fiera Internazionale di Milano – and will remain in position until the approval of the Financial Statements to 31 December 2017.

The Board of Statutory Auditors is composed of the following members and a short *curriculum vitae* is given indicating the personal and professional experience of each Statutory Auditor.

**Federica Nolli**, Chairperson of the Board of Statutory Auditors of Fiera Milano SpA since 29 April 2015. Born in Cremona on 3 February 1959, Ms Nolli graduated in Business Economics from the University of Pavia. She is on the National Register of Chartered Accountants [*Dottori Commercialisti*] and Legal Auditors. Since 1988 she has been a partner of FP & Partners and is Head of its Administration and Control Division and a consultant in Corporate Management and Organisation. She holds several supervisory positions.

**Antonio Guastoni**, Statutory Auditor of Fiera Milano SpA since 29 April 2015.

Born in Milan on 11 January 1951, Mr Guastoni has a degree in Economics and Business from the Università Commerciale Luigi Bocconi. He is qualified as a Chartered Accountant and is on the National Register of Auditors. He holds several administration and supervisory positions.

**Carmine Pallino**, Statutory Auditor of Fiera Milano SpA since 29 April 2015.

Born in Milan on 20 March 1967, Mr Pallino has a degree in Business Economics from the Università Commerciale Luigi Bocconi. He is on the Register of Chartered Accountants and of Business Economists. He is an auditor for companies and public entities. He is Chairperson of the Board of Statutory Auditors of A.S.A.M. S.p.A., Italproof S.r.l., and Consorzio IN.PROF. Since 2014 he has been an external member of the Supervisory Board of A.L.E.R. Milano. He works both as an accountant and an employment consultant.

**Francesca Maria d'Alessandro**, Substitute Auditor of Fiera Milano SpA since 29 April 2015.

A graduate in Business and Economics from the Università Cattolica del Sacro Cuore of Milan, Ms d'Alessandro is qualified as a Chartered Accountant and enrolled on the Register of Auditors. She is a member of the Commission to manage corporate crises and business insolvency of the Milan Association of Accountants and Accounting Experts. She has considerable consultancy experience in corporate restructuring and business crisis management and is a Statutory Auditor of several important national companies and entities.

**Alessandro Carlo Galli**, Substitute Auditor of Fiera Milano SpA since 29 April 2015.

Born in Busto Arsizio (Varese) on 11 May 1973, Mr Galli has a degree in Economics and Business from the Università Commerciale Luigi Bocconi and is qualified as a Chartered Accountant and enrolled on the Register of Auditors. He is a member and Chairperson of AdCerta S.r.l. and a partner of AGR & Partners. He holds several administrative and supervisory positions.

All the members possess the necessary requisites of professionalism and probity required by enacted law, as well as the independence required by Statutory Auditors in the Self-regulatory Code, possession of which was verified by the Board of Directors when they were appointed.

During the 2015 financial year, the Board of Statutory Auditors met twelve times. The average duration of the meetings of the current Board of Statutory Auditors was approximately three hours. At the date of approval of these Report, five meetings had been held in the current financial year.

### **Role and functions of the Board of Statutory Auditors**

The Board of Statutory Auditors, in accordance with Article 149 of the Consolidated Finance Act, monitors the Company's activities: to ensure compliance with the law and the Company's Articles of Association; to ensure compliance with the principles of correct administration; to ensure the adequacy of the company's organisational structure regarding positions and responsibilities, the internal control system and the administrative/accounting system, as well as the reliability of the latter in accurately representing management information; to ensure there exist the means

of concrete implementation of the rules of corporate governance provided by the codes of conduct prepared by the companies responsible for the organisation and management of regulated markets and to ensure the adequacy of the regulations prepared by the Company and applicable to its subsidiaries, in accordance with Article 114 paragraph 2 of Legislative Decree 58/98. In accordance with Article 19 of Legislative Decree 39/2010, the Board of Statutory Auditors also oversees the legal auditing of the annual financial statements and the consolidated financial statements and the effectiveness of the internal control and risk management systems, as well as the process for financial reporting.

The Board of Statutory Auditors also monitors the independence of the independent audit firm, ensuring compliance with existing regulations, and the nature and scale of the various accounting services provided by the independent audit firm and its network of entities to the Company and its subsidiaries. In carrying out its activities the Board of Statutory Auditors also operates in conjunction with the internal control function and with the Control and Risk Committee on matters of common interest through meetings and exchanges of information.

## 8. Procedures adopted by the Company

### Internal Dealing Code

The Company has adopted an *Internal Dealing Code*, prepared in accordance with article 152-sexies and subsequent articles of Consob Resolution no. 11971/99 and subsequent modifications and additions, to take account of the regulations regarding market abuse.

According to the *Internal Dealing Code*, a number of relevant persons, and persons close to them, who have regular access to inside information and the power to make management decisions that could affect the performance and prospects of the listed issuer, are obliged to inform the market of any transaction involving listed financial instruments issued by the company.

The range of "relevant persons" covered by the provisions of the *Internal Dealing Code* has been redefined with the approval of the Board of Directors during the 2015 financial year. In detail, the "relevant persons" are identified as the Directors, the Statutory Auditors, the Chief Financial Officer of the Company and Manager responsible for preparing the Company accounts, as well as Ente Autonomo Fiera Internazionale di Milano, insofar as it owns a shareholding of more than 10% of the Company. The *Code* provides thresholds and terms of communication to the market and related sanctions in line with those established by Consob Rules. Consistent with the recommendations contained in the Rules for markets organised and managed by Borsa Italiana SpA, the current *Internal Dealing Code* provides for a black-out period of 15 days preceding the Board meeting convened to approve the Financial Statements for the period, during which the relevant persons (with the exception of persons holding at least 10% of the company) are prohibited from trading in financial instruments issued by the Company, with some specific exceptions.

The communications made in compliance with the *Internal Dealing Code* under article 152-octies, paragraph 7, of Legislative Decree no. 58/98 (filing models) are available on the Company website [www.fieramilano.it](http://www.fieramilano.it) in the section *Investor Relations/ Corporate Governance/ Internal Dealing*.

### Procedure for the management of insider information

The Company has adopted a *Procedure for the internal management and the external communication of insider information*, which incorporates the provisions of regulations regarding market abuse, and which also governs the setting up of a register of persons having access to insider information.

The procedure generally entrusts the management of insider information relating to their relevant areas of competence to the Company Chief Executive Officer and the Chief Executive Officers of Group companies; it contains specific sections dedicated to the definition of insider information, to the related procedures for managing insider information, to the ways of dealing with so-called market rumours, and governs instances of delays in communicating to the market, the approval process for press releases, the setting up of a register of persons having access to insider information, persons authorised to maintain external relations and persons obliged to maintain confidentiality.

The Company has also adopted a specific *Procedure for the maintenance and updating of the register of persons having access to insider information* in order to regulate the means and responsibilities of maintaining and updating the register. The document identifies the individual responsible for managing the register, an insider information committee and the individuals registered with it; and it governs the procedures for initial inclusion and subsequent updating of the register, as well as aspects regarding confidentiality obligations.

## Procedures for Related-Party Transactions

The Company has a *Procedure for Related-Party Transactions* (hereinafter the *Procedure*).

The *Procedure* was adopted on 5 November 2010 and implemented from 1 January 2011. It was prepared in compliance with the provisions of the Rule governing related-party transactions approved by Consob Resolution no. 17221 of 12 March 2010, subsequently modified by Consob Resolution no. 17389 of 23 June 2010 (hereinafter the Rule), and with the guidelines for the application of the Rule governing related-party transactions supplied by Consob with Communication no. DEM/10078683 of 24 September 2010.

The current *Procedure* was amended by the Board of Directors during the 2015 financial year to bring in line the definition of a related-party, which included executives with strategic responsibilities, with the new definition of executives with strategic responsibilities that was identified in the course of the same financial year.

The *Procedure* identifies the rules and measures to be adopted to ensure transparency and the substantial and procedural correctness of related-party transactions carried out directly by Fiera Milano SpA or through its subsidiaries. The Control and Risk Committee has been identified as the body designated to express a considered opinion on the interests of the Company and the substantial correctness of the relevant conditions for the completion of related-party transactions.

The new *Procedure* takes advantage of the dispensation given in the Rule that, without prejudice to the requirements regarding the dissemination of information to the public, allows smaller listed companies – or for those with balance sheet assets or revenues as shown in the most recently approved Financial Statements that do not exceed Euro 500 million - the possibility of applying to Transactions of Greater Importance the guidance and approval procedures for Operations of Lesser Importance.

The Board of Directors of the Company will periodically evaluate, and anyway at intervals of not more than three years, whether to update the *Procedure* taking into account, inter alia, any eventual changes to its assets, as well as the efficacy of the application of the rules and guidance adopted.

The *Procedure* is available on the Company website, [www.fieramilano.it](http://www.fieramilano.it), in the section *Investor Relations/Corporate Governance/Related-parties*.

The Company has also adopted Organisational Implementation Instructions with regard to the *Procedure for Related-Party Transactions* in order to:

- (i) establish the methods and timing for the preparation and updating of the related-party database compiled specifically for the *Procedure*;
- (ii) monitor the rules for identifying related-party transactions before they are finalised and oversee the preliminary procedures by identifying those persons that should give and/or receive information, the subjects appointed to ascertain if a specific transaction comes under the application of the *Procedure*, as well as the means of guaranteeing the traceability of the transaction under examination;
- (iii) establish the methods, timing and responsibility for managing the process of informing the public as required by the *Procedure*.

## 9. Investor Relations

The Company has adopted a communication policy with the aim of establishing a continuous dialogue with all shareholders and, in particular, with institutional investors, ensuring the systematic and prompt dissemination of exhaustive information regarding its activities, while complying with the regulations on inside information.

It has therefore appointed an Investor Relations Manager within the organisational structure of the company, who reports to the Chief Executive Officer.

The means of financial communication are those of systematic contact with financial analysts, institutional investors and the specialist media in order to ensure a full and proper understanding of the trends in the Company's strategic direction, the implementation of strategy and the impact on the results of the business.

In addition, the Company believes that dialogue with investors is fostered by providing them with sufficient information to allow them to make informed decisions when exercising their rights and by organising the content of

the Company's website ([www.fieramilano.it](http://www.fieramilano.it) in the *Investor Relations* section) so that they can access economic and financial information (annual financial statements, half-yearly and quarterly interim financial statements, presentations to the financial community), as well as updated data and documents of general interest to shareholders (press releases, Company calendar, composition of the Company's governing bodies, Articles of Association, minutes of Shareholder Meetings, an outline of the Group structure, the *Code of Ethics*, the *Internal Dealing Code*, and the related filing models etc.).

## 10. Shareholders' Meetings

The Shareholders' Meeting is conducted for the benefit of all shareholders and the resolutions approved in Shareholders' Meetings, in accordance with the law and the Articles of Association, are mandatory and binding on all shareholders, including those who did not participate, who abstained or who dissented, although dissenting shareholders have rights of rescission under certain circumstances.

The Shareholders' Meeting of 23 April 2013 adopted, in accordance with the provisions of Article 9.C.3 of the Self-regulatory Code, *Rules of Procedure* that govern the conduct of Ordinary and Extraordinary Shareholders' Meetings. This Rule is publicly available on the Company website [www.fieramilano.it](http://www.fieramilano.it) in the section *Investor Relations/Corporate Governance/ Shareholders' Meetings*.

The aforementioned *Rules of Procedure* define the procedure to be followed to ensure the orderly and correct conduct of Shareholders' Meetings whilst guaranteeing the right of each shareholder to speak on the matters under discussion.

The Shareholders' Meeting is convened and deliberates, in accordance with law and the regulations pertaining to companies with listed shares, on matters that are its right under the law.

The Shareholders' Meeting is authorised to approve, among other matters, in an ordinary or extraordinary meeting (i) the appointment or dismissal of members of the Board of Directors and of the Board of Statutory Auditors and their relevant remuneration and responsibilities, (ii) the approval of the Financial Statements and the allocation of profits, (iii) the purchase and disposal of treasury stock, (iv) changes to the Company's Articles of Association, (v) the issue of convertible bonds.

Under enacted law, legitimate attendance and the exercise of the right to vote in Shareholders' Meetings is restricted to those who appear as shareholders on the seventh trading day prior to the date of the Shareholders' Meeting and who present to the issuer the relevant communication from an intermediary that accords with the latter's accounting records on behalf of the person having the right to vote at the Shareholders' Meeting using the aforementioned mechanism.

## 11. Other corporate governance procedures

### **Regulation of Direction and Coordination**

The Company has regulations governing the exercise of direction and coordination by the Parent Company.

This document has been prepared with the objective of setting guidelines to govern the direction and coordination activity of the higher authority over the subordinate entity, with the aim of providing a solid base for the research and development of more extensive and more effective interrelationships.

The Regulation identifies precise responsibilities regarding, respectively, the Company and its subsidiaries, within an unambiguous and reciprocal assumption of duties, and it establishes precise governance procedures appropriately gauged to provide an equitable balance between requirements for centralisation and respect for the autonomous management of the subsidiaries.

It also specifies that in the Group's regulatory hierarchy the organisational regulations come below the Parent Company's Articles of Association and those of the various companies of the Group.

This Regulation was approved by the Parent Company Shareholders' Meeting on 15 April 2010 and, subsequently, in order for it to be adopted, was presented to the Shareholders' Meetings of the individual companies of the Group so that each of them could independently approve it as the basis for their own operations.

On 12 January 2011, the individual companies of the Group amended their own articles of association to make specific reference to the exercise of direction and coordination, pursuant to Articles 2497 and 2497-*bis* of the Italian Civil Code, by the Parent Company Fiera Milano SpA, as well as to judge the possibility for the Parent Company to centralise the management and, in the interest of the entire Group, specific functions for the subsidiaries as part of a shared services policy.

On 23 April 2013, the Shareholders' Meeting of the Parent Company approved the integration of the Regulation with a recommendation that the members of the Board of Statutory Auditors of the Parent Company, in line with best practice on this matter, should be appointed as Statutory Auditors in the Boards of Statutory Auditors of the subsidiaries. The aim of this change was to rationalise and simplify the organisation and to create important synergies that would guarantee greater efficiency and efficacy of the control systems to the benefit of the whole Group.

## 12. Changes subsequent to the end of the financial year under review

There have been no changes to the corporate governance of the Company since the end of the financial year under review.

### Tables

The two tables on the following pages summarise the Company's adoption of the main corporate governance aspects of the Self-regulatory Code.

The first table gives the structure of the Board of Directors and its internal committees. It lists the Directors and the category to which they belong (executive, non-executive and independent). It also shows the composition of the various committees.

The second table gives the composition of the Board of Statutory Auditors. It lists the members of the Board, both standing and substitute, and indicates if they have been nominated from lists put forward by non-controlling interests.

Both tables give information on the number of meetings held by the Board of Directors, the various committees and by the Board of Statutory Auditors and the attendance rate of each individual member. The tables also show the number of administrative positions held in other companies; these have also been detailed in this Report.

**TABLE 1: STRUCTURE OF THE BOARD OF DIRECTORS AND COMMITTEES**

BOARD OF DIRECTORS												Control and Risk Committee		Remuneration Committee	
Position	Constituent	Year of birth	Date first appointed	In office from/until	List	Executive	Non-executive	Independent under the Code	Indep. under the Consol. Finance Act (TUF)	*	No. of other positions held**	***	*	***	*
Chairperson	Roberto Rettani	1953	29.04.2015	a	b		X	X	X	11/13					
Chief Executive Officer	Corrado Peraboni °	1964	29.04.2015	a	b	X				13/13					
Deputy Vice Chairperson	Attilio Fontana	1952	16.04.2009	a	b		X	X	X	23/25				C	5/5
Vice Chairperson	Licia Ronzulli	1975	29.04.2015	a	b		X	X	X	12/13				M	2/2
Director	Joyce Victoria Bigio	1954	29.04.2015	a	b		X	X	X	13/13	2	C	8/8		
Director	Renato Borghi	1948	29.10.2006	a	b		X		X	24/25		M	8/11		
Director	Pier Andrea Chevallard	1951	08.02.2010	a	b		X	X	X	24/25	2				
Director	Romeo Robiglio	1931	27.10.2003	a	b		X			25/25	2			M	5/5
Director	Vincenza Patrizia Rutigliano	1968	29.04.2015	a	b		X	X	X	12/13		M	8/8		
DIRECTORS WHO LEFT OFFICE IN THE PERIOD UNDER REVIEW															
Chairperson	Michele Perini	1952	27.10.2003	c	b		X			11/12	1				
Chief Executive Officer	Enrico Pazzali	1964	16.04.2009	c	b	X				12/12					
Director	Roberto Baitieri	1966	16.04.2009	c	b		X	X	X	12/12		M	3/3		
Director	Davide Croff	1947	28.10.2012	d	/		X	X	X	10/12		C	3/3		
Director	Giampietro Omati	1940	16.04.2009	c	b		X	X		11/12	1			M	1/3
										<b>Board of Directors</b>	<b>Internal Control and Risk</b>	<b>Remuneration Committee</b>			
Number of meetings held in the financial year to 31 December 2015										25	11	5			
Quorum required for the presentation of lists of nominees by minority shareholders (ex art.147-ter TUF):										2.50%					

## NOTES

\* This column shows the attendance rate of Directors at Board Meetings and at Committee meetings. It gives the number of meetings attended compared to the number of meetings held (no.attended/no. of meetings held during the period under review when the Director held office).

\*\* This column shows the number of other appointments held in listed companies, banks or insurance companies.

\*\*\* This column shows the role of the Director on the committee: "C":Chairperson; "M ": member.

° This symbol indicates the Director responsible for the internal control and risk management system.

a Appointed by the Shareholders' Meeting of 29 April 2015 for a three-year period ending with the approval of the Financial Statements at 31 December 2017.

b Appointed from the only list presented, which was that of the controlling shareholder Fondazione E. A. Fiera Internazionale di Milano.

c Appointed by the Shareholders' Meeting of 27 April 2012 for a three-year period ended with the approval of the Financial Statements at 31 December 2014.

d Co-opted by the Board of Directors on 29 October 2012 to replace Mr Michele Motterlini who resigned. The appointment was subsequently ratified by the Shareholders' Meeting of 23 April 2013 for the period ending with the approval of the Financial Statements at 31 December 2014.



**TABLE 2: STRUCTURE OF THE BOARD OF STATUTORY AUDITORS**

BOARD OF STATUTORY AUDITORS								
Position	Constituent	Year of birth	Date first appointed	In office from/until	List	Independent under the Code	Attendance at the meetings*	Number of other positions held**
Chairperson	Federica Noli	1959	29/04/15	a	b	X	12/12	-
Statutory Auditor	Antonio Guastoni	1951	29/04/15	a	b	X	12/12	-
Statutory Auditor	Carmine Pallino	1967	29/04/15	a	b	X	10/12	-
Substitute Auditor	Francesca Maria D'Alessandro	1970	29/04/15	a	b			
Substitute Auditor	Alessandro Carlo Galli	1973	29/04/15	a	b			
STATUTORY AUDITORS WHO LEFT OFFICE IN THE PERIOD UNDER REVIEW								
Chairperson	Stefano Mercurio	1963	15/04/10	c	b	X	10/10	21***
Statutory Auditor	Alfredo Mariotti	1946	27/10/03	c	b	X	10/10	24***
Statutory Auditor	Damiano Zazzeron	1962	27/10/03	c	b	X	9/10	
Substitute Auditor	Pietro Pensato	1939	27/10/06	c	b			
Substitute Auditor	Antonio Guastoni	1951	15/04/09	c	b			
Number of meetings held in the financial year to 31 December 2015							22	
Quorum required for the presentation of lists of nominees by minority shareholders (ex art. 148 TUF)							2.50%	

## NOTES

\* This column shows the attendance rate of the statutory auditors at the meetings of the Board of Statutory Auditors (no. of times present/ no. of meetings held during the period of appointment).

\*\* This column shows the number of appointments as director or statutory auditor held, in accordance with Article 148 bis of the Consolidated Finance Act.

\*\*\* This column shows the number of appointments as director or statutory auditor held, in accordance with Article 148 bis of the Consolidated Finance Act - as at 29 April 2015.

a Appointed by the Shareholders' Meeting of 29 April 2015 for a three-year period ending with the approval of the Financial Statements at 31 December 2017.

b Appointed from the only list presented, which was that of the controlling shareholder Ente Autonomo Fiera Internazionale di Milano.

c Appointed by the Shareholders' Meeting of 27 April 2012 for a three-year period ended with the approval of the Financial Statements at 31 December 2014.

## Proposals for the Ordinary Meeting of Shareholders

The ordinary meeting of shareholders of Fiera Milano SpA will be convened once in Rho (Milan), in the Auditorium in the Centro Servizi of the exhibition site, Strada Statale del Sempione 28, (reserved parking is available with entry from Porta Sud), on 28 April 2016 at 14.00 hours.

**(Report pursuant to Article 125-ter, paragraph 1, of Legislative Decree 24/02/1998, no. 58 and subsequent amendments)**

### 1. THE FINANCIAL STATEMENTS AT 31 DECEMBER 2015, THE BOARD OF DIRECTORS' MANAGEMENT REPORT, THE REPORT OF THE BOARD OF STATUTORY AUDITORS; RESOLUTIONS PERTAINING THERETO AND RESULTING THEREFROM.

Dear shareholders,

The preliminary Financial Statements for the financial year ended 31 December 2015 that we submit for your attention show a net loss of Euro 1,456,383.56, which we propose should be covered as indicated below.

We also submit the Group Consolidated Financial Statements for the financial year to 31 December 2015 for your attention; although these are not subject to approval by the Shareholders' Meeting, they complement the information provided in the Financial Statements of Fiera Milano SpA.

Given the above, we submit for your approval the following

#### **proposed resolution**

*"The Shareholders' Meeting of Fiera Milano SpA, having considered the Board of Directors Management Report, the Report of the Board of Statutory Auditors and the Independent Auditors' Report, and having examined the Financial Statements for the year to 31 December 2015,*

#### **approves**

- 1) *the Financial Statements for the year to 31 December 2015, comprising the preliminary statement of financial position, the preliminary statement of comprehensive income, the statement of changes in equity, the statement of cash flows and of the relative explanatory and supplementary notes to the financial statements that show a net loss of Euro 1,456,383.56 as presented by the full Board of Directors, and each individual item with the proposed allocations, and the Board of Directors' Management Report;*
- 2) *to cover the net loss of Euro 1,456,383.56 for the financial year by using part of the share premium reserve;*
- 3) *to cover the residual losses of the preceding financial year of Euro 19,712,224.63 by using part of the share premium reserve;*
- 4) *to add to the legal reserve under Article 2430, paragraph 2, of the Italian Civil Code an amount of Euro 8,489,028.20 by using part of the share premium reserve.*

## 2. THE REPORT ON REMUNERATION PURSUANT TO ARTICLE 123-TER OF LEGISLATIVE DECREE 58/98; RESOLUTIONS PERTAINING THERETO AND RESULTING THEREFROM

Dear shareholders,

On 14 March 2016, the Board of Directors, in accordance with enacted law, approved the Report on Remuneration pursuant to Article 123-ter of Legislative Decree 58/98 (hereinafter also the “**Report**”), which was made publicly available on 18 March 2016. In particular, the Directors would like to submit for your consideration Section One of the aforementioned Report, which defines the principles and guidelines to which the Board of Directors must adhere when setting the remuneration payable to members of the Board of Directors and, in particular, Directors with specific responsibilities, members of the Committees and the Executives with Strategic Responsibilities of the Group.

The Remuneration Policy (hereinafter also the “**Policy**”) is the result of a clear and transparent process in which the Company Board of Directors and the Remuneration Committee play central roles.

The Board of Directors of Fiera Milano SpA, on the proposal of the Remuneration Committee, has adopted the Policy that was prepared also following the recommendations of Article 6 of the Self-regulatory Code for companies listed on Borsa Italiana. Specifically, the Remuneration Policy of Fiera Milano SpA aims to:

- attract, motivate and retain resources with the professional qualities necessary to the advantageous pursuit of the Group objectives;
- align the interests of management with those of the shareholders, pursuing the main aim of sustainable value creation over the medium-long term by forging a strong link between remuneration on the one hand and individual and Group performance on the other;
- reward merit so as to recognise adequately the individual contribution made by employees.

For details of the Report on Remuneration and, in particular, Section One that we submit for your consideration, please refer to the document which is available on the Company website [www.fieramilano.it](http://www.fieramilano.it) in the section *Investor Relations/ Corporate Governance/ Shareholders' Meetings*.

Given the above, we submit for your approval the following

### **proposed resolution**

*“The Shareholders’ Meeting of Fiera Milano SpA, having considered the Report on Remuneration pursuant to Article 123-ter of Legislative Decree 58/98 and, in particular, Section One of the Report,*

### **approves**

*the Report on Remuneration pursuant to Article 123-ter of Legislative Decree 58/98 and, in particular, Section One of the Report”.*

## 3. INCENTIVE PLAN UNDER ARTICLE 114-BIS OF LEGISLATIVE DECREE 58/98; RESOLUTIONS PERTAINING THERETO AND RESULTING THEREFROM.

Dear shareholders,

On 14 March 2016, the Board of Directors decided to request you to deliberate, under Article 114-bis of Legislative Decree 58/1998, an incentive plan called “*The 2017-2023 Stock Option Plan*” (hereinafter also the “**Plan**”).

The Plan is for Executive Directors and/or Executives with Strategic Responsibilities and/or employees of Fiera Milano SpA and of its subsidiaries who hold important strategic positions or are in a position to make a significant contribution to the pursuit of the strategic objectives of Fiera Milano SpA, identified by the Board of Directors, having received the opinion of the Remuneration Committee (hereinafter the “**Beneficiaries**”).

Under the Plan, options (hereinafter also “**Options**”) will be granted to Beneficiaries; the Options give the right to subscribe to shares of the Company in the ratio of 1 (one) share every 1 (one) Option exercised.

The shares underlying the Plan will be a maximum of one million treasury shares of the Company.

At the date of this description of the Plan and of the relative Information Document, the Company holds 626,758 treasury shares (equal to 0.87% of the share capital) and 18,250 shares (equal to 0.03% of the shares in issue) are held by the subsidiary Ipack-Ima S.p.A.

On 14 March 2016, the Board of Directors also decided to propose to the Shareholders' Meeting of 28 April 2016 that it approve the mandate for the purchase and disposal of treasury shares of the Company articles 2357 and following of the Italian Civil Code.

Under the plan, the Options will be granted in three *tranches*:

- by 31 May 2017;
- by 31 May 2018;
- by 31 May 2019.

Under the plan, each *Tranche* will have (i) a Vesting Period of three years, (ii) a further period of one year during which the Beneficiary can exercise the Option (the Exercise Period).

The option rights will be attributed to the Beneficiaries if certain conditions have been met: the achievement of the forecast consolidated gross operating profit for 2016, 2017, and 2018 and the continuation of the collaboration between the Beneficiary and the Company.

The exercise price of the Options will be based on the arithmetic average of the official price of the shares of the Company on the thirty days preceding the grant date of each *tranche*.

The aim of the Plan presented for your approval is to:

- link the total remuneration and, in particular the incentives, for Group executives and key staff to the results achieved by the Company and to the creation of further value for the Fiera Milano Group as suggested in the Self-regulatory Code for Listed Companies;
- orientate the key Company resources towards strategies that aim to achieve results in the medium/long-term;
- align the interest of top and middle management to those of shareholders and investors;
- develop further retention plans to increase employee loyalty among the key company staff that will motivate them to remain with the Company or within the Group;
- develop further plans to attract talented managers and professionals in the international market in order to further develop and strengthen the key and special competences found in Fiera Milano.

The Plan aims to provide the Group with a medium/long-term means that, together with the Management by Objective (MBO) scheme already implemented, will complete the range of incentives for the key staff of the Group.

It has been decided that a plan with a minimum three-year time horizon will better ensure the involvement and motivation of the Beneficiaries and will focus their attention on strategies that have a lasting effect on Group results while increasing employee loyalty and employee retention rates.

The terms and conditions of the Plan are detailed in the Information Document prepared in accordance with the provisions of enacted law.

The Information Document regarding the Plan that we are submitting for your deliberation is available on the Company website [www.fieramilano.it](http://www.fieramilano.it) in the section *Investor Relations/Corporate Governance/Shareholders' Meetings*.

Given the above, we submit for your approval the following

**proposed resolution**

*"The Shareholders' Meeting of Fiera Milano SpA, having considered the Information Document regarding the Plan*

**approves**

- 1) *the 2017-2023 Stock Option Plan prepared in accordance with Article 114-bis of Legislative Decree 58/98, in the broad terms described above and in those detailed in the Information Document for the Plan published in accordance with the applicable regulations;*

2) granting the Board of Directors the widest powers necessary or appropriate for the complete and total implementation of the 2017-2023 Stock Option Plan including, for example, the power to: (i) identify the beneficiaries, determine the number of options to be given to each beneficiary and the exercise price of the options, and grant the options to the beneficiaries (ii) include or exclude beneficiaries from the Plan; (iii) prepare and approve the Rules of the Plan modifying them when necessary and/or appropriate; and (iv) carry out any action, fulfil any obligation or formality and make any communication considered necessary or appropriate to manage and/or implement the Plan, and giving the Board of Directors discretion to delegate its powers, tasks and responsibilities regarding the execution and implementation of the Plan.

#### 4. AUTHORITY FOR THE PURCHASE AND DISPOSAL OF TREASURY SHARES; RESOLUTIONS PERTAINING THERETO AND RESULTING THEREFROM.

(Report pursuant to Article 73 and Attachment 3A of the Rule adopted with Consob resolution no. 11971 of 14 May 1999 and subsequent modifications and amendments - hereinafter, "Listing Rules"-)

Dear shareholders,

We believe that it would be useful to propose that you grant authorisation to purchase and dispose of treasury shares in accordance with Articles 2357 and following of the Italian Civil Code for a period of eighteen months from today's date.

The purchase of the Company's own ordinary shares will be carried out in accordance with the existing rules for listed companies and any other European Union and national laws that are applicable.

The reasons and procedures for the purchase and disposal of treasury shares for which we request your authority are given below.

##### **A) Reasons for the request for authority to purchase and dispose of treasury shares**

The Board of Directors is requesting this authority as it is of the opinion that the purchase of treasury shares could represent an attractive investment opportunity and/or may be instrumental in improving the financial structure of the Company as it may facilitate future agreements involving the exchange of shareholdings.

The authority is requested in order to carry out transactions, in accordance with enacted law and regulations, to stabilise share price movements linked to anomalies in the market and improve the liquidity of the shares.

The authority is also requested so that treasury shares are available for use in stock option incentive plans that may be approved in accordance with the provisions of law or as part of any bond issue convertible into shares of the Company.

It is also proposed that, at the same time, the Shareholders' Meeting authorises the Board of Directors to dispose of any shares purchased, as well as of any treasury shares already held as this facility is considered an important component of management and strategic flexibility.

##### **B) Maximum number and nominal value of the shares to which the authority applies; compliance with the provisions of paragraph 3 of Article 2357 of the Italian Civil Code**

The buyback mandate requested regards the Company's ordinary shares that have no nominal value, which, in accordance with Article 2357, paragraph 3, of the Italian Civil Code, may not exceed one-fifth of the share capital, including the shares held by the Company and its subsidiaries at today's date. Directions given to the subsidiaries will require them to give prompt notice of any purchase of shares in Fiera Milano SpA in order to ensure compliance with the aforementioned total limit of 20% of the share capital of the Company.

At the date of the present Report, the issued and fully paid up share capital is Euro 42,445,141.00 (forty-two million four hundred and forty-five thousand one hundred and forty-one) and is made up of 71,917,829 (seventy-one million nine hundred and seventeen thousand eight hundred and twenty-nine) registered shares with no nominal value.

The consideration paid or received for transactions in treasury shares will be recognised directly in equity as required by IAS 32 and the accounting treatment thereof will comply with any regulations that may be enacted.

### **C) Duration of the authority**

The buyback authority is requested for a period of eighteen months from the date of approval by the Shareholders' Meeting, while the authority for the Board of Directors to dispose of the shares is requested without a time limit.

### **D) Consideration for the purchase and disposal of shares**

Without prejudice to the provisions of paragraph E) below, treasury shares may be purchased at a share price that is no higher than 10% and no lower than 10% of the reference price recorded by Fiera Milano shares on the Italian stock exchange (*MTA – Mercato Telematico Azionario*) organised and managed by Borsa Italiana SpA in the trading session preceding each individual transaction.

The shares may be sold, even before the purchase mandate has been exhausted, in one or more *tranches* and the selling price must be no lower than that of the lowest purchase price.

This price limit will not be applicable in the event the shares are disposed of as part of a stock option plan.

### **E) Procedures for the purchase of treasury shares**

Purchases of treasury shares may be made in one or more *tranches*, in compliance with applicable laws and regulations and in such a way as to ensure equal treatment for all shareholders in accordance with Article 132 of Legislative Decree no. 58/1998, exclusively in the following ways:

- i. public offer to buy or exchange;
- ii. on regulated markets in accordance with the operating procedures established by the rules for the organisation and management of said markets, which do not allow the direct matching of buy orders with sell orders at a predetermined price;
- iii. purchase and sale of derivative instruments traded on regulated markets that provide for the physical delivery of underlying shares, on the condition that the rules for organisation and management of the market provide for procedures that comply with those under Article 144-bis, paragraph 1, section c) of the Listing Rules.

Disposals may be made, even before the buyback authority has been exhausted, in one or more *tranches*, through sales on regulated and/or unregulated markets, or off market, or by public offer, or as consideration for the purchase of shareholdings or by way of a distribution to shareholders.

Given the above, we submit for your approval the following

#### **proposed resolution**

"The Shareholders' Meeting of Fiera Milano SpA of 28 April 2016,

- *having considered the proposal of the Board of Directors,*
- *having taken account of the provisions of Articles 2357 and 2357-ter of the Italian Civil Code,*

#### **approves**

- 1) *the mandate to purchase and dispose of treasury shares;*
- 2) *authorising the Board of Directors, in accordance with and by effect of Article 2357 of the Italian Civil Code, to purchase shares in the Company, in the amount, at the price, and according to the procedures described below:*
  - *purchases may be made in one or more tranches up to 18 months from the date of the present resolution;*
  - *the purchase price of each share must be no higher than 10% and no lower than 10% of the reference price recorded by Fiera Milano shares on the Italian stock exchange (MTA) organised and managed by Borsa Italiana SpA in the trading session preceding each individual purchase transaction;*
  - *the maximum number of shares purchased, including treasury shares already held by the Company and its subsidiaries, must not have a total nominal value that exceeds one fifth of the share capital;*
  - *purchases of treasury shares may be made in one or more tranches, in accordance with applicable laws and regulations and in such a way as to ensure the equal treatment of all shareholders in accordance with Article 132 of Legislative Decree no.*

58/1998, exclusively in the following ways:

- i. public offer to buy or exchange;
  - ii. on regulated markets in accordance with the operating procedures established by the rules for the organisation and management of said markets, which do not allow the direct matching of buy orders with sell orders at a predetermined price;
  - iii. purchase and sale of derivative instruments traded on regulated markets that provide for the physical delivery of underlying shares, on the condition that the rules of organisation and management of the market provide for procedures that comply with those provided in article 144-bis, paragraph 1, section c) of the Listing Rules;
- 3) authorising the Board of Directors under enacted law to dispose of part or all of the shares with no time restrictions; the disposals may be made through sales on regulated and/or unregulated markets or off market, or by public offer, or as consideration for the purchase of shareholdings or by way of a distribution to shareholders.  
The selling price must be no lower than that of the lowest purchase price.  
This price limit will not be applicable in the event the shares are disposed of as part of a stock option plan;
- 4) granting the Board of Directors and, acting on its behalf, the appointed Chairman and Chief Executive Officer, jointly and severally, any necessary power to make purchases or disposals and, however, to implement the aforementioned resolutions, also through agents, complying with any eventual request from the competent authorities.”

Rho (Milan), 14 March 2016

On behalf of the Board of Directors  
**The Chairman**  
Roberto Rettani

# Financial year 2015

## Fiera Milano Group

# Consolidated Financial Statements at 31 December 2015

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## Consolidated Statement of Financial Position

Notes	(€ '000)	31/12/15	31/12/14
<b>ASSETS</b>			
<b>Non-current assets</b>			
6	Property, plant and equipment	14,746	18,427
7	Leased property, plant & equipment	9	11
	Investments in non-core property	-	-
8	Goodwill and intangible assets with an indefinite useful life	104,945	109,474
9	Intangible assets with a finite useful life	29,408	41,584
10	Equity accounted investments	16,955	15,462
11	Other investments	29	40
	Other financial assets	-	-
12	Trade and other receivables	13,035	13,275
49	<i>of which from related parties</i>	12,125	12,389
13	Deferred tax assets	3,175	6,457
	<b>Total</b>	<b>182,302</b>	<b>204,730</b>
<b>Current assets</b>			
14	Trade and other receivables	63,932	50,604
49	<i>of which from related parties</i>	5,341	6,795
15	Inventories	1,884	5,028
	Contracts in progress	-	-
	Current financial assets	-	-
16	Cash and cash equivalents	56,092	12,276
	<b>Total</b>	<b>121,908</b>	<b>67,908</b>
<b>Assets held for sale</b>			
	Assets held for sale	-	-
	<b>Total assets</b>	<b>304,210</b>	<b>272,638</b>
<b>EQUITY AND LIABILITIES</b>			
17	<b>Equity</b>		
	Share capital	41,818	41,521
	Share premium reserve	65,679	909
	Revaluation reserve	-	-
	Other reserves	(6,936)	3,387
	Retained earnings	(17,003)	(9,828)
	Profit/(loss) for the year	1,014	(18,955)
	<b>Total Group equity</b>	<b>84,572</b>	<b>17,034</b>
	<b>Equity attributable to non-controlling interests</b>	<b>696</b>	<b>2,654</b>
	<b>Total equity</b>	<b>85,268</b>	<b>19,688</b>
<b>Non-current liabilities</b>			
	Bonds in issue	-	-
18	Bank borrowings	10,922	26,898
19-49	Other financial liabilities	2,094	2,001
20	Provision for risks and charges	3,343	1,752
21	Employee benefit provisions	10,672	10,286
22	Deferred tax liabilities	5,709	7,147
23	Other non-current liabilities	-	55
	<b>Total</b>	<b>32,740</b>	<b>48,139</b>
<b>Current liabilities</b>			
	Bonds in issue	-	-
24	Bank borrowings	39,466	82,894
25	Trade payables	49,267	36,160
26	Pre-payments	34,880	39,641
27	Other current financial liabilities	16,036	22,150
49	<i>of which to related parties</i>	15,225	21,983
28	Current provision for risks and charges	3,915	1,326
29	Current tax liabilities	5,168	2,091
30	Other current liabilities	37,470	20,549
49	<i>of which to related parties</i>	5,832	4,128
	<b>Total</b>	<b>186,202</b>	<b>204,811</b>
<b>Liabilities held for sale</b>			
	Liabilities held for sale	-	-
	<b>Total liabilities</b>	<b>304,210</b>	<b>272,638</b>

# Consolidated Statement of Comprehensive Income

Notes	(€ '000)	2015	2014 restated *
34-49	Revenues from sales and services	337,339	242,711
	<b>Total revenues</b>	<b>337,339</b>	<b>242,711</b>
35-49	Cost of materials	4,859	2,440
36	Cost of services	165,870	134,986
49	<i>of which with related parties</i>	1,040	1,495
37	Cost of use of third-party assets	61,419	56,546
49	<i>of which with related parties</i>	45,882	52,363
49	<i>of which with related parties non recurring</i>	10,000	-
38-49	Personnel expenses	61,675	48,634
39	Other operating expenses	5,753	4,949
49	<i>of which with related parties</i>	896	1,064
	<b>Total operating expenses</b>	<b>299,576</b>	<b>247,555</b>
40-49	Other income	3,003	3,529
41	Results of equity accounted associates and joint ventures	2,828	1,448
	<b>Gross operating result</b>	<b>43,594</b>	<b>133</b>
42	Depreciation of property, plant and equipment	6,774	6,808
	Depreciation of property investments	-	-
42	Amortisation of intangible assets	5,541	6,518
43	Adjustments to asset values	11,142	3,637
44	Provisions for doubtful receivables and other provisions	8,179	1,517
	<b>Net operating result (EBIT)</b>	<b>11,958</b>	<b>(18,347)</b>
45-49	Financial income and similar	828	943
46	Financial expenses and similar	4,348	5,812
49	<i>of which with related parties</i>	1,045	1,183
	Valuation of financial assets	-	-
	<b>Profit/(loss) before tax</b>	<b>8,438</b>	<b>(23,216)</b>
47	Income tax	6,011	(4,581)
	<b>Profit/(loss) from continuing operations</b>	<b>2,427</b>	<b>(18,635)</b>
	<b>Profit/(loss) from discontinued operations</b>	<b>(1,998)</b>	<b>(471)</b>
	<b>Profit/(loss) for the year</b>	<b>429</b>	<b>(19,106)</b>
	Profit/(loss) attributable to:		
	The shareholders of the controlling entity	1,014	(18,955)
	Non-controlling interests	(585)	(151)
	<b>Other comprehensive income/(loss) that will not be reclassified subsequently to profit or loss</b>		
	Revaluation of defined benefit schemes	228	(544)
	Tax effects	63	(150)
	<b>Other comprehensive income/(loss) that will be reclassified subsequently to profit or loss</b>		
	Currency translation differences of foreign subsidiaries	(1,224)	840
	<b>Other comprehensive income/(loss) net of related tax effects</b>	<b>(1,059)</b>	<b>446</b>
	<b>Total comprehensive income/(loss) for the year</b>	<b>(630)</b>	<b>(18,660)</b>
	Total comprehensive income/loss for the year attributable to:		
	The shareholders of the controlling entity	(66)	(18,612)
	Non-controlling interests	(564)	(48)
<b>48</b>	<b>Earnings/(losses) per share (€)</b>		
	Basic	0.0238	(0.4565)
	Diluted	0.0238	(0.4565)

\* Some figures in the Consolidated Financial Statements at 31 December 2014 have been restated for comparative purposes to reflect the effects of IFRS 5 following the divestment of the subsidiary Interteks on 27 July 2015 and for the different classification of the use of risk provisions.

## Consolidated Statement of Cash Flows

Notes	(€ '000)	2015	2014 restated *
	<b>Net cash at beginning of the year</b>	<b>12,276</b>	<b>11,416</b>
	<b>Cash flow from operating activities</b>		
16	Net cash from operating activities	52,663	(6,528)
49	<i>of which from related parties</i>	(54,714)	(58,775)
	Interest paid	(2,617)	(3,144)
	Interest received	91	407
	Income taxes paid	(1,475)	(269)
	<b>Total from continuing operations</b>	<b>48,662</b>	<b>(9,534)</b>
	<b>Total from assets held for sale</b>	<b>(2,161)</b>	<b>(327)</b>
	<b>Cash flow from investing activities</b>		
6	Investments in tangible assets	(3,388)	(6,741)
6	Write-downs of tangible assets	283	47
8	Investments in intangible assets	(1,262)	(2,175)
8	Write-downs of intangible assets	-	-
4	Investments in subsidiaries	(2,363)	(1,954)
10-41	<i>Investments in joint ventures</i>	1,827	1,705
11	Other investments	-	-
	<b>Total from continuing operations</b>	<b>(4,903)</b>	<b>(9,118)</b>
	<b>Total from assets held for sale</b>	<b>2,442</b>	<b>(4)</b>
	<b>Cash flow from financing activities</b>		
17	Equity	(108)	(599)
13	Share capital increase of the Parent Company	65,684	-
18-19	Non-current financial assets/liabilities	(17,243)	(9,400)
24-27	Current financial assets/liabilities	(48,539)	29,023
49	<i>of which from related parties</i>	(6,688)	816
17	Dividends paid	-	(76)
	<b>Total from continuing operations</b>	<b>(206)</b>	<b>18,948</b>
	<b>Total from assets held for sale</b>	<b>(295)</b>	<b>328</b>
17	Total translation differences	277	567
	<b>Net cash for the period from continuing operations</b>	<b>43,553</b>	<b>296</b>
	<b>Net cash for the period from assets held for sale</b>	<b>(14)</b>	<b>(3)</b>
	<b>Net cash at the end of the year from assets held for sale</b>	<b>-</b>	<b>14</b>
	<b>Net cash at the end of the year from continuing operations</b>	<b>56,092</b>	<b>12,262</b>

\* Some figures in the Consolidated Financial Statements at 31 December 2014 have been restated for comparative purposes to reflect the effects of IFRS 5 following the divestment of the subsidiary Interteks on 27 July 2015 and for the different classification of the use of risk provisions.

	(€ '000)	2015	2014 restated *
	<b>Cash generated from operating activities</b>		
	Result of continuing operations	2,427	(18,635)
	<i>Adjustments for:</i>		
	Profit from equity accounted investments	(2,828)	(1,448)
	Depreciation and Amortisation	12,315	13,325
	Provisions, write-downs and impairment	17,229	3,864
	Capital gains and losses	39	(6)
	Net financial income/expenses	3,520	5,010
	Net change in employee provisions	32	690
	Changes in deferred taxes	1,828	(5,199)
	Inventories	3,207	(1,022)
	Trade and other receivables	(11,447)	3,771
	Trade payables	12,237	(8,458)
	Pre-payments	(4,519)	2,594
	Tax payables	4,596	315
	Provisions for risks and charges and other liabilities (excluding payables to Organisers)	11,727	214
	Payables to Organisers	2,300	(1,543)
	<b>Total</b>	<b>52,663</b>	<b>(6,528)</b>

\* Some figures in the Consolidated Financial Statements at 31 December 2014 have been restated for comparative purposes to reflect the effects of IFRS 5 following the divestment of the subsidiary Interteks on 27 July 2015 and for the different classification of the use of risk provisions.

# Consolidated Statement of Changes in Equity

(€'000)

note 17	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>(6,390)</b>	<b>(5,421)</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 at 31.12.13:	-	-	-	-	(16,498)	16,498	-	(127)	127	-	-
<i>other reserves</i>	-	(12,664)	-	-	12,664	-	-	-	-	-	-
<i>dividend distribution</i>	-	-	-	-	-	-	-	(76)	-	(76)	(76)
Share capital increases	-	-	-	-	-	-	-	282	-	282	282
<i>Put option on Fiera Milano Exhibitions Africa</i>	-	-	-	1,175	-	-	1,175	-	-	-	1,175
Acquisition of 10% of Fiera Milano Exhibitions Africa	-	-	-	-	(179)	-	(179)	(316)	-	(316)	(495)
Remeasurement of defined benefit plans	-	-	-	-	(394)	-	(394)	-	-	-	(394)
Total comprehensive income for the financial year	-	-	-	737	-	(18,955)	(18,218)	103	(151)	(48)	(18,266)
<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 at 31.12.14:	-	-	-	-	(18,955)	18,955	-	(151)	151	-	-
<i>use of reserves</i>	-	(909)	-7,865	(1,420)	10,194	-	-	-	-	-	-
<i>dividend distribution</i>	-	-	-	-	-	-	-	-	-	-	-
Parent Company share capital increase	297	66,537	-	-	-	-	66,834	-	-	-	66,834
Expenses related to the share capital increase	-	(858)	-	-	-	-	(858)	-	-	-	(858)
Other share capital increases	-	-	-	-	-	-	-	17	-	17	17
Acquisition of 25% of Cipa Ltda	-	-	-	-	1,047	-	1,047	(932)	-	(932)	115
Acquisition of 15% of Fiera Milano Exhibitions Africa Ltd	-	-	-	207	374	-	581	(484)	-	(484)	97
Acquisition of 51% of MiCo DMC Srl	-	-	-	-	-	-	-	5	-	5	5
Remeasurement of defined benefit plans	-	-	-	-	165	-	165	-	-	-	165
Total comprehensive income for the financial year	-	-	-	(1,245)	-	1,014	(231)	21	(585)	(564)	(795)
<b>Balance at 31 December 2015</b>	<b>41,818</b>	<b>65,679</b>	<b>-</b>	<b>(6,936)</b>	<b>(17,003)</b>	<b>1,014</b>	<b>84,572</b>	<b>1,281</b>	<b>(585)</b>	<b>696</b>	<b>85,268</b>

# Explanatory and supplementary notes to the consolidated financial statements

On 14 March 2016, the Board of Directors approved the Fiera Milano Group Consolidated Financial Statements at 31 December 2015 and authorised their publication.

The Fiera Milano Group is active in all the characteristic areas of the exhibition and congress industry and is one of the largest integrated exhibition companies worldwide.

The Group business consists of hosting exhibitions, fairs and other events, promoting and making available equipped exhibition spaces, as well as offering support for projects and related services. This includes the business of staging exhibitions (and providing final services to exhibitors and visitors).

The business of the Group has dual seasonality: (i) a higher concentration of exhibitions in the six months from January to June; (ii) exhibitions that have a multiannual frequency.

Greater detail on Group structure is given in the relevant section of the Directors' Management Report on Operations.

## 1) Accounting standards and consolidation criteria

### Standards used to prepare the Consolidated Financial Statements

The Consolidated Financial Statements were prepared in accordance with IAS and IFRS accounting standards in force at 31 December 2015, issued by the International Accounting Standards Board (IASB) and endorsed by the European Union, and the relative interpretative documents and provisions of Article 9 of Legislative Decree no. 38/2005.

The accounting standards used to prepare the present Financial Statements are the same as those used to prepare the Financial Statements at 31 December 2014, except for those applicable from 1 January 2015 which are listed below.

The Financial Statements are prepared in Euro and all figures are rounded to the nearest thousand Euro unless otherwise indicated. The Financial Statements give comparative data for the previous financial year; it should be noted that some numbers from the previous financial year have been restated to make the numbers more comparable.

In the 2015 financial year no atypical and/or unusual transactions took place.

The present Financial Statements have been prepared on the principle of going concern.

The risks and uncertainties affecting the Group business are described in the Board of Directors' Management Report in the section on Risk factors affecting Fiera Milano Group, in Note 32, and in paragraph 1.5 on The Use of Estimates in the Explanatory and Supplementary Notes to the Consolidated Financial Statements.

The present Financial Statements have been audited by the external audit firm Reconta Ernst & Young SpA.

### 1.1 New accounting standards, interpretations and amendments adopted

The Group has adopted for the first time some accounting standards and amendments that are applicable to financial periods beginning on or after 1 January 2015.

The content and effect of each new accounting standard and amendment is given 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, the interpretation clarifies that no liability is recognised before the specified minimum threshold is reached. The interpretation is effective for annual periods beginning on or after 17 June 2014.

- IFRS Annual Improvements Cycle 2011-2013

This document modified the accounting standards IFRS 1, IFRS 3, IFRS 13, and IAS 40 to clarify guidance.

Interpretation of IFRIC 21 – *Levies* and the IFRS Annual Improvements Cycle 2011-2013 had no impact on the Consolidated Financial Statements at 31 December 2015.

The following accounting standards were approved by the European Union during 2015 but are not applicable for the 2015 Financial Statements and have not been adopted early by the Group:

- Amendment to IAS 19 – *Employee Benefits*

The amendment clarifies the requirements that relate to how contributions to defined benefit plans from employees or third-parties should be attributed to periods of service.

- Amendments to IAS 16 and IAS 38 – Clarification of acceptable methods of depreciation and amortisation; a revenue-based method is not considered to be an appropriate manifestation of consumption.

- Amendment to IFRS 11 – Clarifies the accounting when acquiring an interest in a joint operation that constitutes a business.

- Amendments to IAS 16 and IAS 41 – Financial reporting for bearer plants.

- IFRS Annual Improvements Cycle 2012-2014

This document made amendments to IFRS 5, IFRS 7, IAS 19, and IAS 34 for greater clarification.

- IFRS Annual Improvements Cycle 2010-2012

This document made amendments to IFRS 2, IFRS 3, IFRS 13, IAS 16, and IAS 24 to clarify guidance.

The effects of these amendments on the Consolidated Financial Statements is currently being evaluated.

The following accounting standards have been issued by the IASB but have not yet been endorsed by the European Union:

- IFRS 15 - *Revenue from Contracts with Customers*

IFRS 15 replaces IAS 18 – *Revenue*, IAS 11 - *Construction contracts*, interpretations SIC 31, IFRIC 13 and IFRIC 15. Application of IFRS 15 is mandatory for annual reporting periods beginning on or after 1 January 2017; early application is permitted. The time lapse between the publication of this accounting standard and its mandatory application date, 1 January 2018, is to give entities the necessary time to make the changes required to accounting systems for application of the new international accounting standard as it changes the model for the recognition and measurement of revenues.

- IFRS 14 - *Regulatory Deferral Accounts*

- IFRS 9 - *Financial Instruments*

## 1.2 Form and content of the Consolidated Financial Statements

With regard to the format and content of the Consolidated Financial Statements, the Group has made the following choices:

- the Consolidated Statement of Financial Position is presented with separate sections for Assets, Liabilities, and Equity. Assets and liabilities are also classified as current, non-current, and held for sale;

- the Consolidated Statement of Comprehensive Income is shown as a single statement in a continuous format and items are analysed by nature since this approach provides reliable information that is more relevant than classification by function;

- the Consolidated Statement of Cash Flows is presented using the indirect method;

- the Consolidated Statement of Changes in Equity is presented with separate entries for comprehensive income and transactions with shareholders.

### 1.3 Area and principles of consolidation

The present Consolidated Financial Statements include the Parent Company Fiera Milano SpA and its subsidiary companies, as well as companies under joint control.

The Consolidated Financial Statements are based on financial statements as at 31 December 2015 approved by the Boards of Directors of the companies included in the area of consolidation and prepared according to Group accounting policies and IAS/IFRS.

The list of companies included in the area of consolidation at 31 December 2015 is given in Attachment 1 to this document.

With regard to the equity of the Parent Company, on 31 July 2015, the Extraordinary Shareholders' Meeting approved a paid share capital increase in divisible form for a maximum amount, including the share premium, of Euro 70.000 million to be offered to all shareholders through the issue of new ordinary shares.

The rights were traded on the stock market between 30 November 2015 and 14 December 2015 and the transaction was finalised on 18 December 2015 with the subscription of the new shares. The total value of the subscribed shares was Euro 66.835 million and was used to strengthen the capital structure of the Company and to reduce its financial exposure.

Regarding the area of consolidation:

- on 9 April 2015, the Parent Company acquired the outstanding 15% of the shares of Fiera Milano Exhibitions Africa Pty Ltd for ZAR (South African Rand) 3.945 million (Euro 0.300 million at the exchange rate of 24 February 2015, which was EUR/ZAR 13.149);
- on 6 May 2015, Fiera Milano Congressi SpA acquired 51% of MiCo DMC Srl for Euro 0.050 million;
- following the exercise of the right of withdrawal by the minority shareholder, which was confirmed by judgement from the Court of São Paulo on 10 March 2015, Eurofairs became the owner of 100% of CIPA Ltda. The share capital was proportionally reduced for the 25% of the non-controlling shareholding and by BRL (Brazilian Real) 0.236 million. The fair value of the acquisition price was estimated at BRL 2.476 million (Euro 0.637 million at the exchange rate of 31 December 2015) and will be decided by arbitration;
- on 23 July 2015, the Parent Company signed the final acquisition contract for 100% of Ipack-Ima SpA and at the same time made the initial payment of Euro 2.500 million to the seller Centrexpo SpA. On 16 October 2015, a joint venture, Ipack-Ima Srl, was set up to which Ipack-Ima SpA conferred the "exhibition" business division on 1 January 2016. Greater detail on this transaction is provided in Sections 2 and 4;
- on 27 July 2015, the Parent Company sold its 60% shareholding in the Turkish subsidiary Fiera Milano Interteks Uluslararası Fuarçılık A.S. The costs and revenues relating to the Turkish operations were classified in profit and loss from discontinued operations in the financial year under review. Greater detail on this transaction is given in Section 3 above;
- on 29 July 2015, a payment of Euro 0.600 million was made as part of the share capital increase of Fiera Milano Exhibitions Africa Pty Ltd;
- on 1 October 2015, the Parent Company paid Euro 0.052 million, equivalent to 0.370 million Chinese renminbi, as the second *tranche* of the share capital increase of Wordex (China) Exhibition & Promotion Ltd;
- on 22 December 2015, the Shareholders' Meeting of Milan International Exhibitions Srl approved the liquidation financial statements and approved the cancellation of the company from the Business Register, which took place on 28 December 2015. The costs and revenues relating to the operations of the company were classified in profit and loss from discontinued operations in the financial year under review. Greater detail on this transaction is given in Section 3.

### Subsidiaries

Subsidiaries are consolidated from the date when control is effectively transferred to the Group and cease to be consolidated on the date when control is transferred to third parties.

The carrying value of consolidated investments is eliminated against the corresponding portion of equity at the acquisition date, against the assumption of the liabilities and assets shown in the respective financial statements of the subsidiaries on a line-by-line basis. Acquisitions of subsidiaries are recognised using the purchase method, as required by IFRS 3 revised in 2008 (see the section on Business Combinations).



The non-controlling interests in the capital and reserves of subsidiaries are recognised in equity under non-controlling interests. Similarly, the portion of the Consolidated Income Statement pertaining to non-controlling interests is shown in profit or loss attributable to non-controlling interests.

### **Joint Ventures**

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. The Group recognises its interest in a joint venture as an investment and accounts for it using the equity method under IAS 28 - *Investments in associates and joint ventures*.

In the transition from proportionate consolidation to the equity method the interest in the joint venture is shown at the start of the period presented. Initial recognition as an investment must aggregate the carrying amounts of the assets and liabilities that the entity had previously proportionately consolidated, including any goodwill arising on acquisition. If the goodwill previously belonged to a larger cash generating unit, or group of cash generating units, the entity must allocate goodwill to the joint venture according to the carrying values of the joint venture in the cash generating unit, or group of cash generating units, to which it belongs.

### **Intercompany transactions**

Profits and losses not yet realised that stem from transactions between consolidated companies are eliminated, as are all payables and receivables, costs and revenues and unrealised gains and losses and all other transactions between consolidated companies.

### **Translation of financial statements in foreign currencies**

At the end of the reporting period, the assets and liabilities of consolidated companies with an accounting currency that is not the Euro are translated into the presentation currency of the Group's consolidated accounts at the exchange rate in force on that date. Income Statement items are translated at the average exchange rate for the year and differences arising from the adjustment of opening equity to year-end exchange rates, as well as the differences stemming from the different methodology used for the translation of the results for the financial year, are shown in the entry, other items, of the Statement of Comprehensive Income and aggregated in a specific equity reserve.

The exchange rates used for the translation into Euro of the 2015 and 2014 financial statements of foreign companies were the following:

	average 2015	average 2014	31/12/15	31/12/14
US Dollar	1.1095	1.3285	1.0887	1.2141
Turkish Lira	3.0255	2.9065	3.1765	2.832
South African rand	14.1723	14.4037	16.953	14.0353
Brazilian reals	3.7004	3.1211	4.3117	3.2207
Russian rouble	68.072	50.9518	80.6736	72.337
Indian rupee	71.1956	81.0406	72.0215	76.719
Yuan renminbi	6.9733	8.1857	7.0608	7.5358

Source: Banca d'Italia

## **1.4 Summary of accounting standards and valuation criteria**

### **Business combinations**

Business combinations are accounted for by applying the purchase method in accordance with IFRS 3 revised in 2008. Under this method the transaction cost of a business combination is valued at fair value, determined as the aggregate of the fair value of the assets transferred and the liabilities assumed by the Group at the acquisition date and equity instruments issued for control of the acquired entity. All other costs associated with the transaction are expensed in the Statement of Comprehensive Income at their acquisition date value.

Contingent considerations, considered part of the acquisition consideration, must be measured at fair value at the time of the business combination. Subsequent changes to the fair value are recognised in the Statement of Comprehensive Income. The identifiable assets acquired and the liabilities assumed are measured at fair value at the acquisition date.

Goodwill is measured as the difference between the aggregate of the acquisition-date fair value of the consideration transferred for the business combination, the amount of any non-controlling interest and the acquisition date fair value of any previously held equity interest in the acquiree and the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If the difference between the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed exceeds the consideration transferred for the business combination, the amount of any non-controlling interest and the acquisition-date fair value of any previously held equity interest in the acquiree, the excess sum is immediately recognised in the Statement of Comprehensive Income as income from the transaction.

The non-controlling interest in equity at the acquisition date may be valued at fair value or the non-controlling interest's proportionate share of the identifiable net assets of the acquiree. The measurement method is carried out transaction by transaction. In measuring the fair value of business combinations, the Fiera Milano Group uses available information and, for more material business combinations, also uses the support of external valuations.

Business combinations transacted prior to 1 January 2010 are recognised using the previous version of IFRS 3.

### ***Business combinations achieved in stages***

When a business combination is achieved in stages (step acquisition), the previously held share of the entity's assets and liabilities are measured at fair value at the date that control is obtained and any resulting adjustments are recognised in profit or loss. Previously held investments are therefore recognised as though they had been sold and reacquired at the date that control is obtained.

### ***Puttable instruments***

The concession of put options to non-controlling shareholders gives the latter the right to request that the Group redeem the shares they hold at a future date. IAS 32, paragraph 23, establishes that a contractual right to receive cash or another financial asset from the entity constitutes a financial liability for the actual value of the exercise price of the put. Therefore, where the entity does not have the unconditional right to avoid delivering cash or another financial instrument when the put option on shares of the subsidiaries is exercised, it must recognise the financial liability. The financial liability is initially recognised at fair value corresponding to the current value of the amount to be reimbursed based on the best information available and changes in the fair value between one financial period and another are recognised in profit or loss under financial income/ expenses.

This liability is recognised in non-controlling interests or in Group equity depending on whether the risks or benefits associated with ownership of the shares underlying the options have been transferred.

### ***Transactions involving non-controlling interests***

Partial disposal of an investment where control is retained is accounted for as an equity transaction. For acquisitions of additional investments in a subsidiary any gain or loss between the acquisition consideration and the related share of equity is accounted for as an equity transaction with owners as is the partial disposal of an investment in a subsidiary where control is retained.

In cases where the partial disposal of an investment in a subsidiary results in loss of control, the residual holding is remeasured at fair value and any difference between fair value and the carrying amount is a gain or a loss and is recognised in profit or loss.

## **Tangible fixed assets**

### **Property, plant and equipment**

Property, plant and equipment are recognised at purchase or production cost, including contingent costs and costs incurred, and adjusted for accumulated depreciation.

Tangible assets are depreciated in each accounting period on a straight-line basis, using economic/technical rates determined by the residual life of the assets.

Routine maintenance costs are charged to profit or loss when they are incurred.

The replacement costs of identifiable components of complex assets are allocated to the assets and depreciated over their useful lives. The residual carrying amount of the component being replaced is charged to profit or loss.

Leasehold improvements are classified in property, plant and equipment based on the nature of the cost incurred; the depreciation period corresponds to the lesser of the residual useful life of the tangible asset and the residual period of the rental contract.

The depreciation rates applied are listed below:

- Office furniture and machinery	12.0%
- Exhibition furniture and equipment	27.0%
- Catering equipment	25.0%
- Metal components to be hired out	13.5%
- Sundry machinery and equipment	15.0%
- Motor vehicles	25.0%
- Site motor vehicles	20.0%
- Electronic equipment	20.0%
- Plant and machinery	10.0%
- Telecommunication systems	20.0%
- Alarm systems	30.0%
- Furnishings	12.0%

If there is any indication of impairment, the tangible assets are subjected to an impairment test as described in the section on impairment of assets.

### **Intangible fixed assets**

An intangible asset is recognised only if it is identifiable, is controlled by the entity, is expected to generate future economic benefits, and if its cost can be reliably measured.

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

Goodwill arising from business combinations is initially recognised at the cost on the acquisition date, as indicated in the paragraph above on Business Combinations, and, for purposes of the impairment test, allocated to a cash-generating unit or group of cash-generating units which benefit from the synergies generated by the acquisition that gave rise to the goodwill. After initial recognition in accounts, goodwill is measured at cost less any impairment stemming from the impairment tests (see the section on the Impairment of Assets). An intangible asset is considered to have an indefinite useful life when no limit can be foreseen to the period during which the asset can generate financial inflows for the Group. Intangible assets with an indefinite useful life, such as goodwill, are not subject to amortisation.

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

Intangible assets with a finite life are measured at purchase or production cost, including any contingent costs, and systematically amortised on a straight-line basis over their estimated useful life. If there is any indication of impairment, the intangible assets are subject to an impairment test as described in the section on the impairment of assets.

Since the last quarter of 2008, trademarks of exhibitions (i.e. exhibitor lists, visitor lists, and the actual trademark of the exhibition) and of publishing titles have been reclassified from goodwill with an indefinite life to intangible assets with a finite life. The initial choice was based on the consideration that the businesses underlying these assets, that is to say, exhibitions and specialist publications, do not lend themselves to a precise evaluation of their duration. In essence, at the time of the initial choice, no factors of a general economic, regulatory or legal nature or factors specific to the entity or to the sector in which it is active emerged such as to set a foreseeable limit on the period during which the asset is expected to generate net cash inflows.

However, general trends in national and international markets, together with the internal competitive dynamics of the reference sectors for exhibitions and specialist publications, led to a reconsideration of the initial assumptions. After comparing the practices of the main Italian and foreign competitors, it was concluded that an estimated finite useful life of 20 years was appropriate in most cases, both for exhibitions and publications.

Where the estimate of the reference time horizon for certain intangible assets was shown to be more uncertain, the useful life was set at 10 years.

The amortisation rates applied are given below:

- Exhibition trademarks 5% or 10%
- Other trademarks and publications 5% or 10%

Industrial patents, intellectual property rights, licences and concession agreements are amortised over three to ten years from the year they were acquired.

Research costs are recognised at the time they are incurred. In compliance with IAS 38, development costs relating to specific projects, including the launch of new exhibitions, are capitalised when it is probable that the project will be completed and generate future economic benefits and when such costs can be reliably measured. Their cost is amortised from the point when the asset is ready for use on a straight line basis over its useful life. The carrying value of costs is reviewed annually at the end of the reporting period or more often if there are any particular reasons for doing so to analyse the fair value and ascertain the existence of any impairment.

### Impairment of assets

Goodwill and other intangible assets with an indefinite life are tested for impairment at least annually at the end of the reporting period or more often if there are any indications that an asset has been impaired.

Tangible and intangible assets with a definite useful life that are depreciated or amortised are tested for impairment only when there is an indication of impairment.

The recoverable amount of the asset is assessed by comparing the carrying value with the higher of the net selling price of the asset and its value in use. The net selling price is the amount obtainable from sale of an asset in a transaction between independent, informed, and willing parties, less the costs of disposal. In the absence of binding agreements, it is necessary to use the prices expressed by an active market, or the best information available taking into account factors such as recent transactions for similar assets completed in the same business segment. The value in use is the present value, discounted at the weighted average cost of capital of an entity with a similar risk profile and level of indebtedness, of the cash flows expected to arise from the asset (or from a group of assets – a cash generating unit) and from its sale at the end of its useful life.

If subsequently there is an indication that an impairment loss, other than goodwill, may have decreased or no longer exists, the carrying value of the asset is adjusted to the new estimate of the realisable value although this value may not exceed the value which would have been measured if there had been no impairment. Reversal of impairment is recognised in profit or loss.

### Leased assets

There are two types of leases: finance leases and operating leases.

A lease is considered a finance lease when it transfers a significant and substantial part of the risks and rewards associated with the ownership of the asset to the lessee.

Given this, as determined by IAS 17 – *Leases*, a leasing contract is considered a finance lease when the following factors are separately or jointly present:

- the lease transfers ownership of the asset to the lessee by the end of the lease term;
- the lessee has the option to purchase the asset at a price that is expected to be sufficiently lower than fair value at the date the option becomes exercisable such that, at the inception of the lease, it is reasonably certain the option will be exercised;
- the lease term covers most of the economic life of the asset, even if title is not transferred;
- at the inception of the lease, the present value of minimum lease payments amounts substantially to the fair value of the leased asset;
- the leased assets are of a specialised nature such that only the lessee can use them without major modifications being made.

Assets available to Group companies under leasing contracts that can be considered finance leases are recognised as tangible or intangible assets at the lower of their value at the date acquired or the net current value of the minimum charges under the contract amortised over their estimated useful life; the corresponding liability to the lessor is recognised in equity as a current or non-current financial liability depending on whether the contract expires within or beyond twelve months.

Lease payments are subdivided into principal, which is taken against financial liabilities, and interest, which is recognised in profit or loss under financial expenses.

Charges for operating leases are recognised in profit or loss *pro-rata temporis* for the duration of the contract.

## Financial assets

In accordance with the requirements of IAS 39 and IAS 32, financial assets are classified under the following four categories:

1. Financial assets at fair value through profit or loss;
2. Held-to-maturity (HTM) investments;
3. Loans and receivables;
4. Available-for-sale (AFS) financial assets.

Classification depends on the purpose for which assets are purchased and held. Management decides on their initial classification at the time of their initial recognition in the accounts, subsequently checking this classification at the end of each reporting period.

Financial assets are initially recognised at cost, which is equal to fair value plus contingent transaction costs. Subsequent measurement depends on the type of instrument concerned.

Financial assets at fair value recognised in the Income Statement, which include held-for-trading (HFT) financial assets and financial assets designated as such at the time of initial recognition, are classified among current financial assets and measured at fair value, with the gains or losses stemming from this valuation recognised in profit or loss. Gains and losses from any changes in the fair value are recognised in profit or loss.

Held-to-maturity investments are classified under current financial assets if they mature in less than 12 months and among non-current financial assets if maturity exceeds that period, and are subsequently valued at amortised cost. The latter is calculated using the effective interest rate method, taking into account any purchase discounts or premiums and spreading them over the entire period up to maturity, less any impairment.

Loans and receivables are valued at amortised cost using the effective interest method. At the end of each reporting period, the companies belonging to the Group measure the realisable value of these receivables taking account of estimated future cash payments or receipts through their expected life.

Available-for-sale financial assets are recognised as non-current assets, unless they are to be divested within twelve months of the end of the reporting period, and are measured at fair value. Losses or gains on available-for-sale financial assets are recognised in other comprehensive income and aggregated in a specific equity reserve, until they are sold, recovered or otherwise derecognised. When there is an indication of impairment in an available-for-sale financial asset and there is objective evidence of this, the cumulative gain or loss that was recognised in other comprehensive income is reclassified from equity to profit or loss for the period as a reclassification adjustment even if the financial asset has not been derecognised.

## Investments

In compliance with the requirements of IAS 39 and IAS 32, investments in companies other than subsidiaries and associates are classified as available-for-sale (AFS) and are measured at fair value except for when fair value cannot be determined; in such cases, the cost method is used. Gains and losses stemming from adjustments of value are recognised in other comprehensive income in a specific equity reserve. When there is an indication of impairment in an AFS financial asset and there is objective evidence of this, the cumulative gain or loss that was recognised in other comprehensive income is reclassified from equity to profit or loss for the period as a reclassification adjustment even if the financial asset has not been derecognised.

Investments in associates are valued using the equity method with a separate entry in the Statement of Comprehensive Income for the share of the Group in the results of the companies over which it exercises significant influence.

## Inventories

Inventories are valued at the lower of purchase or production cost, including contingent costs, calculated using the FIFO method, and the presumable net realisable value based on market trends. Group inventories consist mainly of suspended costs relating to activities in future accounting periods and consumables.

### Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, bank demand deposits and cash investments with an original maturity of not more than three months. The definition of cash and cash equivalents in the Consolidated Statement of Cash Flows is the same as that of the Statement of Financial Position.

### Assets and liabilities held for sale

This category includes assets and liabilities (or assets and liabilities in a disposal group/discontinued operations) where the carrying value will be recovered primarily through a sale rather than through continued use.

For this to happen, the following conditions must be met:

- the assets (or disposal groups) must be available for immediate sale in their present condition;
- the sale must be highly probable, i.e. the company must be committed to a programme for their disposal; activities to identify a buyer must have been initiated; and completion of the sale must be scheduled to take place within one year of the date of classification in this category.

Assets held for sale are measured at the lower of their net carrying value and their fair value less costs to sell.

If an asset that is depreciated or amortised is reclassified to this category, the depreciation or amortisation process is discontinued at the time of reclassification.

In compliance with IFRS 5, data relating to discontinued operations are presented as follows:

- in two specific statement of financial position accounts: held-for-sale assets and held-for-sale liabilities;
- in a specific income statement account: net result for the period from discontinued operations.

### Equity

#### Treasury shares

The par value of treasury shares is deducted from share capital and any amount in excess of par value is deducted from the share premium reserve.

Under IAS/IFRS regarding the acquisition of treasury shares, the nominal value of the shares is deducted from share capital while the difference between the nominal value and the acquisition value is taken against the share premium reserve. Regarding the sale of treasury shares, the share capital and the share premium reserve are reconstituted by the same amounts that they were reduced when the shares were acquired while any profit/loss from the sale are recognised in equity, under other reserves, with no impact on profit or loss. The shares taken as the reference for the calculation of profit/loss on disposal are selected using the FIFO method.

#### Costs of capital transactions

Costs directly attributable to capital transactions are recognised as a direct reduction of equity.

#### Trade payables, tax liabilities, pre-payments and other liabilities

Payables, advances and other liabilities are initially recognised at fair value. After that, they are measured at amortised cost. Payables are derecognised when underlying financial obligations have been discharged.

If they have a due date exceeding twelve months, liabilities are discounted to present value using an interest rate reflecting market assessments of the time value of money and specific risks connected with the liability concerned. Discounted interest is classified in financial expenses.

#### Derivative instruments

A derivative or any other contract with the following characteristics is classified as a financial instrument and consequently fair-valued at the end of each accounting period: (i) its value changes in response to the change in an interest rate, the price of a financial instrument, a commodity price, a foreign-exchange rate, a price or rates index, creditworthiness, or another pre-established underlying variable; (ii) it requires no net initial investment or, if initial investment is required, one that is smaller than would be required for a contract from which a similar response to changes in market factors would be expected; (iii) it is settled at a future date. The effects of fair-value measurement are recognised in profit or loss as financial income/expense.

#### Provisions for risks and charges

Provision is made for risks and charges when the Group must meet a present obligation (legal or constructive) stemming from a past event, the amount of which can be reliably estimated and for settlement of which an outflow of resources is probable.

If expectations of resource outflow go beyond the next financial year, the obligation is recognised at its present value through discounting of future cash flows at a rate that also considers the time value of money and the liability's risk. Risks for which manifestation of a liability is only possible, not probable, are shown in the paragraph, disclosure on guarantees given, undertakings and other contingent liabilities, and no provisions are made for these.

### **Bank borrowings and other financial liabilities**

Financial liabilities are initially recognised at cost as represented by the fair value of the funds received net of related costs incurred to receive the loan. After initial recognition, borrowings are measured according to amortised cost calculated using the effective interest rate. Amortised cost is calculated taking into account issuance costs and any discount or premium envisaged at the time of settlement.

### **Employee benefits**

Employee benefits paid out upon or after cessation of the employment relationship consist mainly of employee severance indemnities [*trattamento di fine rapporto* or TFR], which are governed by Article 2120 of the Italian Civil Code.

In compliance with IAS 19, employee severance indemnities are considered a defined benefit plan, i.e. a plan consisting of benefits provided after cessation of employment, which constitutes a future obligation for which the Group assumes actuarial risks and related investments. As required by IAS 19 *Revised*, the Group uses the projected unit credit method to determine the present value of its defined benefit obligations and the related current service costs. This calculation requires the application of objective and mutually compatible actuarial assumptions concerning demographic variables (mortality rate, employee turnover) and financial variables (discount rate, future increases in salary levels). The Fiera Milano Group recognises changes in actuarial gains/losses in other items of comprehensive income. From 1 January 2007, following social security reform, cumulative employee severance indemnities had to be allocated to pension funds or to the INPS treasury fund, or, in the case of companies with fewer than 50 employees, could remain within the company as in previous years. Employees were given the option until 30 June 2007 to choose the destination of their severance indemnities.

In that regard, the allocation of accumulated employee severance indemnities to pension funds or to INPS means that a portion of these indemnities will be classified as a defined contribution plan in that the company's obligation is solely the payment of contributions either to the pension fund or to INPS. The liability related to past severance indemnities continues to be a defined benefit plan to be measured using actuarial assumptions.

Employee termination benefits not included in the employee severance indemnities (TFR) are recognised as liabilities and employee expenses when the enterprise is demonstrably committed to terminate the employment of an employee or group of employees before the normal retirement date or provides termination benefits as a result of an offer made in order to encourage voluntary redundancy. The benefits owed to employees for termination of their employment do not give any future economic benefits to the enterprise and are therefore recognised immediately as a cost.

### **Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits associated with the sale of goods or rendering of services will flow to the Group and the relevant amount can be reliably measured. Revenues are recognised at the fair value of the consideration received or receivable, taking into account any trade discounts and quantity-based reductions granted.

Revenue from the sale of goods is recognised when the entity has transferred a significant and substantial part of the risks and rewards associated with the ownership of the asset.

Revenue from the sale of services is recognised when the service is supplied. In compliance with the requirements of IAS 18 paragraph 25, revenues for the supply of services relating to exhibitions and congresses are recognised when the exhibitions and congresses actually take place, because it is during the actual exhibition/congress that most of the related costs are borne. When it is probable that the total costs of an exhibition will exceed its total revenues, the expected loss is recognised as a cost in a specific provision.

### **Operating costs**

Costs are recognised when they relate to goods and services sold or used in the financial year or on an accrual accounting basis when their future usefulness cannot be precisely identified.

Personnel expenses include both the fixed and variable remuneration of Directors taking account of the effective period of service.

Costs that are not eligible to be recognised in assets are recognised in profit or loss in the period in which they are incurred.

### Other income

This item has a residual nature and includes grants and subsidies.

### Financial income and expenses

Financial income and expenses are recognised in the accounts based on timing that considers the effective yield/expense of the asset/liability concerned.

### Income tax

For each company, income taxes are recognised according to estimated taxable income in compliance with current tax rates and regulations in the countries where the Group operates. Income taxes are recognised in profit or loss, except for those relating to items recognised outside profit or loss, in which case the tax effect is recognised in equity.

Deferred taxes are measured according to the taxable temporary differences existing between the carrying amounts of assets and liabilities and their tax base and are classified among non-current assets and liabilities.

Deferred tax assets are recognised to the extent that there is likely to be sufficient future taxable income against which the positive balance can be utilised. The carrying amount of deferred tax assets is subject to review at the end of each reporting period.

Deferred tax assets and liabilities are measured according to the tax rates that are expected to be applied in the period when the deferrals materialise, considering the tax rates in force or those that are scheduled to come into force subsequently.

Current and deferred tax assets and liabilities are offset only when they are levied by the same taxing authority and when there is a legal right to settle on a net basis.

Further information on the tax consolidation may be found in Note 47.

### Transactions in foreign currencies

Transactions in foreign currencies are recorded at the current exchange rate in force on the transaction date. Monetary assets and liabilities denominated in foreign currencies are converted at the exchange rate in force at the end of the reporting period. Foreign exchange differences generated by the extinction of monetary items or their translation at different exchange rates from those at which they were translated at the time of initial recognition in the period or in previous periods are recognised in profit or loss. Exchange rate differences are recognised in financial expenses and income.

### Dividends

Dividend income is recognised when the shareholders' right to receive payment has been established. This is normally the date of the Annual General Shareholders' Meeting that approves the dividend distribution.

### Earnings (losses) per share

Basic earnings (losses) per share are calculated by dividing the Group profit or loss attributable to ordinary equity holders of the Parent Company by the weighted average number of ordinary shares outstanding in the period, excluding treasury shares.

Diluted earnings (losses) per share are calculated by adjusting the weighted average number of shares outstanding to allow for all dilutive potential ordinary shares.

## 1.5 Use of estimates

Preparation of financial statements and related notes using IFRS requires estimates and assumptions to be made that affect the amounts of assets and liabilities in the Statement of Financial Position and disclosures concerning potential assets and liabilities at the end of the reporting period. Actual results may differ from these estimates. Estimates are used to recognise provisions for doubtful accounts, depreciation and amortisation, employee benefits, taxes, and other provisions and reserves, as well as any adjustments to asset value. Estimates and assumptions are reviewed regularly and the effects of any change are immediately recognised in profit or loss.

The most important estimates used to prepare the Financial Statements are given below as these involve a significant level of subjective opinion, assumptions and estimates:

- *Goodwill and intangible assets with an indefinite useful life* are tested for impairment at least annually at the end of each reporting period; this test requires an estimate of the value in use of the cash generating unit to which the goodwill and intangible assets with an indefinite useful life have been allocated, which itself is based on an estimate of the cash flows the cash generating unit is expected to generate and discounting them to their net present value using an identified discount rate.



- *Intangible assets with a finite useful life* are tested for impairment when there are internal or external indications that an asset is impaired; this test requires an estimate of the value in use of the cash generating unit to which the asset belongs, which itself is based on an estimate of the cash flows the cash generating unit is expected to generate and discounting them to their net present value using an appropriate discount rate.
- *Deferred tax assets* are carried against tax losses carried forward and other taxable temporary differences to the extent that it is probable there will be sufficient future taxable profits available to utilise the tax losses and other taxable temporary differences. Management must use its judgement in estimating the amount of deferred tax assets to be recognised. The Industrial Plan of the Company was used when calculating the amount of deferred tax assets to be recognised.
- *Provisions for risks and costs* are estimated using the best available information at the date of the Financial Statements under review and include estimates based on historic and future data regarding the likely outcome of legal disputes or events where the judgement of the risk profile and the calculation of the likely financial impact are uncertain and complex and could result in an adjustment to estimates.

Concerning the use of estimates of financial risk, reference should be made to the specific paragraph in the notes to the Financial Statements. The valuation of the provision for risks refers to the best information available at the end of the reporting period.

The industrial plans used to carry out the impairment tests are based on certain expectations and assumptions for future performance that by their very nature are subject to uncertainties. Therefore, given the current macroeconomic scenario, the results could differ from the forecasts.

The plan will be continually assessed by the Directors regarding the effective realisation of the initiatives and forecasts and the effects on the financial and economic performance of the Group.

#### **1.6 Use of provisions and application of IFRS 5**

From 2015, the use of provisions, previously accounted under the entry provisions, is recognised in the item for which the provision was originally made. The figures for the previous financial year have been restated for comparative purposes and to present more clearly the costs incurred; this had no effect on the results of the financial year under review.

The effects of this restatement and of the disposal of the subsidiary Interteks are given in the table on the following page.

### Reconciliation of the Income Statement

(€'000)	2014	Divestment of Interteks	Reclassification of uses of provisions	2014 restated
<b>Total revenues</b>	<b>245,457</b>	<b>(2,746)</b>	-	<b>242,711</b>
Cost of materials	2,440	-	-	2,440
Cost of services	137,400	(2,012)	(402)	134,986
Cost for use of third-party assets	57,875	(94)	(1,235)	56,546
Personnel expenses	49,276	(642)	-	48,634
Other operating expenses	6,783	(179)	(1,655)	4,949
<b>Total operating expenses</b>	<b>253,774</b>	<b>(2,927)</b>	<b>(3,292)</b>	<b>247,555</b>
Other income	3,531	(2)	-	3,529
Profit/(loss) of equity accounted subsidiary companies and joint ventures	1,448	-	-	1,448
<b>Gross operating result</b>	<b>(3,338)</b>	<b>179</b>	<b>3,292</b>	<b>133</b>
Depreciation of property, plant & equipment	6,814	(5)	-1	6,808
Depreciation of property investments	6,643	(125)	-	6,518
Adjustments to asset values	3,637	-	-	3,637
Allowance for doubtful accounts and other provisions	(1,639)	(139)	3,295	1,517
<b>Net operating result (EBIT)</b>	<b>(18,793)</b>	<b>448</b>	<b>(2)</b>	<b>(18,347)</b>
Financial income and similar	958	(15)	-	943
Financial expenses and similar	5,857	(43)	(2)	5,812
<b>Profit/(loss) before income tax</b>	<b>(23,692)</b>	<b>476</b>	-	<b>(23,216)</b>
Income tax	(4,586)	5	-	(4,581)
<b>Profit/(loss) from continuing operations</b>	<b>(19,106)</b>	<b>471</b>	-	<b>(18,635)</b>
<b>Profit/(loss) from discontinued operations</b>	-	<b>(471)</b>	-	<b>(471)</b>
<b>Profit/(loss) for the year</b>	<b>(19,106)</b>	-	-	<b>(19,106)</b>

## 2) Disclosure on subsidiaries, joint ventures 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*, the Group has classified its investment as a joint venture and therefore accounts for it using the equity method.

Significant business decisions relating to Hannover Milano Global Germany GmbH require the unanimous agreement of the parties and they have no specific rights over the individual assets or obligations for any individual liability of the company of the legal entity.

Under the joint venture agreement with Deutsche Messe AG, the Group share of equity is calculated on the results generated by the various exhibitions; this share went from 43.98% in 2014 to 40.82% in 2015.

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

(€'000)	2015	2014
Current assets	2,444	2,046
Non-current assets	9,567	9,879
Current liabilities	11,093	10,001
Non-current liabilities	-	-
Net financial debt/(cash)	21,221	16,195
<b>Equity</b>	<b>22,139</b>	<b>18,119</b>
<b>Book value of the joint venture</b>	<b>10,280</b>	<b>8,772</b>

(€'000)	2015	2014
Total revenues	40,920	28,992
Total operating costs	(29,904)	(23,038)
Depreciation and amortisation	(416)	(350)
Interest income	298	295
Interest payable	(6)	(8)
<b>Profit/(loss) before tax</b>	<b>10,892</b>	<b>5,891</b>
Income tax	(3,941)	(2,581)
<b>Profit/(loss) for the year</b>	<b>6,951</b>	<b>3,310</b>
<b>Group profit/(loss)</b>	<b>2,837</b>	<b>1,455</b>

At 31 December 2015 and at 31 December 2014, there were no contingent liabilities or material obligations relating to the investment of the Parent Company in the joint venture.

On 16 October 2015, the subsidiary Ipack-Ima SpA and Proma Pack Srl, a company belonging to UCIMA, the association of the Italian manufacturers of processing and packaging machinery, constituted Ipack-Ima Srl.

The initial capital is Euro 10,000 (ten thousand) and the two companies hold respectively 49% and 51% of the new company. The Group considers its investment to be a joint venture and has accounted for it using the equity method.

On 1 January 2016, the business division of the Ipack-Ima exhibition of Fiera Milano and that of the Food Pack exhibition of UCIMA were conferred on Ipack-Ima Srl. This partnership will result in the most important Italian exhibition for processing and packaging technology.

#### Ipack-Ima Srl

(€'000)	2015
Current assets	-
Non-current assets	28
Current liabilities	33
Non-current liabilities	-
Net financial debt/(cash)	6
<b>Equity</b>	<b>1</b>
<b>Book value of the joint venture</b>	<b>1</b>

#### Ipack-Ima Srl

(€'000)	2015
Revenues	-
<b>Profit/(loss) for the year</b>	<b>(19)</b>
<b>Profit/(loss) for the year attributable to the Group</b>	<b>(9)</b>

At 31 December 2015, there were no contingent liabilities or material obligations relating to the investment of the Parent Company in the joint venture.

Summary financial information on subsidiaries, joint ventures and associates is given in Attachment 2 to the Financial Statements of Fiera Milano SpA.

### 3) Disclosure on discontinued operations

On 27 July 2015, the Parent Company sold its 60% shareholding in the Turkish subsidiary Fiera Milano Interteks Uluslararası Fuarçılık A.S. Turkey is no longer considered a strategic country for the Group given the downgrade to the growth forecasts for the local exhibition market.

The investment was divested for the symbolic sum of Euro 1.0 and resulted in a write-down of Euro 1.587 million at the consolidated level mainly for intangible assets that were the exhibition trademarks and goodwill.

Under IFRS 5 – *Non-current assets held for sale and discontinued operations*, the results of the company and the write-downs of goodwill and other assets are shown as a single figure on the face of the Statement of Comprehensive Income as profit and loss from discontinued operations.

The income statement and the result per share of discontinued operations is shown in the following table:

<b>Income Statement Interteks</b>		
(€'000)	2015	2014
Revenues	938	2,763
Costs	1,347	3,239
Profit/(loss) from discontinued operations	(409)	(476)
Income tax	(8)	(5)
Profit/(loss) from discontinued operations net of related tax effects	(401)	(471)
Write-downs generated by the divestment	1,587	-
<b>Profit/(loss) from discontinued operations</b>	<b>(1,988)</b>	<b>(471)</b>
attributable to:		
<i>The shareholders of the controlling entity</i>	<i>(1,626)</i>	<i>(348)</i>
<i>Non-controlling interests</i>	<i>(362)</i>	<i>(123)</i>

<b>Earnings/losses per share</b>		
	2015	2014
Profit/(loss) (€'000)	(1,988)	(471)
Average no. of shares in circulation ('000)	42,654	41,521
Basic and fully diluted earnings/(losses) per issued share (€)	(0.04661)	(0.01134)

The cash flows from discontinued operations were the following:

<b>Cash flows from discontinued operations</b>		
(€'000)	31/12/15	31/12/14
Cash flow from operating activities	(2,161)	(327)
Cash flow from investing activities	2,442	(4)
Cash flow from financing activities	(295)	328
<b>Net cash for the period from assets held for sale</b>	<b>(14)</b>	<b>(3)</b>

On 22 December 2015, the Ordinary Shareholders' Meeting of Milan International Exhibitions Srl, a company in liquidation, met to approve the liquidation financial statements and approved the cancellation of the company from the Business Register, which happened on 28 December 2015.

The costs and revenues associated with the operations of the company, in which the Group held 20%, were classified in the profit and loss from discontinued operations and are shown in the following table:

#### Income Statement Milan International Exhibitions Srl liquidated on 22 December 2015

(€'000)	2015
Revenues	25
Costs	66
Profit/(loss) from discontinued operations	(41)
<b>Group Profit/(loss)</b>	<b>(8)</b>
Write-downs generated by the divestment	2
<b>Profit/(loss) from discontinued operations</b>	<b>(10)</b>

#### 4) Disclosure on acquisitions

##### Acquisitions recognised as business combinations

On 23 July 2015, the Parent Company signed the final purchase agreement for 100% of Ipack-Ima SpA.

The transaction price was Euro 6.825 million comprising a fixed part of Euro 6.319 million that was paid on 24 July 2015 and a variable amount of Euro 0.506 million for the price adjustment contractually agreed, which was paid on 22 February 2016.

Ipack-Ima SpA owns the trademarks for and organises the following trade exhibitions in the Fiera Milano exhibition site:

- Ipack-Ima (a triennial exhibition), one of the leading events in the world for processing and packaging technologies for food and non-food products;
- Meat Tech (triennial), an exhibition specialised in processing and packaging for the meat industry;
- Dairytech (triennial), an exhibition specialised in processing and packaging technologies for the dairy industry;
- Fruit Innovation (biennial), an exhibition for products, technology and services in the fruit and vegetable sector (owned 50% by Fiera Milano SpA);
- Intralogistica Italia, a triennial exhibition for plant and equipment for corporate internal logistics management (owned 50% by Deutsche Messe).

##### Acquisition consideration of Ipack Ima

(€'000)	
Initial consideration	6,319
Price adjustment	506
<b>Total acquisition consideration</b>	<b>6,825</b>

##### Cash flow

(€'000)	
Cash equivalent paid	6,319
Cash equivalent received	(3,646)
<b>Total cash flow paid (received)</b>	<b>2,673</b>

The Group is currently identifying and valuing the net assets, which mainly relates to exhibition trademarks.

(€'000)	
<b>Non-current assets</b>	<b>148</b>
Property, plant and equipment	76
Intangible assets with a finite useful life	11
Non current receivables	61
<b>Current assets</b>	<b>6,032</b>
Trade and other receivables	2,324
Inventories	62
Cash and cash equivalents	3,646
<b>Assets held for sale</b>	<b>310</b>
<b>Non-current liabilities</b>	<b>1,065</b>
Employee benefit provisions	582
Deferred tax liabilities	483
<b>Current liabilities</b>	<b>1,684</b>
Trade payables	1,023
Other liabilities	661
<b>Net assets acquired</b>	<b>3,741</b>
<b>Goodwill</b>	<b>3,084</b>
<b>Total</b>	<b>6,825</b>

In the period from 23 July 2015 to 31 December 2015, during which none of its exhibitions were held, Ipack-Ima SpA had revenues of Euro 0.003 million and losses of Euro 0.900 million.

On 6 May 2015, Fiera Milano Congressi SpA finalised the acquisition of 51% of the share capital of the newco MiCo DMC Srl. The transaction sum of Euro 0.050 million generated goodwill of Euro 0.045 million.

Since being consolidated within the Group accounts, MiCo DMC Srl has generated revenues of Euro 1.038 million, equal to 0.3% of total consolidated revenues, and a profit of Euro 0.047 million, 11% of the consolidated result of the Group.

## 5) Segment reporting

In accordance with IFRS 8, the identification of operating segments and related information is based on the data used by management to take its operating decisions and is consistent with the management and control model used. The internal accounting system, regularly reviewed and used by the top decision makers in the Group, gives information by segment and also by individual company.

The operating segments defined by the management criteria are as follows:

- **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 and Ipack-Ima 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:

- Hannover Milano Global Germany GmbH, 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 owned through 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;
  - Worldex (China) Exhibition & Promotion Ltd (hereinafter “Worldex”), an important exhibition company in 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 online and offline 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 Fiera Milano Congressi SpA and MiCo DMC Srl.

The tables below give Income Statement and Statement of Financial Position data by segment for the financial years to 31 December 2015 and 31 December 2014.

### Income Statement to 31/12/15

(€'000)	Italian exhibitions	Foreign exhibitions	Stand-fitting services	Media	Congresses	Adjustments	Consolidated
Revenues from sales and services to third-parties	271,124	8,728	10,020	10,672	36,795	-	337,339
Revenues from intersegment sales and services	6,186	648	45,870	2,704	651	(56,059)	
<b>Total revenues</b>	<b>277,310</b>	<b>9,376</b>	<b>55,890</b>	<b>13,376</b>	<b>37,446</b>	<b>(56,059)</b>	<b>337,339</b>
<i>of which from Italy</i>							328,611
<i>of which from foreign activities</i>							8,728
Cost of materials	912	49	3,563	223	127	(15)	4,859
Cost of services	145,187	8,615	39,028	6,977	24,634	(58,571)	165,870
Cost for use of third-party assets	55,022	694	2,031	341	4,029	(698)	61,419
Personnel expenses	46,409	3,452	4,632	5,363	3,840	(2,021)	61,675
Other operating expenses	4,644	511	131	72	504	(109)	5,753
<b>Total operating expenses</b>	<b>252,174</b>	<b>13,321</b>	<b>49,385</b>	<b>12,976</b>	<b>33,134</b>	<b>(61,414)</b>	<b>299,576</b>
Other income	6,804	77	692	421	314	(5,305)	3,003
Profit/(loss) of equity accounted companies	(9)	2,837					2,828
<b>Gross operating result</b>	<b>31,931</b>	<b>(1,031)</b>	<b>7,197</b>	<b>821</b>	<b>4,626</b>	<b>50</b>	<b>43,594</b>
<i>of which from Italy</i>							45,053
<i>of which from foreign activities</i>							(1,459)
Depreciation of property, plant & equipment	2,041	150	1,757	47	2,779		6,774
Depreciation of property investments							
Amortisation of intangible assets	4,237	686		553	22	43	5,541
Adjustments to asset values	1,953	8,869	19	301			11,142
Allowance for doubtful accounts and other provisions	5,496	364	200	2,058	61		8,179
<b>Net operating result (EBIT)</b>	<b>18,204</b>	<b>(11,100)</b>	<b>5,221</b>	<b>(2,138)</b>	<b>1,764</b>	<b>7</b>	<b>11,958</b>
<i>of which from Italy</i>							23,530
<i>of which from foreign activities</i>							(11,572)
Financial income and similar							828
Financial expenses and similar							4,348
Valuation of financial assets							
<b>Profit/(loss) before income tax</b>							<b>8,438</b>
Income tax							6,011
<b>Profit/(loss) from continuing operations</b>							<b>2,427</b>
<b>Profit/(loss) from discontinued operations</b>							<b>(1,998)</b>
<i>Revenues</i>							943
<i>Operating expenses</i>							2,941
<b>Profit/(loss) for the year</b>							<b>429</b>
Profit/(loss) attributable to non-controlling interests							(585)
<b>Group profit/(loss)</b>							<b>1,014</b>

### Statement of Financial Position Data at 31/12/15

(€'000)	Investments	Depreciation and amortisation of non-current assets
Italian exhibitions	5,543	6,278
Foreign exhibitions	184	836
Stand-fitting services	1,520	1,757
Media	11	600
Congresses	559	2,801
Adjustments	-	43
<b>Total</b>	<b>7,817</b>	<b>12,315</b>



## Income Statement to 31/12/14

(€'000)	Italian exhibitions	Foreign exhibitions	Stand-fitting services	Media	Congresses	Adjustments	Consolidated *
Revenues from sales and services to third-parties	176,338	15,561	3,619	10,053	37,140	-	242,711
Revenues from intersegment sales and services	4,760	479	29,770	2,281	695	(37,985)	
<b>Total revenues</b>	<b>181,098</b>	<b>16,040</b>	<b>33,389</b>	<b>12,334</b>	<b>37,835</b>	<b>(37,985)</b>	<b>242,711</b>
<i>of which from Italy</i>							227,150
<i>of which from foreign activities</i>							15,561
Cost of materials	818	83	1,172	264	104	(1)	2,440
Cost of services	107,574	12,411	25,301	6,185	24,257	(40,742)	134,986
Cost for use of third-party assets	50,663	503	1,757	365	3,959	(701)	56,546
Personnel expenses	34,993	2,858	3,714	5,321	3,570	(1,822)	48,634
Other operating expenses	3,682	851	105	59	337	(85)	4,949
<b>Total operating expenses</b>	<b>197,730</b>	<b>16,706</b>	<b>32,049</b>	<b>12,194</b>	<b>32,227</b>	<b>(43,351)</b>	<b>247,555</b>
Other income	6,406	367	931	515	446	(5,136)	3,529
Profit/(loss) of equity accounted companies	(7)	1,455					1,448
<b>Gross operating result</b>	<b>(10,233)</b>	<b>1,156</b>	<b>2,271</b>	<b>655</b>	<b>6,054</b>	<b>230</b>	<b>133</b>
<i>of which from Italy</i>							(840)
<i>of which from foreign activities</i>							973
Depreciation of property, plant & equipment	2,664	64	1,868	45	2,167		6,808
Depreciation of property investments							
Amortisation of intangible assets	4,665	759	4	1,017	20	53	6,518
Adjustments to asset values			11	3,626			3,637
Allowance for doubtful accounts and other provisions	758	155	23	87	494		1,517
<b>Net operating result (EBIT)</b>	<b>(18,320)</b>	<b>178</b>	<b>365</b>	<b>(4,120)</b>	<b>3,373</b>	<b>177</b>	<b>(18,347)</b>
<i>of which from Italy</i>							(18,271)
<i>of which from foreign activities</i>							(76)
Financial income and similar							943
Financial expenses and similar							5,812
Valuation of financial assets							
<b>Profit/(loss) before income tax</b>							<b>(23,216)</b>
Income tax							(4,581)
<b>Profit/(loss) from continuing operations</b>							<b>(18,635)</b>
<b>Profit/(loss) from discontinued operations</b>							<b>(471)</b>
<i>Revenues</i>							2,763
<i>Operating expenses</i>							3,234
<b>Profit/(loss) for the year</b>							<b>(19,106)</b>
Profit/(loss) attributable to non-controlling interests							(151)
<b>Group profit/(loss)</b>							<b>(18,955)</b>

## Statement of Financial Position Data at 31/12/14

(€'000)	Investments	Depreciation and amortisation of non-current assets*
Italian exhibitions	2,230	7,329
Foreign exhibitions	531	823
Stand-fitting services	1,438	1,872
Media	56	1,062
Congresses	4,260	2,187
Adjustments	-	53
<b>Total</b>	<b>8,515</b>	<b>13,326</b>

\* Some figures in the Consolidated Financial Statements at 31 December 2014 have been restated for comparative purposes following the introduction of IFRS 5 following the divestment of the subsidiary Interteks on 27 July 2015, as indicated on note 3, and for the different classification of the use of risk provisions.

## Notes to the Consolidated Financial Statements

### STATEMENT OF FINANCIAL POSITION

#### ASSETS

#### Non-current assets

#### 6) Property, plant and equipment

The breakdown and changes in the last two financial years were as follows:

(€'000)	Balance at 31/12/13	Changes during the financial year						Balance at 31/12/14
		Incr.	Decr.	Depr.	Impairment	Currency translation differences	Reclassification	
<b>Plant and machinery</b>								
- historic cost	14,674	2,182	-	-	-	-	-	16,856
- depreciation	10,601	-	-	1,749	-	-	-	12,350
<b>Net</b>	<b>4,073</b>	<b>2,182</b>	<b>-</b>	<b>1,749</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,506</b>
<b>Industrial and commercial equipment</b>								
- historic cost	33,513	1,440	364	-	195	-	-	34,394
- depreciation	28,436	41	346	2,024	184	-	-	29,971
<b>Net</b>	<b>5,077</b>	<b>1,399</b>	<b>18</b>	<b>2,024</b>	<b>11</b>	<b>-</b>	<b>-</b>	<b>4,423</b>
<b>Other assets</b>								
- historic cost	52,848	3,200	7	-	-	31	(8)	56,064
- depreciation	43,459	47	7	3,036	-	27	4	46,566
<b>Net</b>	<b>9,389</b>	<b>3,153</b>	<b>-</b>	<b>3,036</b>	<b>-</b>	<b>4</b>	<b>(12)</b>	<b>9,498</b>
<b>Contracts in progress and pre-payments</b>								
- historic cost	10	-	10	-	-	-	-	-
<b>Net</b>	<b>10</b>	<b>-</b>	<b>10</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total property, plant and equipment</b>								
- historic cost	101,045	6,822	381	-	195	31	(8)	107,314
- depreciation	82,496	88	353	6,809	184	27	4	88,887
<b>Net</b>	<b>18,549</b>	<b>6,734</b>	<b>28</b>	<b>6,809</b>	<b>11</b>	<b>4</b>	<b>(12)</b>	<b>18,427</b>

## Property, plant and equipment

(€'000)	Balance at 31/12/14	Changes during the financial year								Balance at 31/12/15
		Incr.	Decr.	Depr.	Impairment	Currency translation differences	Change in area of consolidation	Assets of discontinued operations	Reclassification	
<b>Plant and machinery</b>										
- historic cost	16,856	529	34	-	-	-	19	-	-	17,370
- depreciation	12,350	-	15	2,126	-	-	19	-	-	14,480
Net	4,506	529	19	2,126	-	-	-	-	-	2,890
<b>Industrial and commercial equipment</b>										
- historic cost	34,394	1,692	1,039	-	95	-	144	-	-	35,096
- depreciation	29,971	-	976	1,865	77	-	144	-	-	30,927
Net	4,423	1,692	63	1,865	18	-	-	-	-	4,169
<b>Other assets</b>										
- historic cost	56,064	1,228	812	-	-	(156)	233	(422)	-	56,135
- depreciation	46,566	-	611	2,795	-	(70)	157	(388)	-	48,449
Net	9,498	1,228	201	2,795	-	(86)	76	(34)	-	7,686
<b>Contracts in progress and pre-payments</b>										
- historic cost	-	-	-	-	-	-	-	-	1	1
Net	-	-	-	-	-	-	-	-	1	1
<b>Total property, plant and equipment</b>										
- historic cost	107,314	3,449	1,885	-	95	(156)	396	(422)	1	108,602
- depreciation	88,887	-	1,602	6,786	77	(70)	320	(388)	-	93,856
Net	18,427	3,449	283	6,786	18	(86)	76	(34)	1	14,746

The breakdown and changes were as follows:

### Plant and machinery

This entry totalled Euro 2.890 million, net of depreciation in the financial year of Euro 2.126 million, and was mainly electrical and thermal plant and alarm and audiovisual systems.

The increase of Euro 0.529 million was primarily attributable to investments made by the Parent Company in the plant and equipment of the Rho exhibition site.

### Industrial and commercial equipment

This item was Euro 4.169 million, net of depreciation in the financial year of Euro 1.865 million, and was mainly for equipment and furnishings related to the exhibition business.

The increase of Euro 1.692 million was mainly attributable to the purchase of furniture and assets to be hired out during exhibitions.

The decreases and write-downs reflected the residual value of assets removed from the inventories of Nolostand SpA.

### Other assets

This entry was Euro 7.686 million net of depreciation in the financial year of Euro 2.795 million; Euro 4.964 million was for improvements to third-party assets and Euro 2.722 million was for furniture, furnishing accessories, minor equipment, vehicles and electronic equipment.

The breakdown of the Euro 1.228 million increase was as follows:

- Euro 0.822 million was attributable to the Parent Company of which Euro 0.546 million was for electronic equipment and furnishings and Euro 0.276 million for improvements made to third-party assets under existing leasing contracts;

- Euro 0.256 million to Fiera Milano Congressi SpA mainly for extending the WiFi network and for extraordinary maintenance;
  - The remaining Euro 0.150 million was attributable to other companies.
- Depreciation on improvements to third-party assets is calculated on the residual length of the lease contract for the property.

## 7) Leased property, plant and equipment

Details of the amounts and changes to various items in the last two financial years are given below:

### Leased property, plant and equipment

(€'000)	Balance at 31/12/13	Changes during the financial year					Balance at 31/12/14
		Incr.	Decr.	Depr.	Currency translation differences	Reclassification	
<b>Leased property</b>							
- historic cost	10	-	-	-	1	-	11
- depreciation	-	-	-	-	-	-	-
<b>Net</b>	<b>10</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>11</b>
<b>Other leased assets</b>							
- historic cost	19	-	27	-	-	8	-
- depreciation	19	-	19	-	-	-	-
<b>Net</b>	<b>-</b>	<b>-</b>	<b>8</b>	<b>-</b>	<b>-</b>	<b>8</b>	<b>-</b>
<b>Total leased property, plant and equipment</b>							
- historic cost	29	-	27	-	1	8	11
- depreciation	19	-	19	-	-	-	-
<b>Net</b>	<b>10</b>	<b>-</b>	<b>8</b>	<b>-</b>	<b>1</b>	<b>8</b>	<b>11</b>

### Leased property, plant and equipment

(€'000)	Balance at 31/12/14	Changes during the financial year					Balance at 31/12/15
		Incr.	Decr.	Depr.	Currency translation differences	Reclassification	
<b>Leased property</b>							
- historic cost	11	-	-	-	(2)	-	9
- depreciation	-	-	-	-	-	-	-
<b>Net</b>	<b>11</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2)</b>	<b>-</b>	<b>9</b>
<b>Total leased property, plant and equipment</b>							
- historic cost	11	-	-	-	(2)	-	9
- depreciation	-	-	-	-	-	-	-
<b>Net</b>	<b>11</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2)</b>	<b>-</b>	<b>9</b>

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

The breakdown and changes in the last two financial years were as follows:

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

(€'000)	Balance at 31/12/13	Changes during the financial year						Balance at 31/12/14
		Incr.	Decr.	Impairment	Change in area of consolidation	Currency translation differences	Reclassification	
<b>Goodwill</b>								
- historic cost	126,527	-	-	500	-	44	-	126,071
- amortisation	16,597	-	-	-	-	-	-	16,597
<b>Net</b>	<b>109,930</b>	<b>-</b>	<b>-</b>	<b>500</b>	<b>-</b>	<b>44</b>	<b>-</b>	<b>109,474</b>

## Goodwill and intangible assets with an indefinite useful life

(€'000)	Balance at 31/12/14	Changes during the financial year					Assets of discontinued operations	Currency translation differences	Balance at 31/12/15
		Incr.	Decr.	Impairment	Change in area of consolidation				
<b>Goodwill</b>									
. historic cost	126,071	-	-	7,702	3,173	(700)	700	121,542	
. amortisation	16,597	-	-	-	-	-	-	16,597	
<b>Net</b>	<b>109,474</b>	<b>-</b>	<b>-</b>	<b>7,702</b>	<b>3,173</b>	<b>(700)</b>	<b>700</b>	<b>104,945</b>	

The write-down of Euro 7.702 million was for the write-down of goodwill that resulted from the impairment tests as detailed below.

The Euro 3.173 million for the change in the area of consolidation was Euro 3.084 million for Ipack-Ima SpA and Euro 0.089 million for MiCo DMC Srl.

The decrease in divested assets of Euro 0.700 million refers to the sale of the Turkish company Interteks as described in Note 3.

The positive translation effect of Euro 0.700 million was mainly for goodwill in the China cash-generating unit.

As described in the section on Valuation Criteria, goodwill is not depreciated but is subject to impairment tests at the end of each reporting period or more frequently if there are any indications of impairment. The methods used for the impairment tests in the 2015 financial period are described in the section Use of estimates.

The trend in the exhibition sector, in particular in Brazil and South Africa, showed signs of a slowdown that was mainly caused by the particularly negative environment in the semester, which had a negative impact both on forecast results and on expected growth. In Brazil there was a negative impact from the poor performance of some exhibitions in the semester and from the unfavourable economic climate that was further aggravated by the elections and the numerous political scandals. These risk indicators underlie the update of the industrial plans of the Brazil and South Africa cash generating units and the decision to carry out impairment tests; these showed Euro 4.537 million of impairment on the goodwill of Cipa Fiera Milano Ltda, Euro 1.679 million for Fiera Milano Exhibitions Africa Ltd and Euro 1.486 million for Worldex (China) Exhibition & Promotion Ltd.

Goodwill is allocated to the relevant cash generating units or groups of cash generating units.

To identify “the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets” (IAS 36), the different reportable segments of the Group were identified as specific cash generating units.

In the reportable segment “Exhibitions” each exhibition constitutes a cash generating unit.

Each of the two reportable segments “Stand-fitting Services” and “Congresses” is one cash generating unit that encompasses all the assets of each individual segment.

In the reportable segment “Media” different cash generating units are identifiable that correspond to the various publications, while digital services is another cash-generating unit and all the activities relating to seminars and conventions are a single cash-generating unit (the “Events and Training” CGU).

Lastly, in the reportable segment “Overseas” the situation varies according to whether the Group is active in a country with its own exhibitions.

In order to avoid using arbitrary allocation criteria for the impairment tests, goodwill was allocated on the basis of appropriate groupings that reflect the strategic vision of the company as well as how the goodwill was generated.

The goodwill allocations are as follows:

- the Directly Organised Exhibition cash-generating unit: this comprises the cash generating units of all the exhibitions directly organised by Fiera Milano SpA. The goodwill allocated to this group was Euro 43.307 million, of which Euro 40.223 million was

goodwill from the acquisitions of companies that organise exhibitions that were subsequently incorporated in Fiera Milano SpA through various merger transactions, and Euro 3.084 was for Ipack-Ima SpA acquired in the financial year under review.

- the Exhibition cash-generating unit: this comprises the cash generating units of all the exhibitions of 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 group of cash generating units: this includes the cash generating units of publications and digital services and the goodwill allocated to this group of cash-generating units was Euro 5.947 million.
- the 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 of which Euro 5.455 million was the goodwill from the acquisition of Fiera Milano Congressi SpA and Euro 0.089 million was from the acquisition of MiCo DMC Srl in the financial year under review.
- 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 0.185 million and was from 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 6.844 million and was Euro 6.829 million from the acquisition of the Chinese company Worldex (China) Ltd and Euro 0.015 million from the acquisition of Haikou Worldex Ltd.

The realisable value of the cash generating units (CGUs) to which individual goodwill was attributed is verified by determining their value in use.

The impairment method used is that of discounted cash flow, based on the industrial plan of each Group company and approved by their respective board of directors. The time horizon considered is five financial years for Fiera Milano Media SpA and four years for the other companies as several important events occur biennially in the exhibition calendar. Cash flow projections beyond the time horizons of the industrial plans are generally made by taking the average gross operating margin of the last two years of the plan and estimating a normalised cash flow with no changes in working capital but including maintenance or replacement expenditure. For the Exhibitions and Directly Organised Exhibitions cash generating units the cash flows used to calculate the terminal value excluded the *pro quota* amount of exhibitions in the last two years of the industrial plan which are held less often than every two years.

The terminal value was measured as a perpetuity obtained by calculating the net present value of the average net cash flows of the last two years of the plan with detailed estimates using a discount rate that differed according to the various reference countries of the cash-generating units. Zero growth in real terms was assumed but an estimate of the medium/long-term inflation rates in the specific geographic areas was used.

The WACC (Weighted Average Cost of Capital) used for the Italian businesses was calculated using: (i) a risk-free rate of 1.71%; (ii) a market risk premium of 5.5%; (iii) a levered beta of 0.78 %, equal to the average for the sector; (iv) a risk premium that varied according to the different CGUs; (v) a cost of debt of 3.69%; (vi) with average debt equal to 25% of invested capital (the average of the peer companies).

The single elements were arrived at using as far as possible publicly available sources. A rate net of taxes was used for cash flows net of taxes.

The WACC of the different CGUs varied according to: (i) the different risk-free rates (the yield on a 10-year government bond in the jurisdiction of the CGU); and (ii) the specific risk coefficient to cover the execution risk of the forecast cash flows. The risk factors reflect the differences between historical data and estimated figures and also forecasts for the impact of the business initiatives to be implemented; (iii) the different cost of debt due to the estimated rate of inflation in each jurisdiction of the CGUs. A summary of the results is given in the table below:

CGU	WACC
Exhibitions CGU	5.97%
Directly Organised Exhibitions CGU	5.97%
Exhibition Stand-fitting CGU	5.97%
Publications and Digital Services CGU	7.47%
Events and Training CGU	7.47%
Congresses CGU	6.34%
Brazil CGU	15.10%
South Africa CGU	12.08%
Worldex (China) CGU	7.97%

Sensitivity analyses were carried out by varying the WACC (+0.5%) and the forecast operating cash flows (-10%) with a positive outcome for all the CGUs that were not written down. Using a WACC that was 0.5% higher for the goodwill of Worldex, the Euro 1.486 million of impairment would have been Euro 2.040 million. Using a WACC that was 0.5% lower would have given a figure of Euro 0.838 million. Applying a 10% reduction in cash flows gave a figure of Euro 2.207 million.

## 9) Intangible assets with a finite useful life

The breakdown and changes in the last two financial years were as follows:

### Intangible assets with a finite useful life

(€'000)	Balance at 31/12/13	Changes during the financial year							Balance at 31/12/14	
		Incr.	Decr.	Depr.	Impair-ment	Change in area of consolidation	Currency translation differences	Reclassification		
<b>Trademarks and publishing titles</b>										
- historic cost	65,146	-	-	-	3,126	-	271	-	-	62,291
- amortisation	23,609	-	-	2,782	-	-	26	-	-	26,417
Net	41,537	-	-	2,782	3,126	-	245	-	-	35,874
<b>Concessions, licenses and similar rights</b>										
- historic cost	5,979	342	-	-	-	-	-	-	-	6,321
- amortisation	3,424	-	-	1,310	-	-	-	-	-	4,734
Net	2,555	342	-	1,310	-	-	-	-	-	1,587
<b>Development costs</b>										
- historic cost	1,948	-	1,948	-	-	-	-	-	-	-
- amortisation	1,948	-	1,948	-	-	-	-	-	-	-
Net	-	-	-	-	-	-	-	-	-	-
<b>Industrial patents and intellectual property rights</b>										
- historic cost	35,155	1,439	463	-	-	-	2	-	-	36,133
- amortisation	30,583	-	463	2,356	-	-	2	(5)	-	32,473
Net	4,572	1,439	-	2,356	-	-	-	5	-	3,660
<b>Non-competition agreements</b>										
- historic cost	699	-	-	-	-	-	(23)	-	-	676
- amortisation	141	-	-	70	-	-	2	-	-	213
Net	558	-	-	70	-	-	(25)	-	-	463
<b>Total intangible assets with a finite useful life</b>										
- historic cost	108,927	1,781	2,411	-	3,126	-	250	-	-	105,421
- amortisation	59,705	-	2,411	6,518	-	-	30	(5)	-	63,837
Net	49,222	1,781	-	6,518	3,126	-	220	(5)	-	41,584

### Intangible assets with a finite useful life

(€'000)	Changes during the financial year									Balance at 31/12/15
	Balance at 31/12/14	Incr.	Decr.	Depr.	Impairment	Change in area of consolidation	Assets of discontinued operations	Currency translation differences	Reclassification	
<b>Trademarks and publishing titles</b>										
- historic cost	62,291	11	-	-	3,422	-	(1,707)	(3,224)	-	53,949
- amortisation	26,417	-	-	2,078	-	-	(236)	(673)	-	27,586
<b>Net</b>	<b>35,874</b>	<b>11</b>	<b>-</b>	<b>2,078</b>	<b>3,422</b>	<b>-</b>	<b>(1,471)</b>	<b>(2,551)</b>	<b>-</b>	<b>26,363</b>
<b>Concessions, licenses and similar rights</b>										
- historic cost	6,321	250	3,000	-	-	-	-	-	(46)	3,525
- amortisation	4,734	-	3,000	1,388	-	-	-	-	(46)	3,076
<b>Net</b>	<b>1,587</b>	<b>250</b>	<b>-</b>	<b>1,388</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>449</b>
<b>Industrial patents and intellectual property rights</b>										
- historic cost	36,133	836	-	-	-	549	(7)	(58)	-	37,453
- amortisation	32,473	-	-	2,031	-	538	(7)	(3)	-	35,032
<b>Net</b>	<b>3,660</b>	<b>836</b>	<b>-</b>	<b>2,031</b>	<b>-</b>	<b>11</b>	<b>-</b>	<b>(55)</b>	<b>-</b>	<b>2,421</b>
<b>Non-competition agreements</b>										
- historic cost	676	-	-	-	-	-	(276)	(123)	(14)	263
- amortisation	213	-	-	44	-	-	(115)	(30)	(14)	98
<b>Net</b>	<b>463</b>	<b>-</b>	<b>-</b>	<b>44</b>	<b>-</b>	<b>-</b>	<b>(161)</b>	<b>(93)</b>	<b>-</b>	<b>165</b>
<b>Intangible fixed assets under construction</b>										
- historic cost	-	11	-	-	-	-	-	-	(1)	10
<b>Net</b>	<b>-</b>	<b>11</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1)</b>	<b>10</b>
<b>Total intangible assets with a finite useful life</b>										
- historic cost	105,421	1,108	3,000	-	3,422	549	(1,990)	(3,405)	(61)	95,200
- amortisation	63,837	-	3,000	5,541	-	538	(358)	(706)	(60)	65,792
<b>Net</b>	<b>41,584</b>	<b>1,108</b>	<b>-</b>	<b>5,541</b>	<b>3,422</b>	<b>11</b>	<b>(1,632)</b>	<b>(2,699)</b>	<b>(1)</b>	<b>29,408</b>

### Trademarks and publishing titles

This item totalled Euro 26.363 million with the following breakdown:

- exhibition trademarks:

- BIT: Euro 3.230 million;
- Good Food & Wine show: Euro 2.927 million;
- Host: Euro 2.136 million;
- Mipap Milano Prêt-à-Porter: Euro 2.007 million;
- Exposec: Euro 1.616 million;
- Fisp: Euro 1.394 million;
- Tubotech: Euro 0.951 million;
- Transpotec & Logitec: Euro 0.941 million;
- Fluidtrans Compomac: Euro 0.895 million;
- Festivity: Euro 0.469 million;
- Bias: Euro 0.401 million;
- Miart: Euro 0.149 million;
- Braseg: Euro 0.122 million;
- BtoBio Expo: Euro 0.095 million;
- Other: Euro 0.038 million;

- other trademarks and publishing titles:

- Food & Beverage publications: Euro 4.326 million;
- Business International: Euro 2.291 million;
- Technology publications: Euro 1.493 million;
- Cipa: Euro 0.741 million;
- Security: Euro 0.091 million;
- Incendio: Euro 0.050 million.



The trademarks are mainly for specific exhibitions directly organised by the Group.

The publishing titles refer to specialist trade publications aimed at sector professionals.

Both the trademarks and the publishing titles came under the Group control through various business combinations transacted over time. As a result of estimates made of the useful life of the various exhibition trademarks and publishing titles, starting from the fourth quarter of 2008 these have been amortised rather than using the previous accounting criteria of an indefinite useful life.

For the trademarks and publications to which Fiera Milano has attributed a finite useful life, the internal and external sources of information indicated in paragraphs 12-14 of IAS 36 were used to assess if there were any indications of impairment. The result of the impairment tests led to the following changes:

- impairment of Euro 1.591 million for Transpotec & Logitec in the Parent Company following an indication of impairment deriving from the poor performance of the 2015 edition of the exhibition;
- Euro 0.362 million for the impairment of the Bias trademark in the Parent Company following a calculation of the recoverable value. This calculation was necessitated by the inclusion of the related exhibition in a larger grouping;
- Euro 0.990 million for Reatech in Cipa FM as the residual value of the trademark was written down to zero following an indication of impairment;
- Euro 0.178 million for the Good Food & Wine Show trademark belonging to Fiera Milano Exhibitions Africa PTY Ltd for the amount of the impairment that exceeded the carrying amount of goodwill;
- Euro 0.301 million for the real estate publications of Fiera Milano Media as the residual value of the trademarks was written down to zero following the decision to close them.

Other changes were as follows:

- a Euro 1.471 million decrease in operating assets from discontinued operations due to the divestment of the Turkish company Interteks, the owner of the Beauty & Care and Home & Garden exhibition trademarks, as detailed in Note 3;
- Euro 2.078 million for amortisation;
- a negative exchange rate effect of Euro 2.551 million.

### **Concessions, licences and similar rights**

At 31 December 2015, this item totalled Euro 0.449 million net of amortisation for the year of Euro 1.388 million. The increase of Euro 0.250 million was for the acquisition by the Parent Company of software licences with rights of use for a defined period. Time-limited software licences are amortised over a period of three years.

### **Industrial patents and intellectual property rights**

These were Euro 2.421 million net of depreciation and amortisation for the year of Euro 2.031 million. The Euro 0.836 million increase referred mainly to costs for the implementation of digital projects and the purchase by the Parent Company of software licences.

Depreciation and amortisation is calculated over a period of three to ten years. Depreciation of the Information System of the Parent Company is calculated over a useful life of three years.

### **Non-compete agreements**

This entry was Euro 0.165 million net of amortisation in the year of Euro 0.044 million and relates to Cipa FM; the Euro 0.161 million decrease in assets from discontinued operations referred to the divestment of the Turkish company Interteks.

### **Intangible fixed assets under construction**

This item was Euro 0.010 million and was for the development costs of a new management software for the Parent Company exhibition App. The value of the asset once completed will be reclassified in the relevant entry for fixed assets and it will begin to be depreciated.

## 10) Equity accounted investments

These were Euro 16.955 million (Euro 15.462 million at 31 December 2014) and referred almost exclusively to the investment of 49% in Hannover Milano Global Germany GmbH. It was subject to the following changes:

(€'000)	Balance at 31/12/14	Changes during the financial year			Currency translation differences	Balance at 31/12/15
		Results	Dividend distribution	Reclassification		
Equity-accounted investments	15,462	2,828	(1,827)	(6)	498	16,955
<b>Total</b>	<b>15,462</b>	<b>2,828</b>	<b>(1,827)</b>	<b>(6)</b>	<b>498</b>	<b>16,955</b>

Greater detail is given in Note 2, Disclosure on subsidiaries, joint ventures and associates.

## 11) Other investments

These totalled Euro 0.029 million (Euro 0.040 million at 31 December 2014) and was for the investment in Esperia SpA.

The change refers to the decrease in the 0.07% of the share capital of the Congress Center of Istanbul that was held by Interteks for Euro 0.011 million.

## 12) Trade and other receivables

These totalled Euro 13.035 million (Euro 13.275 million at 31 December 2014).

### Trade and other receivables

(€'000)	Balance at 31/12/14	Changes during the financial year		Balance at 31/12/15
		Increase	Decrease	
Other receivables from the controlling shareholder	12,389	-	264	12,125
Other guarantee deposits	585	-	-	585
Other receivables	301	24	-	325
<b>Total</b>	<b>13,275</b>	<b>24</b>	<b>264</b>	<b>13,035</b>

They included:

- other receivables from the controlling shareholder of Euro 12.125 million (Euro 12.389 million at 31 December 2014). Euro 10.412 million was for the guarantee deposit paid by the Parent Company for the lease agreements for the two exhibition sites of Rho and Milan. The figure is equal to the quarterly rent payable under the two lease agreements; the residual amount of Euro 1.713 million is the non-current part of the receivable arising from the right to repayment from Fondazione Fiera Milano of the guarantee deposit paid on the two previous lease agreements in part offset by the guarantee deposit payable by Fiera Milano on the new lease agreements. This receivable will be paid by Fondazione Fiera Milano over the length of the agreements in six-monthly instalments through a reduction in the rent payable by Fiera Milano SpA;
- other guarantee deposits of Euro 0.585 million (Euro 0.585 million at 31 December 2014). These were mainly in the Parent Company and are almost all for the guarantee deposit on the real estate lease for the "Palazzo Italia" in Berlin. The amount, Euro 0.498 million, was equivalent to the quarterly rent under the lease agreement;
- other receivables of Euro 0.325 million (Euro 0.301 million at 31 December 2014). These were primarily for the receivable from the disposal of the Rich-Mac trademark by the Parent Company, which will be paid in two biennial *tranches* in December 2017 to December 2019.

Trade and other receivables included Euro 12.125 million (Euro 12.389 million at 31 December 2014) of related-party transactions. Further details on related-party transactions are given in Note 49.

### 13) Deferred tax assets

These were Euro 3.175 million (Euro 6.457 million at 31 December 2014) and represent the difference between deferred tax assets and deferred tax liabilities recognised at the level of each individual company included in the consolidation.

Further details of the changes in deferred taxes are given in Note 47.

### Current assets

#### 14) Trade and other receivables

##### Trade and other receivables

(€'000)	31/12/15	31/12/14	change
Trade receivables	52,756	37,953	14,803
Trade receivables from the controlling shareholder	801	1,559	(758)
Trade receivables from associates	68	45	23
Other receivables	4,553	5,103	(550)
Prepaid expenses from the controlling shareholder	4,540	5,097	(557)
Accrued income and prepaid expenses	1,214	847	367
<b>Total</b>	<b>63,932</b>	<b>50,604</b>	<b>13,328</b>

These were Euro 63.932 million (Euro 50.604 million at 31 December 2014).

They included:

- trade receivables from clients of Euro 52.756 million (Euro 37.953 million at 31 December 2014) net of the provision for doubtful receivables of Euro 8.570 million. They related to receivables from organisers, exhibitors and others for the supply of exhibition space and services for exhibitions and congresses. The increase compared to the previous financial year mainly reflected higher business volumes due to the different exhibition calendar.

The sum for receivables was adjusted for the provision for doubtful receivables in order to bring the nominal value in line with the presumed realisable value. The change in this provision in the financial year under review is shown in the table below:

(€'000)	31/12/14	Provisions	Utilisation and other changes	31/12/15
Provision for doubtful receivables	9,089	2,092	(2,611)	8,570

The provision was for receivables that were deemed difficult to recover and includes a provision of Euro 0.336 million relating to the client Expo 2015.

- Receivables from the controlling shareholder were Euro 0.801 million (Euro 1.559 million at 31 December 2014) and the breakdown was as follows:
  - Group VAT receivables of Euro 0.243 million (Euro 0.915 million at 31 December 2014);
  - other receivables of Euro 0.558 million (Euro 0.644 million at 31 December 2014);
- Other receivables were Euro 4.553 million (Euro 5.103 million at 31 December 2014). The breakdown was as follows:
  - receivables from employees of Euro 0.360 million (Euro 0.486 million at 31 December 2014);
  - VAT receivables of Euro 0.407 million (Euro 0.156 million at 31 December 2014). The increase was mainly due to the VAT receivable in the company Ipack-Ima that was acquired in the financial year under review;
  - pre-payments to suppliers of Euro 1.311 million (Euro 1.012 million at 31 December 2014);
  - receivables for tax pre-payments on severance indemnities of Euro 0.294 million (Euro 0.288 million at 31 December 2014);
  - INAIL prepayments and receivables of Euro 0.170 million (Euro 0.198 million at 31 December 2014);
  - other tax receivables of Euro 0.748 million (Euro 1.522 million at 31 December 2014) of which Euro 0.547 million due to Cipa FM and Euro 0.201 million to other companies;
  - other receivables of Euro 1.263 million (Euro 1.441 million at 31 December 2014) which included Parent Company receivables of Euro 0.752 million and receivables from other companies of Euro 0.511 million.

- Accrued income of Euro 4.540 million from the controlling shareholder (Euro 5.097 million at 31 December 2014) mainly for the rent payable for the **fieramilano** exhibition site.
- Pre-payments and accrued income of Euro 1.214 million (Euro 0.847 million at 31 December 2014) for insurance premiums and other expenses related to future financial years.

The entry includes Euro 5.341 million for related-party transactions (Euro 6.795 million at 31 December 2014). Further details on related-party transactions are given in Note 49.

## 15) Inventories

Inventories were Euro 1.884 million (Euro 5.028 million at 31 December 2014) and were as follows:

<b>Inventories</b>			
(€'000)	31/12/15	31/12/14	Change
Raw materials, subsidiary materials and consumables	62	45	17
Total inventories	62	45	17
Total suspended costs	1,822	4,983	(3,161)
<b>Total inventories</b>	<b>1,884</b>	<b>5,028</b>	<b>(3,144)</b>

Suspended costs refer to exhibitions and congresses to be held after 31 December 2015.  
 The breakdown of suspended costs by event was as follows:

<b>Exhibition</b>			
(€'000)	31/12/15	31/12/14	Change
Tuttofood	346	1,671	(1,325)
Homi I semester	301	527	(226)
Miart	201	205	(4)
Bit	192	887	(695)
Fisp	157	-	157
Host	109	496	(387)
Homi II semester	3	392	(389)
Transpotec & Logitec	2	142	(140)
Tubotech	-	113	(113)
Expo 2015	-	19	(19)
Other	511	531	(20)
<b>Total</b>	<b>1,822</b>	<b>4,983</b>	<b>(3,161)</b>

## 16) Cash and cash equivalents

This entry was Euro 56.092 million (Euro 12.276 million at 31 December 2014) and was almost entirely composed of short-term bank deposits.

The financial flows from the share capital increase accounted for most of the increase in this entry.

The change in financial flows compared to those at 31 December 2014 is shown in the Consolidated Statement of Cash Flows.

## EQUITY AND LIABILITIES

### 17) Equity

Consolidated equity was as follows:

#### Equity

(€'000)	31/12/15	31/12/14	Change
Share capital	41,818	41,521	297
<i>of which treasury shares</i>	(627)	(627)	-
Share premium reserve	65,679	909	64,770
<i>of which treasury shares</i>	(2,913)	(2,913)	-
Legal reserve	-	7,865	(7,865)
Other reserves	(6,936)	(4,478)	(2,458)
Retained profits/(losses)	(17,003)	(9,828)	(7,175)
Profit/(loss) for the period	1,014	(18,955)	19,969
<b>Group equity</b>	<b>84,572</b>	<b>17,034</b>	<b>67,538</b>
Capital and reserves attributable to non-controlling interests	1,281	2,805	(1,524)
Profit/(loss) attributable to non-controlling interests	(585)	(151)	(434)
<b>Equity attributable to non-controlling interests</b>	<b>696</b>	<b>2,654</b>	<b>(1,958)</b>
<b>Total</b>	<b>85,268</b>	<b>19,688</b>	<b>65,580</b>

The breakdown and changes were as follows:

#### Share capital

At 31 December 2015 the fully paid-up share capital was Euro 41.818 million (Euro 41.521 million at 31 December 2014), net of Euro 0.627 million of treasury shares. The fully paid-up share capital of the Parent Company is 71,917,829 ordinary shares, subject to no restrictions on dividend distribution and the repayment of capital, except as provided by law for treasury shares.

The change of Euro 0.297 million in the figure for share capital was due to the share capital increase. On 31 July 2015, the Extraordinary Shareholders' Meeting approved cancelling the nominal value of the shares and increasing the share capital on a paid basis and in divisible form for a maximum amount, including the share premium, of Euro 70.000 million to be offered to existing shareholders of the Company, under 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 issue at the time of the issue of new shares.

The Extraordinary Shareholders' Meeting also granted the Board of Directors all necessary powers to determine the final terms of the share capital increase.

On 26 November 2015, the Board of Directors of the Company, using the authority given it by the Extraordinary Shareholders' Meeting, decided:

- the shares would be offered at a price of Euro 2.245 per share, including a share premium of Euro 2.235 per share, in the ratio of three new Fiera Milano shares for every four Fiera Milano shares held;
- the maximum number of ordinary shares to be issued would be 31,126,821 for a maximum amount of Euro 69.880 million;
- the rights to the shares would be traded on the stock market between 30 November and 14 December 2015;
- that the rights, under penalty of expiry, could be exercised between 30 November and 18 December 2015.

During the offer period, 39,693,856 rights were exercised resulting in 29,770,392 ordinary shares being subscribed, equivalent to 95.64% of the total number of shares offered for a total value of Euro 66.835 million, of which Euro 0.297 million was allocated to share capital and Euro 66.538 million to the share premium reserve.

Fondazione Fiera Milano, the controlling shareholder of Fiera Milano SpA, exercised all its rights and subscribed to 19,618,206 ordinary shares for a total value of Euro 44.043 million.

At the conclusion of the rights offer period, 1,808,572 rights to subscribe to 1,356,429 ordinary shares, equal to 4.36% of the total shares offered for a total value of Euro 3.045 million, remained unsubscribed. These rights, in accordance with Article 2441, paragraph 3 of the Italian Civil Code were offered on the market on the trading days of 22, 25, 26, 27 and 28 January 2016. During this period 280,000 unsubscribed rights were sold and subsequently no further shares were issued. Therefore, the share capital of Fiera Milano remained unchanged on the figure at 31 December 2015.

The breakdown of the shares in issue is shown in the following table:

	Number of shares at 31 December 2014	Change				Number of shares at 31 December 2015
		Capital Increase	Change in consolidation area	Purchase	Sale	
Ordinary shares in issue	42,147,437	29,770,392	-	-	-	71,917,829
Treasury shares	626,758	-	18,250	-	-	645,008
<b>Total shares outstanding</b>	<b>41,520,679</b>	<b>29,770,392</b>	<b>18,250</b>	<b>-</b>	<b>-</b>	<b>71,272,821</b>

In accordance with IAS/IFRS, the nominal value of treasury shares acquired in previous years has been carried directly to equity whilst the difference between the nominal value and the acquisition price of treasury shares has been taken to the share premium reserve. The Extraordinary Shareholders' Meeting of 31 July 2015, at the same time as approving the share capital increase, also approved the cancellation of the nominal value of the shares that comprise the share capital. Therefore, since that date the nominal value is calculated by dividing the share capital by the number of shares outstanding. At 31 December 2015, this gave an implicit nominal value of Euro 0.59 per share.

The change in the area of consolidation refers to Ipack-Ima which held 18,250 shares acquired free of charge.

### Share premium reserve

This was Euro 65.679 million (Euro 0.909 million at 31 December 2014) net of Euro 2.913 million of treasury shares.

The changes during the financial year under review were due to the decisions of the Parent Company and were as follows:

- a Euro 65.679 million increase, which is the net of the Euro 66.538 million increase from the share premium element of the rights issue and a decrease of Euro 1.150 for the costs incurred for the share capital increase that were deducted from equity in accordance with IAS 32. These costs were deducted from the share premium reserve net of the tax effect of Euro 0.291 million;
- a decrease of Euro 0.909 million due to the use of the share premium reserve to cover part of the losses of the previous financial year as approved by the Shareholders' Meeting of the Parent Company on 29 April 2015.

### Legal reserve

This entry was zero (Euro 7.865 million at 31 December 2014). The decrease of 7.865 million was due to the decision of the Shareholders' Meeting of the Parent Company on 29 April 2015 to cover part of the losses of the previous financial year by using the legal reserve.

### Other reserves

These were negative for Euro 6.936 million (negative for Euro 4.478 million at 31 December 2014).

The decrease in the period under review was attributable:

- to a decrease of Euro 1.420 million from the use of other reserves to cover part of the losses of the previous financial year as approved by the Shareholders' Meeting of the Parent Company on 29 April 2015;
- to an increase of Euro 0.207 million from the expiry of the put option on the shares of Fiera Milano Exhibitions Africa;
- to a decrease of Euro 1.245 million due to the change in the translation reserve.

### **Retained earnings**

This figure was negative for Euro 17.003 million (negative for Euro 9.828 million at 31 December 2014).

The changes in the financial year were as follows:

- a Euro 8.761 million decrease for the net result of the preceding financial year;
- Euro 0.165 million for the remeasurement of the defined benefit plans net of the related tax effect;
- Euro 1.047 million for the acquisition of a further 25% of Cipa FM;
- Euro 0.374 million for the acquisition of a further 15% of Fiera Milano Exhibitions Africa.

### **Profit/(loss) for the year**

In the financial year to 31 December 2015 the Group made a net profit of Euro 1.014 million. It made a net loss of Euro 18.955 million in the preceding financial year.

### **Non-controlling interests**

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

At 31 December 2015, these were Euro 1.281 million (Euro 2.805 million at 31 December 2014).

The changes in the financial year were as follows:

- a Euro 0.151 million decrease due to the loss made in the previous financial year;
- a Euro 0.021 million increase in the translation reserve;
- a Euro 0.932 million decrease for the acquisition of 25% of Cipa FM;
- a Euro 0.484 million decrease for the acquisition of 25% of Fiera Milano Exhibitions Africa;
- a Euro 0.017 million increase for the share capital increase of Worldex 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 0.585 million (negative for Euro 0.151 million at 31 December 2014).

## LIABILITIES

### Non-current liabilities

#### 18) Bank borrowings

Bank borrowings totalled Euro 10.922 million (Euro 26.898 million at 31 December 2014) and were as follows:

##### Bank borrowings

(€'000)	31/12/15	31/12/14	Change
Bank loans - non current	10,922	26,898	(15,976)
<b>Total</b>	<b>10,922</b>	<b>26,898</b>	<b>(15,976)</b>

##### Non-current bank borrowings

(€'000)	Fiera Milano SpA	Total
Non-current bank borrowings	10,922	10,922
of which maturing beyond five years	-	-
<b>Total</b>	<b>10,922</b>	<b>10,922</b>

Non-current bank borrowings are the following loans made to the Parent Company:

- Euro 4.321 million (Euro 8.464 million at 31 December 2014) for the non-current portion of a Euro 20.000 million financing given by Banca Popolare di Bergamo SpA 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 6.601 million (Euro 11.001 million at 31 December 2014) for the non-current portion of a Euro 20.000 million financing given by Banca Popolare di Milano SpA 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%.

The change compared to the previous financial year was due to the repayment of the non-current portion (Euro 7.433 million at 31 December 2014) of the following loans:

- Euro 20.000 million financing given by Banca Nazionale del Lavoro SpA 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%;
- Euro 7.500 million financing given by Banca Popolare di Lodi on 19 March 2014 to be repaid in six-monthly *tranches* payable in arrears from 31 December 2014 until 30 June 2016 with an interest rate of three-month Euribor plus a spread of 2.90%;
- Euro 7.000 million financing given by Banca Popolare di Lodi on 6 October 2014 to be repaid in six-monthly *tranches* payable in arrears from 30 June 2015 until 31 December 2016 with an interest rate of three-month Euribor plus a spread of 2.90%.

Some of the financial loans described above (those given on 21 December 2012 and 6 December 2013) are subject to financial covenants, which have set a maximum level for the net debt/equity ratio. This is measured annually and, when measured at 31 December 2015, the limits had not exceeded the maximum levels under the covenants. Further details are given in Note 32.2.

#### 19) Other financial liabilities

These totalled Euro 2.094 million (Euro 2.001 million at 31 December 2014) and the breakdown was as follows:

##### Other non-current financial liabilities

(€'000)	31/12/15	31/12/14	Change
Valuation of the options on the shares to acquire Worldex	1,851	1,781	70
Other non-current financing	193	-	193
Finance leases	50	220	(170)
<b>Total</b>	<b>2,094</b>	<b>2,001</b>	<b>93</b>



The entry includes Euro 1.851 million of related-party transactions (Euro 1.781 million at 31 December 2014). Greater detail on related-party transactions is given in Note 49.

## 20) Provisions for risks and charges

These were Euro 3.343 million (Euro 1.752 million at 31 December 2014) and were as follows:

### Provisions for risks and charges

(€'000)	31/12/14	Provisions	Utilisation	Reclassifications	31/12/15
Provision for charges for "Palazzo Italia" project	203	1,854	-		2,057
Provision for tax consolidation	286	-	286	-	-
Other provisions for risks and charges	1,263	77	54	-	1,286
<b>Total</b>	<b>1,752</b>	<b>1,931</b>	<b>340</b>	<b>-</b>	<b>3,343</b>

The breakdown of the provision for risks and charges was as follows:

- Euro 2.057 million (Euro 0.203 million at 31 December 2014) for the non-current part of the provision for the "Palazzo Italia" project in Berlin. The reduction compared to the previous financial year was due to the classification of the current portion of Euro 1.245 million under the current provision for risks and charges. At 31 December 2015 the total provision for this risk was Euro 3.302 million. In the previous financial year, the provision had totalled Euro 1.118 million but Euro 0.881 million of the fund was used in the financial year under review and then increased by a further Euro 3.065 million following updated forecasts for the use of the property;
- Euro 1.286 million (Euro 1.263 million at 31 December 2014) for disputes with suppliers and other disputes; the amount was calculated as the probable recoverable amount using internal valuations and those of external legal experts.

The provision made for any eventual repayment to the controlling shareholder, Fondazione Fiera Milano, of the money paid by the latter as part of the tax consolidation that ceased in the financial year at 31 December 2006 was cancelled in the financial period under review (Euro 0.286 million at 31 December 2014). The amount was paid by Fondazione Fiera Milano for the amount of the benefit Fiera Milano SpA would have received had the tax consolidation been made in its name.

## 21) Employee benefit provisions

These were Euro 10.672 million (Euro 10.286 million at 31 December 2014).

Employee benefit provisions were valued applying actuarial methods to the employee severance indemnities that had accrued at 31 December 2015. The change in the financial year under review is shown in the following table:

### Employee benefit provisions

(€'000)	31/12/14	Effect of defined benefit plans on debt	Indemnities and advances paid	Change in consolidation area	31/12/15
Defined benefit plans	10,286	373	569	582	10,672
<b>Total</b>	<b>10,286</b>	<b>373</b>	<b>569</b>	<b>582</b>	<b>10,672</b>

### Effect of defined benefit plans on debt

(€'000)	
Personnel expenses:	
- indemnities related to defined benefit plans	433
Financial expenses:	
- actualisation charges	168
Other comprehensive income	
- Remeasurement of defined benefit plans	(228)
<b>Total</b>	<b>373</b>

The change of Euro 0.582 million in the area of consolidation referred to the acquisition of Ipack-Ima SpA.

The Group uses a duly certified professional to determine the actuarial amounts.

The main hypotheses/assumptions used in the actuarial calculations for the defined benefit plans were as follows:

#### Demographic assumptions

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 (Assicurazione Generale Obbligatoria) 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.

Economic and financial assumption for calculation of severance indemnity provisions	31/12/15	31/12/14
Annual technical discount rate	2.00%	1.60%
Annual inflation rate	1.50%	1.50%
Annual rate of increase in total employees' salary	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.

#### Effect of defined benefit plans on debt

Economic and financial assumptions	Range	Base figure (excluding the CEO's termination benefit)	Increase in assumptions	Decrease in assumptions
(€ '000)				
Annual technical discount rate	+/- 0.5%	10,665	10,345	10,985
Annual rate of increase in total employees' salary	+/- 0.5%	10,665	11,092	10,335
<b>Economic and financial assumptions</b>				
Life expectancy	+/- 1 year	10,665	10,761	10,573

## 22) Deferred tax liabilities

#### Deferred tax liabilities

(€ '000)	31/12/15	31/12/14	change
Deferred tax liabilities	5,709	7,147	(1,438)
<b>Total</b>	<b>5,709</b>	<b>7,147</b>	<b>(1,438)</b>

These were Euro 5.709 million (Euro 7.147 million at 31 December 2014) and were the balance of deferred tax assets and deferred tax liabilities recognised at the level of each individual company included in the consolidation.

They included:

- a deferred tax provision for IRES of Euro 2.728 million;
- a deferred tax provision for IRAP of Euro 0.751 million;
- other deferred tax provisions of Euro 2.230 million: Euro 1.412 million for Cipa FM and Euro 0.818 million for Fiera Milano Exhibitions Africa.

An analysis of the changes in deferred tax liabilities is given in Note 47 to the Income Statement.

## 23) Other non-current liabilities

These were zero (Euro 0.055 million at 31 December 2014).

## Current liabilities

### 24) Bank borrowings

The breakdown of bank borrowings and changes in the financial year were as follows:

#### Bank borrowings

(€ '000)	31/12/15	31/12/14	Change
Bank accounts	79	548	(469)
Bank advances	-	2,500	(2,500)
Bank overdrafts	23,402	59,524	(36,122)
Loans - current portion	15,985	20,322	(4,337)
<b>Total</b>	<b>39,466</b>	<b>82,894</b>	<b>(43,428)</b>

Euro 22.500 million (Euro 59.524 million at 31 December 2014) of the entry for bank overdrafts was attributable to the Parent Company and Euro 0.902 million to Cipa FM; these were for cash management requirements.

Some of the credit lines are subject to covenants. That from Banca Nazionale del Lavoro SpA is based on anticipated fund flows from the domestic market. Under the agreement, the Parent Company agrees each year to channel through the bank incoming commercial funds in the form of payments, bank transfers, POS payments and notice payment forms (*MAV*) for an amount equal to a multiple of the loan given. At 31 December 2015, Euro 10.000 million of this credit line had been used.

Other credit lines subject to covenants include that from Monte dei Paschi di Siena SpA, which requires that certain financial and capital ratios are met. These are calculated both on the Annual Consolidated Financial Statements and the Half-year Financial Statements and on certain commercial undertakings linked to specific exhibitions in the 2015 and 2016 calendar. At 30 June 2015 and 31 December 2015, the financial ratios were above the minimum level required under the loan covenants and the commercial covenants had also been met. The loan granted by Monte dei Paschi di Siena SpA also includes a cross default clause. At the date of the present Financial Statements this clause had not been invoked. At 31 December 2015, this credit line had not been used.

Euro 15.985 million (Euro 20.322 million at 31 December 2014) of the entry for bank borrowings was the current portion of loans to the Parent Company described in Note 18. Euro 1.989 million refers to the loan granted on 22 June 2011, Euro 4.153 million to that granted on 21 December 2012, Euro 4.399 million to that granted on 6 December 2013, Euro 1.909 million to that granted on 19 March 2014, and Euro 3.535 million to that granted on 6 October 2014.

The reduction in debt was due to the repayment of some credit lines made possible by higher cash flows generated by the business volumes in the final part of the financial year under review, the presence of some biennial and multi-annual exhibitions, and the funds from the share capital increase described in Note 17.

#### Current bank borrowings

(€ '000)	Fiera Milano	Cipa FM	Fiera Milano Africa	Total
Bank accounts	-	-	79	79
Bank overdrafts	22,500	902	-	23,402
Loans - current portion	15,985	-	-	15,985
<b>Total</b>	<b>38,485</b>	<b>902</b>	<b>79</b>	<b>39,466</b>

Bank borrowings are subject to floating rate interest.

## 25) Trade payables

These were Euro 49.267 million (Euro 36.160 million at 31 December 2014). Trade payables were mainly to Italian suppliers for services required to mount the exhibitions that is the typical business of the Company. The increase reflects a higher number of transactions with suppliers due to the increased level of activity resulting from the more favourable exhibition calendar.

## 26) Pre-payments

Pre-payments totalled Euro 34.880 million (Euro 39.641 million at 31 December 2014).

These were mainly pre-payments invoiced to clients for exhibitions to be held after the end of the financial year. Recognition as revenue is delayed until the exhibition is held.

The table below gives a breakdown by exhibition. The change in pre-payments compared to the previous financial year can be explained by the biennial and multi-annual frequency of some exhibitions:

## Pre-payments

(€ '000)	31/12/15	31/12/14	change
Homi I semester	11,035	12,506	(1,471)
Mostra Convegno Expocomfort	7,894	816	7,078
Host	2,144	3,483	(1,339)
Salone del mobile/Complemento d'arredo	1,956	1,921	35
Lineapelle I semester	1,600	1,650	(50)
Mido	1,402	1,268	134
Micam Spring	985	1,042	(57)
Fisp	945	133	812
Bit	557	579	(22)
Milano Unica Spring	528	1,053	(525)
Simac Tanning Tech	443	519	(76)
Eurocucina	433	-	433
Bimu	381	-	381
Mifur	381	478	(97)
Exposec	369	597	(228)
Promotion trade exhibition	275	269	6
Salone Internazionale del bagno	250	-	250
Xylexpo	249	-	249
Fesqua	234	-	234
Venditalia	182	-	182
Tuttofood	168	4,027	(3,859)
Esposizione Canina	166	-	166
Mipel	139	-	139
Sposaitalia	103	-	103
Art for me	57	143	(86)
Plast	-	1,297	(1,297)
Ipack-Ima	-	981	(981)
Made Expo	-	782	(782)
Made in Steel	-	522	(522)
Euroluce	-	460	(460)
Evento Nowadays	-	140	(140)
Tubotech	-	387	(387)
Meat Tech	-	135	(135)
Converflex	-	116	(116)
Fire Show	-	25	(25)
Sicurezza	-	21	(21)
Other	2,004	4,291	(2,287)
<b>Total</b>	<b>34,880</b>	<b>39,641</b>	<b>(4,761)</b>

## 27) Other financial liabilities

### Other current financial liabilities

(€ '000)	31/12/15	31/12/14	Change
Financial payables to the controlling shareholder	15,225	21,683	(6,458)
Valuation of the options on the shares to acquire Fiera Milano Exhibitions Africa	-	300	(300)
Other financial payables	641	-	641
Finance leases	170	167	3
<b>Total</b>	<b>16,036</b>	<b>22,150</b>	<b>(6,114)</b>

These totalled Euro 16.036 million (Euro 22.150 million at 31 December 2014).

Payables to the controlling shareholder referred to the Parent Company and was the figure in the current account held with Fondazione Fiera Milano the majority of which was for the payment of the rent for the second semester of the financial period under review.

The entry, other financial payables in the table above, is mainly for the acquisition of shares in Cipa FM by Eurofairs.

The entry includes Euro 15.225 million (Euro 21.983 million at 31 December 2014) for related-party transactions. Further details on related-party transactions are given in Note 49.

## 28) Current provisions for risks and charges

### Current provisions for risks and charges

(€ '000)	31/12/14	Provisions	Utilisation	Other changes	Currency translation differences	31/12/15
Palazzo Italia project	915	1,211	881	-	-	1,245
Other provisions for risks and charges	411	2,830	541	(17)	(13)	2,670
<b>Total</b>	<b>1,326</b>	<b>4,041</b>	<b>1,422</b>	<b>(17)</b>	<b>(13)</b>	<b>3,915</b>

Total current provisions for risks and charges were Euro 3.915 million (Euro 1.326 million at 31 December 2014).

The breakdown was as follows:

- Euro 1.245 million for the current portion of the provision for the "Palazzo Italia" project in Berlin, the subject of comment in Note 20 above;
- Euro 2.670 million of other risk provisions for disputes with employees, with suppliers and others.

The increase in other risk provisions was mainly for Fiera Milano Media and related to the provision made in the financial year under review for the employee mobility process that was part of the company reorganisation.

## 29) Current tax liabilities

### Current tax liabilities

(€ '000)	31/12/15	31/12/14	change
Income tax payable on profits for the year	2,980	310	2,670
Income tax payable for employees (IRPEF)	1,806	1,386	420
Income tax payable for temporary employees and project workers (IRPEF)	233	152	81
Other tax liabilities	149	243	(94)
<b>Total</b>	<b>5,168</b>	<b>2,091</b>	<b>3,077</b>

These were Euro 5.168 million (Euro 2.091 million at 31 December 2014).

The change is mainly for the current tax charge payable by the Parent Company for the financial year under review.

### 30) Other current liabilities

Other current liabilities totalled Euro 37.470 million (Euro 20.549 million at 31 December 2014) and the breakdown was as follows:

<b>Other current liabilities</b>			
(€ '000)	31/12/15	31/12/14	change
Payables to employees	11,081	4,570	6,511
Payables to exhibition organisers	16,811	8,328	8,483
Payables to Fondazione Fiera Milano	5,633	2,183	3,450
Payables to pension and social security entities	2,613	2,491	122
Group VAT payables	199	1,945	(1,746)
Trade payables to Subsidiaries	133	185	(52)
Payables to directors and statutory auditors	97	92	5
Other payables	484	404	80
Deferred income and Accrued liabilities	419	351	68
<b>Total</b>	<b>37,470</b>	<b>20,549</b>	<b>16,921</b>

The main changes were:

- an increase in employee payables of Euro 6.511 million mainly attributable to the Parent Company for the variable component of employee remuneration and for redundancy incentives under the voluntary redundancy plan;
- an increase in payables to exhibition organisers of Euro 8.483 million from cash received on behalf of the organisers of exhibitions;
- an increase in payables to the controlling shareholder of Euro 3.450 million mainly for the variable component of rent payable to Fondazione Fiera Milano because of the level of revenues generated;
- a decrease in Group VAT payables of Euro 1.746 million.

This entry included Euro 5.832 million for related-party transactions (Euro 4.128 million at 31 December 2014). Further details on related-party transactions are given in Note 49.

### 31) Financial assets and liabilities

At 31 December 2015 the Group had net debt of Euro 12.426 million (net debt of Euro 121.667 million at 31 December 2014) as shown in the following table. Where applicable, any component of each entry that is a related-party transaction is shown separately.

<b>Group Net Financial Position</b>			
(Amounts in € '000)	31/12/15	31/12/14	change
A. Cash (including bank balances)	56,092	12,276	43,816
B. Other cash equivalents	-	-	-
C. Securities held for trading	-	-	-
<b>D. Cash and cash equivalents (A+B+C)</b>	<b>56,092</b>	<b>12,276</b>	<b>43,816</b>
<b>E. Current financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>
F. Current bank borrowings	23,481	62,908	(39,427)
G. Current portion of non-current debt	15,985	19,986	(4,001)
H. Other current financial liabilities	16,036	22,150	(6,114)
- H.1 of which Other current financial liabilities to the controlling shareholder	15,225	21,683	(6,458)
- H.2 of which Other current financial liabilities to other related parties	-	300	(300)
<b>I. Current financial debt (F+G+H)</b>	<b>55,502</b>	<b>105,044</b>	<b>(49,542)</b>
<b>J. Current net financial debt (cash) (I-E-D)</b>	<b>(590)</b>	<b>92,768</b>	<b>(93,358)</b>
K. Non-current bank borrowings	10,922	26,898	(15,976)
L. Debt securities in issue	-	-	-
M. Other non-current liabilities	2,094	2,001	93
- M.1 of which Other non current liabilities to other related parties	1,851	1,781	70
<b>N. Non-current financial debt (K+L+M)</b>	<b>13,016</b>	<b>28,899</b>	<b>(15,883)</b>
<b>Net financial debt/(cash) from continuing operations (J+N)</b>	<b>12,426</b>	<b>121,667</b>	<b>(109,241)</b>
<b>Net financial debt/(cash) from discontinued operations</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>O. Net financial debt/(cash)</b>	<b>12,426</b>	<b>121,667</b>	<b>(109,241)</b>

Net debt decreased by Euro 109.241 million. The lower figure was due to the financial flows generated by the share capital increase of the Parent Company and the higher cash flows generated by operating activities.

Additional information on the financial instruments of the Group is given below to enable a better assessment of:

- the importance of financial instruments for the Statement of Financial Position and Income Statement;
- the significance and type of risks deriving from the financial instruments to which the Group was exposed during the financial year under review and the previous financial year and the relevant risk management procedures.

### Classes of financial instruments

The items in the Statement of Financial Position and the types of risk related to financial instruments at 31 December 2015 and 31 December 2014 are shown in the following table.

#### Risk class

(€'000)	Notes	FY 31/12/15	FY 31/12/14	Liquidity risk	Interest rate risk	Credit risk
<b>NON-CURRENT ASSETS</b>						
1) Trade and other receivables	12	13,035	13,275			X
<b>CURRENT ASSETS</b>						
2) Trade and other receivables	14	63,932	50,604			X
3) Cash and cash equivalents	16	56,092	12,276	X		
<b>NON-CURRENT LIABILITIES</b>						
4) Bank borrowings	18	10,922	26,898	X	X	
5) Other financial liabilities	19	2,094	2,001	X	X	
6) Other non current liabilities	23	-	55	X		
<b>CURRENT LIABILITIES</b>						
7) Bank borrowings	24	39,466	82,894	X	X	
8) Trade payables	25	49,267	36,160	X		
9) Other financial liabilities	27	16,036	22,150	X	X	
10) Other current liabilities	30	37,470	20,549	X		

### Significance of financial instruments

Financial instruments and their relative significance, as regards the Statement of Financial Position and Income Statement at 31 December 2014 and 31 December 2015, are shown in the following tables.

#### Financial assets and liabilities shown in the accounts

(€'000)	Notes	FY 31/12/14	Assets at fair value (a) through profit & loss	Loans and receivables	Investments held to maturity	Liabilities at amortised cost	Fair value	Impact on Income Statement
<b>NON-CURRENT ASSETS</b>								
1) Trade and other receivables	12	13,275	-	13,275	-	-	13,275	134
<b>CURRENT ASSETS</b>								
2) Trade and other receivables	14	50,604	-	50,604	-	-	50,604	(1,285)
3) Cash and cash equivalents	16	12,276	-	12,276	-	-	12,276	240
<b>NON-CURRENT LIABILITIES</b>								
4) Bank borrowings	18	26,898	-	-	-	26,898	26,898	(1,725)
5) Other financial liabilities	19	2,001	-	-	-	2,001	2,001	(96)
6) Other non current liabilities	23	55	-	-	-	55	55	-
<b>CURRENT LIABILITIES</b>								
7) Bank borrowings	24	82,894	-	-	-	82,894	82,894	(1,527)
8) Trade payables	25	36,160	-	-	-	36,160	36,160	(2)
9) Other financial liabilities	27	22,150	-	-	-	22,150	22,150	(1,197)
10) Other current liabilities	30	20,549	-	-	-	20,549	20,549	-

(a) Fair value at the recognition date



### Financial assets and liabilities shown in the accounts

(€'000)	Notes	FY 31/12/15	Assets at fair value (a) through profit & loss	Loans and receivables	Investments held to maturity	Liabilities at amortised cost	Fair value	Impact on Income Statement
<b>NON-CURRENT ASSETS</b>								
1)	Trade and other receivables	12	13,035	-	13,035	-	13,035	78
<b>CURRENT ASSETS</b>								
2)	Trade and other receivables	14	63,932	-	63,932	-	63,932	(2,092)
3)	Cash and cash equivalents	16	56,092	-	56,092	-	56,092	42
<b>NON-CURRENT LIABILITIES</b>								
4)	Bank borrowings	18	10,922	-	-	10,922	10,922	(1,339)
5)	Other financial liabilities	19	2,094	-	-	2,094	2,094	(70)
6)	Other non current liabilities	23	-	-	-	-	-	-
<b>CURRENT LIABILITIES</b>								
7)	Bank borrowings	24	39,466	-	-	39,466	39,466	(782)
8)	Trade payables	25	49,267	-	-	49,267	49,267	(1)
9)	Other financial liabilities	27	16,036	-	-	16,036	16,036	(1,054)
10)	Other current liabilities	30	37,470	-	-	37,470	37,470	-

(a) Fair value at the recognition date

As shown in the above tables, the carrying value of financial assets and liabilities is a reasonable approximation of their fair value; most of the financial instruments are current investments and borrowings and where non-current instruments have been used these have not been subject to significant contingent charges.

The financial instruments are classifiable under Level 3 of the fair value hierarchy of IFRS 13.

## 32) 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. This also allows Fiera Milano SpA to receive its payments in advance, as it does the organisers. Therefore, within Fiera Milano Group, the 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 described below.

### 32.1 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, as is 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 are minimal in comparison to the amounts received 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.

The categories of credit risk at 31 December 2014 and at 31 December 2015 and the breakdown of overdue payments are shown in the following tables:

Class (€'000)	FY 31/12/2014 Receivables	Breakdown of late payments (days)						Provision
		Due	Overdue	0-90	91-180	181-270	>270	
Organisers	5,611	2,280	4,686	1,756	426	141	2,363	1,355
Exhibitors	15,735	317	17,341	12,349	844	632	3,516	1,923
Other	16,607	10,097	12,321	4,262	871	543	6,645	5,811
<b>Total</b>	<b>37,953</b>	<b>12,694</b>	<b>34,348</b>	<b>18,367</b>	<b>2,141</b>	<b>1,316</b>	<b>12,524</b>	<b>9,089</b>

Class (€'000)	FY 31/12/2015 Receivables	Breakdown of late payments (days)						Provision
		Due	Overdue	0-90	91-180	181-270	>270	
Organisers	6,650	2,390	6,334	3,478	-	357	2,499	2,074
Exhibitors	16,799	9,987	8,493	4,053	617	1,228	2,595	1,681
Other	29,307	8,329	25,793	16,264	2,244	1,995	5,290	4,815
<b>Total</b>	<b>52,756</b>	<b>20,706</b>	<b>40,620</b>	<b>23,795</b>	<b>2,861</b>	<b>3,580</b>	<b>10,384</b>	<b>8,570</b>

The provision for doubtful receivables is based on presumed recoverability, using internal assessments supported by those of external legal consultants.

Receivables overdue for between 180 and 270 days increased mainly due to doubtful receivables that were discounted in the financial year under review and that, in the previous financial year, had been classified as overdue receivables.

Changes in the provision for doubtful receivables and the breakdown by risk category are given in the tables on the following page.

Class	Balance at 31/12/2013 Provision	Provisions	Utilisation	Other changes	Balance at 31/12/2014 Provision
(€'000)					
Organisers	1,122	233	-	-	1,355
Exhibitors	2,195	402	674	-	1,923
Other	5,950	795	946	12	5,811
<b>Total</b>	<b>9,267</b>	<b>1,430</b>	<b>1,620</b>	<b>12</b>	<b>9,089</b>

Class	Balance at 31/12/2014 Provision	Provisions	Utilisation	Other changes	Balance at 31/12/2015 Provision
(€'000)					
Organisers	1,355	719	-	-	2,074
Exhibitors	1,923	631	873	-	1,681
Other	5,811	742	1,378	(360)	4,815
<b>Total</b>	<b>9,089</b>	<b>2,092</b>	<b>2,251</b>	<b>(360)</b>	<b>8,570</b>

### 32.2 Liquidity risk

The trends in working capital and financial requirements are strongly affected by the seasonality that characterises the reference market due to the presence of important biennial and multi-annual exhibitions, both proprietary and belonging to third parties. Therefore, although the Group has taken measures to ensure that it has adequate levels of working capital and liquidity, which include the increase in the exhibition portfolio, the internationalisation of certain events, and the commercial and strategic agreements reached with other exhibition sites/ organisers, a drop in the volumes of business caused by the seasonality and cyclicity that characterise the exhibition business affects the financial results and the ability to generate cash flow.

There is seasonality in financial requirements from one financial year to the next and within a single financial year caused by the exhibition calendar with higher cash absorption in the summer months of July and August and a gradual return to more normal levels for the Group in subsequent months.

There was a material improvement in financial debt at 31 December 2015 compared to 31 December 2014. This was due to the success of the share capital increase, which in December 2015 reduced Parent Company financial debt by Euro 66.835 million, the improved performance of the exhibitions in the financial year under review, which showed significant and reliable signs of recovery, and the more favourable exhibition calendar.

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. At the end of the reporting period, the available credit lines and the forecast cash flows of the Parent Company were considered sufficient to cover its short-term financial requirements. During 2014 and 2015 financial years, the Parent Company benefited from extended payment periods for amounts payable to the current account held with Fondazione Fiera Milano. These were mainly rental payments and – subject to the agreement of Fondazione Fiera Milano – the Company should continue to benefit from such extensions.

The success of the share capital increase provided further financial strength and permitted the Company to reach the one-third of share capital required by Article 2446 of the Italian Civil Code; it also reinforced the capital position and provided resources for the Parent Company development plan.

The Parent Company reasonably expects to continue its strategy to decrease current bank borrowings in favour of non-current bank borrowings.

As described in Notes 18 and 24, some of the loans received by the Parent Company are governed by financial and commercial covenants. At the annual assessment of these covenants in 2015, it was found that all the covenants had been respected.

Maintaining the financial equilibrium of the Group is linked to attaining the targets of the Industrial Plan and to the performance of the economy, forecasts for which necessitate an assessment of the outcome of future events and circumstances that by their very nature are uncertain.

The tables below give the breakdown of financial liabilities and their duration and the outstanding interest payable to maturity at 31 December 2014 and 31 December 2015.

#### Financial liabilities

(€'000)	Balance at 31/12/2014	3 mths	6 mths	12 mths	18 mths	24 mths	3 years	5 years	>5 years
Current bank borrowings	82,894	64,900	7,900	10,094					
Current interest payable		474	469	613					
Other current financial liabilities	22,150	11,084	10,984	82					
Current interest payable		120	66	5					
Non-current bank borrowings	26,898				9,900	6,114	8,722	2,162	
Non-current interest payable					457	309	311	40	
Trade payables	36,160	36,160							
Other non-current financial liabilities	2,001				86	85	49	1,781	
Non-current interest payable					97	35	68	26	
<b>Total</b>	<b>170,103</b>	<b>112,738</b>	<b>19,419</b>	<b>10,794</b>	<b>10,540</b>	<b>6,543</b>	<b>9,150</b>	<b>4,009</b>	<b>-</b>

#### Financial liabilities

(€'000)	Balance at 31/12/2015	3 mths	6 mths	12 mths	18 mths	24 mths	3 years	5 years	>5 years
Current bank borrowings	39,466	24,514	7,937	7,015					
Current interest payable		203	247	461					
Other current financial liabilities	16,036	5,085	10,225	726					
Current interest payable		63	45	2					
Non-current bank borrowings	10,922				4,338	4,382	2,202		
Non-current interest payable					187	109	37		
Trade payables	49,267	49,267							
Other non-current financial liabilities	2,094				50		1,851		193
Non-current interest payable					94	32	24		58
<b>Total</b>	<b>117,785</b>	<b>79,132</b>	<b>18,454</b>	<b>8,204</b>	<b>4,669</b>	<b>4,523</b>	<b>4,114</b>		<b>251</b>

### 32.3 Market risk

The Group reserves the right to use appropriate hedging instruments if the market risks become significant.

#### 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.

The composition of non-current and current bank borrowings is shown in Notes 18 and 24.

The tables below give interest rate sensitivity analyses that show the effect of a +0.5% and a -0.5% change in interest rates on financial income and expenses in equity and in profit or loss for the 2014 and 2015 financial years.

(€'000)	Total at 31/12/14	Balance * (debt)	Income (expense)	Rate	+0.5%	-0.5%
Current accounts	12,114	13,939	242	1.74%	312	173
Short-term advances	(2,500)	(68)	(2)	2.94%	(2)	(2)
Current financial liabilities	(59,524)	(47,049)	(1,490)	3.17%	(1,727)	(1,256)
Current account with the controlling shareholder Fondazione Fiera Milano	(21,683)	(39,042)	(1,183)	3.03%	(1,378)	(988)
Current and non-current bank borrowings	(47,768)	(50,547)	(1,767)	3.50%	(2,022)	(1,516)
Other current and non-current financial liabilities	(2,468)	(2,202)	(110)	5.00%	(121)	(99)

\*average for the financial year

(€'000)	Total at 31/12/15	Balance * (debt)	Income (expense)	Rate	+0.5%	-0.5%
Current accounts	55,958	24,253	42	0.17%	162	(80)
Current financial liabilities	(22,500)	(30,834)	(752)	2.44%	(907)	(598)
Current account with the controlling shareholder Fondazione Fiera Milano	(15,225)	(42,753)	(1,045)	2.44%	(1,257)	(829)
Current and non-current bank borrowings	(27,889)	(41,119)	(1,369)	3.33%	(1,575)	(1,164)
Other current and non-current financial liabilities	(2,905)	(2,528)	(89)	3.52%	(102)	(76)

\*average for the financial year

#### b) Exchange rate risk

This was in line with the previous financial year and remains relatively insignificant, despite the presence of the Group in international markets. The Group took out no financing in foreign currencies. Furthermore, exchange rate risk associated to the foreign activities of the Group is relatively limited as costs and revenues 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.

#### 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.

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

#### **Guarantees given**

These totalled Euro 6.474 million and were as follows:

- Euro 2.921 million for the guarantee given by Fiera Milano Congressi SpA to the Tax Authority to offset the VAT as part of the Group payment;
- BRL (Brazilian reals) 5.500 million, equivalent to Euro 1.275 million for the guarantee given by the Parent Company to Banco BNP Paribas Brasil SA on behalf of the subsidiary Cipa Fiera Milano Publicações e Eventos Ltda to cover the bank loans given by the bank;
- Euro 1.243 million for the bank guarantee given by the Raggruppamento Temporaneo di Imprese, which includes Nolostand SpA and Fiera Milano Congressi SpA, to Expo 2015 SpA for the exhibition Expo 2015 – TCP1 (Congress Centre) and TCP2 (Auditorium);
- Euro 0.596 million for guarantees on lease agreements;
- 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 0.283 million for other guarantees.

#### **Potential liabilities**

An adverse outcome to the legal procedures in which the Company is currently involved where the result remains uncertain could, according to the legal advice taken, result in potential costs of approximately Euro 1.050 million.

## INCOME STATEMENT

### REVENUES

#### 34) Revenues from sales and services

Revenues from sales and services were Euro 337.339 million (Euro 242.711 million at 31 December 2014).

The breakdown of revenues was as follows:

<b>Revenues from sales and services</b>			
(€'000)	<b>2015</b>	<b>2014</b>	<b>change</b>
Sales of exhibition space	93,913	69,706	24,207
Exhibitor fees	80,246	47,175	33,071
Rental of stands, fittings and equipment	71,435	47,654	23,781
Catering and canteen services	25,835	21,973	3,862
Revenues from exhibition and congress organisation services	15,617	15,693	(76)
Advertising space and services	12,836	13,419	(583)
Exhibition site services	11,052	6,381	4,671
Supplementary exhibition services	7,487	3,538	3,949
Miscellaneous fees and royalties	7,215	7,584	(369)
Exhibition insurance services	3,351	2,284	1,067
Access surveillance and customer care services	2,916	2,503	413
Administrative, telephone and internet services	2,306	2,066	240
Ticket office sales	1,379	942	437
Congress organisation	1,103	1,183	(80)
Multimedia and on-line catalogue services	648	610	38
<b>Total</b>	<b>337,339</b>	<b>242,711</b>	<b>94,628</b>

The increase in revenues was mainly attributable to the more favourable exhibition calendar that, in 2015, included the directly organised biennial exhibitions that fall in uneven-numbered years, Tuttofood and Host, the triennial exhibitions Ipack-Ima and Plast, the multi-annual exhibition EMO that is held in Milan every six years, and the itinerant exhibition ITMA, which is held every four years in a different European country. This result was, in part, offset by the absence of the important biennial exhibition held in even-numbered years, Mostra Convegno Expocomfort, and in the decrease in revenues from Brazil due to the absence of the biennial exhibitions Fisp and Fesqua. The contracts for Expo 2015 also had a positive impact on revenues.

Revenues from sales and services included Euro 0.483 million (Euro 0.078 million at 31 December 2014) for related-party transactions. Further details on related-party transactions are given in Note 49.

### OPERATING COSTS

#### 35) Costs of materials

These were Euro 4.859 million (Euro 2.440 million at 31 December 2014).

The breakdown was as follows:

<b>Cost of materials</b>			
(€'000)	<b>2015</b>	<b>2014</b>	<b>change</b>
Subsidiary materials and consumables	3,893	1,477	2,416
Printed materials, forms and stationery	705	689	16
Raw materials	244	279	(35)
Finished goods and packaging	34	8	26
Change in inventories of raw materials	(17)	(13)	(4)
<b>Total</b>	<b>4,859</b>	<b>2,440</b>	<b>2,419</b>

The increase of Euro 2.419 million was mainly in Nolostand SpA for purchases of raw materials and consumables due to the higher volumes of stand-fitting services from contracts linked to Expo 2015 and other exhibitions.

The entry includes Euro 0.001 million (zero at 31 December 2014) for related-party transactions. Further details on related-party transactions are given in Note 49.

### 36) Costs of services

These totalled Euro 165.870 million (Euro 134.986 million at 31 December 2014).

The breakdown was as follows:

#### Cost of services

(€'000)	2015	2014	change
Equipment hire	30,429	22,574	7,855
Stands and equipment for exhibitions	27,372	20,868	6,504
Catering services	19,984	17,061	2,923
Energy costs	10,652	9,379	1,273
Technical, legal, commercial and administrative services	9,545	9,192	353
Maintenance	8,915	10,530	(1,615)
Security and gate services	7,348	5,398	1,950
Cleaning and waste disposal	6,902	4,854	2,048
Collateral events connected to exhibitions	6,609	7,385	(776)
Advertising	5,083	3,565	1,518
Insurance	3,623	3,262	361
Ticketing	2,516	1,637	879
Telephone and internet expenses	2,420	2,144	276
Transport	1,784	1,529	255
IT services	1,679	1,226	453
Technical assistance and ancillary services	1,548	1,481	67
Conference and congress services	798	656	142
Remuneration of Statutory Auditors	216	183	33
Expenses for statutory bodies	111	128	(17)
Change in suspended costs for future exhibitions	3,259	(982)	4,241
Other	15,272	13,318	1,954
Uses of provisions	(195)	(402)	207
<b>Total</b>	<b>165,870</b>	<b>134,986</b>	<b>30,884</b>

The entry for costs of services mainly included costs for managing the exhibition sites during the setting up, running, and dismantling of exhibitions and congresses.

The figure increased by Euro 30.884 million compared to the figure at 31 December 2014 due to higher business volumes. The increase in the entry, change in suspended costs for future exhibitions, referred mainly to costs sustained in the period under review for the exhibitions Tuttofood and Host.

There was a decrease in maintenance due to the refurbishment of the Mico Nord congress facility carried out in the previous financial year when it was used for meetings that were part of Italy's six-month presidency of the European Union.

During the financial year under review, the Parent Company had costs of Euro 1.150 million directly linked to the share capital increase, which, net of tax, were taken directly against the share premium reserve.

The entry includes Euro 1.040 million (Euro 1.495 million at 31 December 2014) for related-party transactions. Further details on related-party transactions are given in Note 49.



### 37) Cost of use of third-party assets

Cost for the use of third-party assets totalled Euro 61.419 million (Euro 56.546 million at 31 December 2014) and the breakdown was as follows:

<b>Cost of use of third-party assets</b>			
(€'000)	2015	2014	change
Rent and expenses for exhibition sites	56,748	52,545	4,203
Other rental expenses	4,534	4,433	101
Vehicle hire	677	620	57
Lease of company division	63	140	(77)
Office equipment and photocopier hire	136	43	93
Uses of provisions	(739)	(1,235)	496
<b>Total</b>	<b>61,419</b>	<b>56,546</b>	<b>4,873</b>

The item, rent and expenses for exhibition sites, included the rent of Euro 55.716 million payable to the controlling shareholder Fondazione Fiera Milano, whilst other rental expenses included Euro 1.930 million under the lease agreement for the "Palazzo Italia" in Berlin.

The change was mainly due to the increase in the variable component of the rent payable for the **fieramilano** exhibition site; this was Euro 10.000 million and was only due in 2015. It relates to Expo 2015 and was linked to the revenues generated by the Parent Company compared to the average annual revenues in 2012-2014. The increase was largely compensated by the Euro 6.713 million reduction in the fixed component of the rent following the renegotiation of the rental contract in 2014. Further details are provided in Note 49 on related-party transactions.

The total rental costs for the Rho and Milan exhibition sites and for the MiCo congress centre for the following periods are:

- 2016: Euro 45.965 million;
- 1 – 5 years: Euro 184.252 million;
- Over 5 years: Euro 138.404 million.

The entry included Euro 55.882 million (Euro 52.363 million at 31 December 2014) for related-party transactions, of which Euro 10.000 million was the non-recurring item of additional rent paid to Fondazione Fiera Milano. Further details on related-party transactions are given in Note 49.

### 38) Personnel expenses

These totalled Euro 61.675 million (Euro 48.634 million at 31 December 2014) and the breakdown was as follows:

<b>Personnel expenses</b>			
(€'000)	2015	2014	change
Salaries	37,761	32,910	4,851
Social Security payments	11,966	10,408	1,558
Redundancy incentives	6,637	101	6,536
Defined contribution plan charges	1,649	1,609	40
Directors' remuneration	1,600	1,421	179
External and temporary employees	896	905	(9)
Defined benefit plan charges	433	558	(125)
Other expenses	1,178	722	456
Uses of provisions	(445)	-	(445)
<b>Total</b>	<b>61,675</b>	<b>48,634</b>	<b>13,041</b>

Salaries, remuneration and related social security contributions increased due to the increase of Euro 4.251 million in the variable component of employee remuneration in the Parent Company.

Redundancy incentives included the indemnity of Euro 1.461 million paid to the Chief Executive Officer of the Parent Company when his position was not reconfirmed and the incentives paid as part of the voluntary redundancy plan.

The entry includes Euro 0.093 million (zero at 31 December 2014) for related-party transactions. Further details on related-party transactions are given in Note 49.

The breakdown of the average number of employees (including those on fixed-term contracts) was as follows:

#### Breakdown of personnel by category

	2015	2014	change
Managers	44	47	(3)
Middle managers and white collar workers	783	792	(9)
<i>of which equity accounted companies:</i>			
Managers	2	2	-
Middle managers and white collar workers	64	61	3
<b>Total personnel</b>	<b>827</b>	<b>839</b>	<b>(12)</b>

### 39) Other operating expenses

These were Euro 5.753 million (Euro 4.949 million at 31 December 2014) and the breakdown was as follows:

#### Other operating expenses

(€'000)	2015	2014	change
Other taxes	2,748	2,068	680
Doubtful receivables	2,228	1,619	609
Contributions and donations	487	561	(74)
Taxes other than income tax	468	590	(122)
Copyright royalties (SIAE)	384	275	109
Municipal tax on advertising	284	272	12
Gifts and promotional merchandise	205	127	78
Balancing item from closure of prior year exhibition accounts	214	70	144
Other expenses	963	1,022	(59)
Uses of provisions	(2,228)	(1,655)	(573)
<b>Total</b>	<b>5,753</b>	<b>4,949</b>	<b>804</b>

The increase in other taxes was mainly due to higher local taxes for the occupancy levels at the Rho exhibition site.

The entry includes Euro 0.896 million (Euro 1.064 million at 31 December 2014) for related-party transactions. Further details on related-party transactions are given in Note 49.

## 40) Other income

Other income was Euro 3.003 million (Euro 3.529 million at 31 December 2014) and the breakdown was as follows:

### Other income

(€'000)	2015	2014	change
Office rent and expenses	1,477	1,530	(53)
Other recovered costs	671	954	(283)
Recovery of expenses for seconded employees	246	281	(35)
Insurance indemnities	36	27	9
Capital gains on non-current assets	30	6	24
Other income	543	731	(188)
<b>Total</b>	<b>3,003</b>	<b>3,529</b>	<b>(526)</b>

The entry includes Euro 0.276 million (Euro 0.307 million at 31 December 2014) for related-party transactions. Further details on related-party transactions are given in Note 49.

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

This entry totalled Euro 2.828 million (Euro 1.448 million at 31 December 2014) and was almost exclusively due to the investment in the joint venture with Deutsche Messe AG.

Further details are given in section 2: Disclosure on subsidiaries, joint ventures and associates.

## 42) Depreciation and amortisation

### Depreciation of property, plant and equipment

This was Euro 6.774 million (Euro 6.808 million at 31 December 2014).

Details of depreciation are given in the Notes to the Accounts under the entry property, plant and machinery.

This item also includes positive amortisation of Euro 0.012 million (a positive item of Euro 0.001 million at 31 December 2014) for the use of risk provisions made for the "Palazzo Italia".

This item included no depreciation of leased property, plant and equipment.

### Amortisation of intangible assets

This was Euro 5.541 million (Euro 6.518 million at 31 December 2014).

Details of amortisation are given in the Notes to the Accounts under the entry for intangible assets with a finite useful life.

## 43) Adjustments to asset values

These were Euro 11.142 million (Euro 3.637 million at 31 December 2014).

The breakdown is given in the following table:

### Adjustments to asset values

(€'000)	2015	2014	change
Write-downs of Property, Plant and Equipment	18	11	7
Impairment of goodwill on acquisitions	7,702	500	7,202
Impairment of exhibition trademarks and publications	3,422	3,126	296
<b>Total</b>	<b>11,142</b>	<b>3,637</b>	<b>7,505</b>

Comments on the adjustments to asset values may be found in Notes 6, 8 and 9.

#### 44) Provision for doubtful receivables and other provisions

These were Euro 8.179 million (Euro 1.517 million at 31 December 2014).

Changes in this entry are shown in the following table:

##### Write down of doubtful receivables and other provisions

(€'000)	2015	2014	change
Write-down of doubtful receivables	2,092	1,321	771
Palazzo Italia project	3,065	-	3,065
Disputes with personnel	671	66	605
Personnel reorganisation	1,961	-	1,961
Other disputes	390	130	260
<b>Total</b>	<b>8,179</b>	<b>1,517</b>	<b>6,662</b>

Further details on changes in provisions for risks and charges are given in Notes 14, 20 and 28.

#### 45) Financial income and similar

This totalled Euro 0.828 million (Euro 0.943 million at 31 December 2014) and the breakdown was as follows:

##### Financial income and similar

(€'000)	2015	2014	change
Exchange rate gains	610	517	93
Interest income from cautionary deposits related to the rent of the exhibition site	52	117	(65)
Interest income on bank deposits	42	240	(198)
Interest income on receivables from the controlling shareholder	10	10	-
Other financial income	114	59	55
<b>Total</b>	<b>828</b>	<b>943</b>	<b>(115)</b>

This entry includes Euro 0.062 million (Euro 0.127 million at 31 December 2014) for related-party transactions. Further details on related-party transactions are given in Note 49.

#### 46) Financial expenses and similar

These totalled Euro 4.348 million (Euro 5.812 million at 31 December 2014) and the breakdown was as follows:

##### Financial expenses and similar

(€'000)	2015	2014	change
Interest payable on bank accounts	2,143	3,253	(1,110)
Interest payable on the current account with the controlling shareholder Fondazione Fiera Milano	1,045	1,183	(138)
Exchange rate losses	864	677	187
Charges on discounting defined benefit plans	168	285	(117)
Other financial expenses	128	230	(102)
Discounting of liabilities to present value	-	186	(186)
Uses of provisions	-	(2)	2
<b>Total</b>	<b>4,348</b>	<b>5,812</b>	<b>(1,464)</b>

The change mainly reflected lower financial expenses due to lower average current and non-current debt.

This entry includes Euro 1.045 million (Euro 1.183 million at 31 December 2014) for related-party transactions. Further details on related-party transactions are given in Note 49.

## 47) Income tax

Taxes in 2015 were Euro 6.011 million (a positive entry of Euro 4.581 million at 31 December 2014) due to the use of deferred tax assets.

The breakdown was as follows:

### Income tax

(€'000)	2015	2014	change
Current income tax	3,114	482	2,632
Deferred income tax	2,897	(5,063)	7,960
<b>Total</b>	<b>6,011</b>	<b>(4,581)</b>	<b>10,592</b>

A breakdown of current taxes at 31 December 2015 is given below:

### Current income tax

(€'000)	2015	2014	change
Current income tax (IRAP)	1,932	497	1,435
Other current income tax	1,565	1,153	412
Income from tax consolidation	(383)	(1,168)	785
<b>Total</b>	<b>3,114</b>	<b>482</b>	<b>2,632</b>

Since the 2007 financial period, the Parent Company Fiera Milano SpA, acting as the consolidating entity, and all the Italian subsidiaries have opted for the Italian national tax consolidation for payment of IRES.

The income of Euro 0.383 million from the tax consolidation was the effect of offsetting the tax assets with the tax charges for the financial period of the companies within the tax consolidation.

Other current tax payables included IRES, payable as part of the tax consolidation gross of receivables from the tax consolidation, and also the current tax payables of the foreign Group subsidiaries.

At 31 December 2015, deferred taxes for the year were Euro 2.897 million and comprised deferred tax assets (of Euro 4.881 million) and deferred tax liabilities (of Euro 1.984 million).

The deferred tax assets at 31 December 2015, mainly reflect the use of provisions made in previous financial years for tax losses that were used to offset the taxable income for the financial year generated by the Parent Company and the other companies that are part of the tax consolidation. This was in part offset by the recognition of pre-paid taxes on additions to the provision for risks and charges on which the tax deductibility will be recognised in future financial periods.

Taxes of Euro 0.229 million in equity referred to pre-paid taxes on the costs incurred by the Parent Company for the share capital increase described in Note 17; these were taken directly against the share premium reserve.

Deferred tax liabilities were mainly the use of tax provisions made in previous financial years for the value adjustments and amortisation of trademarks and for tax amortisation of goodwill in the Parent Company.

Deferred tax assets and liabilities include the change in the IRES rate to 24%, which will be effective from 1 January 2017. The net impact on the Income Statement was Euro 0.533 million after the use of Euro 1.740 million of deferred tax assets and Euro 1.207 million of deferred tax liabilities.

The changes in these entries were as follows:

### Deferred income taxes

(€'000)	31/12/14	Recognised in the Income Statement	Change in consolidation area	Assets from discontinued operations	Recognised in equity	Exchange rate effect	31/12/15
<b>Deferred tax assets</b>							
Excess amortisation, depreciation and write-downs	1,108	(215)	-	-	-	-	893
Provisions for risks and charges	755	1,901	-	-	-	-	2,656
Doubtful receivables	2,350	(267)	-	-	-	-	2,083
Tax losses carried forward	17,702	(7,201)	-	-	-	(39)	10,462
Costs for share capital increase	-	-	-	-	229	-	229
Other temporary differences	1,024	901	-	-	(19)	26	1,932
<b>Total</b>	<b>22,939</b>	<b>(4,881)</b>	<b>-</b>	<b>-</b>	<b>210</b>	<b>(13)</b>	<b>18,255</b>
<b>Deferred tax liabilities</b>							
Goodwill amortisation and deferred taxes on acquisition of intangible assets	22,052	(1,608)	-	(301)	-	(1,180)	18,963
Other temporary differences	1,577	(376)	483	-	44	98	1,826
<b>Total</b>	<b>23,629</b>	<b>(1,984)</b>	<b>483</b>	<b>(301)</b>	<b>44</b>	<b>(1,082)</b>	<b>20,789</b>
Net deferred income taxes	690	2,897	483	(301)	(166)	(1,069)	2,534
<i>of which:</i>							
Deferred tax assets	6,457						3,175
Deferred tax liabilities	7,147						5,709

The breakdown of total theoretical deferred taxes relating to tax losses carried forward from previous financial years was:

- losses prior to tax consolidation: Euro 0.290 million;
- losses on tax consolidation: Euro 10.109 million;
- losses from foreign Group companies: Euro 0.063 million.

### Reconciliation of theoretical and effective corporation tax charge (IRES)

(€'000)	
Consolidated profit/(loss) before income tax	8,438
Percentage applicable for corporation income tax (IRES)	27.5%
<b>Theoretical IRES tax charge (corporation income tax)</b>	<b>2,320</b>
Difference between theoretical and effective tax charges:	
Taxes on intragroup dividends	29
Exchange rate effect	533
Taxes on foreign subsidiaries	217
Non-deductible write downs	1,795
Other	(16)
<b>Effective IRES tax charge</b>	<b>4,878</b>

### Reconciliation of theoretical and effective corporation tax charge (IRAP)

(€'000)	
Net operating result (EBIT)	11,958
Personnel expenses	61,675
Consolidated taxable base for purposes of IRAP	73,633
Statutory rate applicable for corporation income tax (IRAP)	3.9%
<b>Theoretical IRAP tax charge (corporation income tax)</b>	<b>2,872</b>
Difference between theoretical and effective tax charges:	
Tax wedge	(1,770)
Taxes on foreign subsidiaries	675
Other	(644)
<b>Effective IRAP tax charge</b>	<b>1,133</b>

## GROUP PROFIT/(LOSS)

At 31 December 2015, the Group made a net profit of Euro 1.014 million, compared to a net loss of Euro 18.955 million at 31 December 2014.

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

In the 2015 financial year, the profit per share was Euro 0.0238 compared to a loss of Euro 0.4565 per share at 31 December 2014; the figure was calculated by dividing the net result for the period by the average weighted number of Fiera Milano SpA shares outstanding during the financial year.

	2015	2014
Profit/(loss) (€'000)	1,014	(18,955)
Average no. of shares in circulation ('000)	42,654	41,521
Basic earnings/(losses) per issued share (€)	0.0238	(0.4565)
Earnings/(losses) per fully diluted no. of shares (€)	0.0238	(0.4565)

The number used as the numerator to calculate basic earnings/ losses per share and diluted earnings/ losses per share was Euro 1.014 million in the financial year to 31 December 2015 (a loss of Euro 18.955 million in the financial year to 31 December 2014).

The average weighted number of ordinary shares used to calculate basic earnings/ losses per share and diluted earnings/ losses per share, and the relative reconciliation of the two figures, was the following:

('000)	2015	2014
Weighted average no. of shares used for calculation of EPS	42,654	41,521
+ Potential no. of shares issued without payment	-	-
Weighted average no. of shares used to calculate diluted EPS	42,654	41,521

In the financial year under review, no equity instruments were issued, including shares that could potentially be issued, which could dilute future basic earnings per share and, since the end of the reporting period, no transactions involving the ordinary shares or the potential issue of ordinary shares has been concluded.

### 49) 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 *Principles of Conduct regarding Related-party Transactions* as described in the *Report on corporate governance and ownership structure*, which is part of the Board of Directors' Management Report in the 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 competences, 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 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 related-party 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.

Initially cancellation of the contracts had to be notified eighteen months prior to the expiry of the contracts on 31 December 2014. 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.

Under 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. For 2015 alone, because of the presence of Expo 2015 and the positive impact on the exhibition business of Fiera Milano, the agreement stipulated that Fondazione Fiera Milano would be paid an additional rent based on any revenues generated in 2015 by the Parent Company that exceeded the average annual revenues of the three-year period 2012-2014. The Parent Company agreed to pay a supplementary rent equal to 15% of the aforementioned additional revenues up to a maximum amount of Euro 10.000 million. The figure used for the average annual revenues generated in the three years 2012-2014 was Euro 191.240 million.

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

As the transaction was 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, it was carried out under the Procedure for related-party transactions and, on 21 March 2014, an Information Document for a related-party transaction of greater importance ("Information Document OPC") was published.

To ensure that market conditions applied, the rental agreements were prepared by Fiera Milano SpA using valuations done by an independent expert.

#### **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 in the downtown exhibition 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.

The annual fixed rent for Pavilion 17 of the downtown exhibition site is Euro 0.350 million (updated annually to reflect the ISTAT consumer price index) whilst the variable component is 5% of the revenues over and above Euro 15.000 million generated by the subsidiary Fiera Milano Congressi.

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, together with the congress areas of Pavilion 17, is 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 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 consumer price index of 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 and then rises annually by Euro 0.750 million in each of the subsequent three years to reach the agreed full rent of Euro 3.000 million. The full rent has now been reached for pavilions 5 and 6 of the downtown site and, therefore, from the 2015 financial year no variable component of rent is payable.

### **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 contracts for use of 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.

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, in particular the rental payments for the exhibition sites and the services provided by each party to the other, through a current account managed by Fondazione Fiera Milano on which interest is paid at market rates. This, with the prior consent of the controlling shareholder Fondazione Fiera Milano, allows the Company to have temporary extensions in the payment periods for the rent, which allows it to optimise its cash management and gives it greater flexibility in negotiating loan spreads with the banks. Since the financial year ended 31 December 2012, the current account has mainly been used for payments and particularly for the six-monthly rent payable for the exhibition sites.

### **Transactions with other related-parties**

These are transactions carried out in pursuit of normal operations and regulated by market conditions.

The financial, capital and economic transactions conducted with related parties are shown in the following table.

**Related party entries in the Statement of Financial Position and Income Statement in the financial year to 31 December 2015**

(€'000)	Trade and other non-current receivables	Trade and other receivables	Other non-current financial liabilities	Other current financial liabilities	Other current liabilities	Revenues from sales and services	Cost for materials	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 and other Group companies</b>														
Fondazione Fiera Milano	12,125	5,341		15,225	5,832	483	1	1,040	55,882	93	896	276	62	1,045
<b>Other related parties</b>														
Yilong Qi			1,851											
<b>Total related parties transactions</b>	<b>12,125</b>	<b>5,341</b>	<b>1,851</b>	<b>15,225</b>	<b>5,832</b>	<b>483</b>	<b>1</b>	<b>1,040</b>	<b>55,882</b>	<b>93</b>	<b>896</b>	<b>276</b>	<b>62</b>	<b>1,045</b>
<b>Total reported</b>	<b>13,035</b>	<b>63,932</b>	<b>2,094</b>	<b>16,036</b>	<b>37,470</b>	<b>337,339</b>	<b>4,859</b>	<b>165,870</b>	<b>61,419</b>	<b>61,675</b>	<b>5,753</b>	<b>3,003</b>	<b>828</b>	<b>4,348</b>
<b>% Rel. party transactions/ Total reported</b>	<b>93%</b>	<b>8%</b>	<b>88%</b>	<b>95%</b>	<b>16%</b>	<b>-</b>	<b>-</b>	<b>1%</b>	<b>91%</b>	<b>-</b>	<b>16%</b>	<b>9%</b>	<b>7%</b>	<b>24%</b>

Information on the remuneration paid to the Administrative and Control Bodies, to the General Directors and to the Executives with Strategic Responsibilities in the financial year to 31 December 2015 is given in the table included in the section below on other information.

### Statement of related party cash flow

(€'000)	2015	2014
<b>Cash flow from operating activities</b>		
Revenues and income	759	385
Costs and expenses	(57,912)	(55,265)
Interest receivable	62	127
Interest payable	(1,045)	(1,183)
Changes in trade and other receivables	1,718	(4,010)
Change in other current liabilities	1,704	1,171
<b>Total</b>	<b>(54,714)</b>	<b>(58,775)</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	(6,688)	816
<b>Total</b>	<b>(6,688)</b>	<b>816</b>
<b>Cash Flow in the period</b>	<b>(61,402)</b>	<b>(57,959)</b>

The table below shows cash flow from related party transactions:

	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities
<b>FY to 31.12.15:</b>			
Total	46,501	(2,461)	(501)
Related party transactions	(54,714)	-	(6,688)
<b>FY to 31.12.14:</b>			
Total	(9,861)	(9,122)	19,276
Related party transactions	(58,775)	-	816

The financial accounts for related-party transactions include the following non-recurring items:

- Euro 10.000 million of costs and expenses (zero at 31 December 2014);
- a Euro 3.000 million change in other liabilities (zero at 31 December 2014).

## 50) Other information

### Non-recurring events and transactions

Material non-recurring transactions that took place in the financial year under review and which are specified in accordance with Consob communication of 28 July 2006, were the additional rent paid by the Parent Company to the controlling shareholder Fondazione Fiera Milano because the revenues generated in the 2015 financial year exceeded the average annual revenues in 2012-2014.

The additional component of rent paid in the financial year under review was Euro 10.000 million and is shown separately under the item, costs for use of third-party assets.

The effect of this transaction on the economic and financial results are described in Note 49 on related-party transactions.

### Transactions relating to atypical and/or unusual operations

In accordance with Consob Communication of 28 July 2006, it should be noted that the Group did not carry out any unusual and/or atypical operations in 2015 as defined in the aforementioned Communication.

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

There have been no significant events since the end of the reporting period under review.

### 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.

Since 1 May 2015, executives with strategic responsibilities have been identified as the Directors, the Statutory Auditors, and the Manager responsible for preparing the company accounts in the Parent Company. Until 30 April 2015, executives with strategic responsibilities of the Parent Company also included the members of the Supervisory Committee whilst for the subsidiaries they included Managing Directors, Sole Directors and executive managers.

The total remuneration for this category of Executives was Euro 4.195 million at 31 December 2015 (Euro 4.568 million at 31 December 2014) and the breakdown was as follows:

Remuneration (€'000)	2015		
	Directors	Statutory Auditors	Others
Short-term benefits	1,151	138	1,362
Post-employment benefits	7	-	76
Other non current benefits	-	-	-
Staff-leaving indemnities	1,461	-	-
Notional income from stock option plans	-	-	-
<b>Total</b>	<b>2,619</b>	<b>138</b>	<b>1,438</b>

Remuneration (€'000)	2014		
	Directors	Statutory Auditors	Others
Short-term benefits	1,246	156	2,631
Post-employment benefits	10	-	121
Other non current benefits	-	-	-
Staff-leaving indemnities	-	-	404
Notional income from stock option plans	-	-	-
<b>Total</b>	<b>1,256</b>	<b>156</b>	<b>3,156</b>

At 31 December 2015, the residual amount payable to this category was Euro 0.136 million (Euro 0.196 million at 31 December 2014).

## Information under article 149-duodecies of the Consob Listing Rules

The fees paid for the services provided by the independent audit firm in the 2015 financial year are shown in the following table.

(€'000)	Service provider	Service provider	Fees for financial year 2015
	Reconta Ernst & Young SpA	Parent Company - Fiera Milano SpA	229
Auditing	Reconta Ernst & Young SpA	Subsidiaries	120
	Rete Reconta Ernst & Young	Subsidiaries	66
Other services (*)	Reconta Ernst & Young SpA	Parent Company - Fiera Milano SpA	58
Other services (**)	Reconta Ernst & Young SpA	Parent Company - Fiera Milano SpA	325
Other services (*)	Reconta Ernst & Young SpA	Subsidiaries	26
Other services (***)	Rete Reconta Ernst & Young	Parent Company - Fiera Milano SpA	20
Other services (***)	Rete Reconta Ernst & Young	Subsidiaries	100
<b>Total</b>			<b>944</b>

(\*) Agreed upon procedures

(\*\*) Professional services for the Prospectus of the Share Capital Increase

(\*\*\*) Other professional services related to environment, health and safety

Rho (Milan), 14 March 2016

On behalf of the Board of Directors

**The Chairman**

Roberto Rettani

## Attachment 1

### List of companies included in the consolidation area and other investments at 31 December 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	42,445				
<b>Fully consolidated companies</b>						
<b>Fiera Milano Media SpA</b> Milano, p.le Carlo Magno 1	Media services	2,803	100	100		Fiera Milano SpA
<b>Fiera Milano Congressi SpA</b> Milano, p.le Carlo Magno 1	Management of congresses	2,000	100	100		Fiera Milano SpA
<b>MiCo DMC S.r.l.</b> Milano, p.le Carlo Magno 1	Management of congresses	10	51		51	Fiera Milano Congressi SpA
<b>Nolostand SpA</b> Milano, p.le Carlo Magno 1	Stand fitting services	7,500	100	100		Fiera Milano SpA
<b>Ipac-Ima SpA</b> Rho, S.S. del Sempione km.28	Organisation of exhibitions in Italy	200	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 outside of Italy	R \$ 36,014	100	99.98	0.02	Fiera Milano SpA Nolostand SpA
<b>CIPA Fiera Milano Publicações e Eventos Ltda</b> São Paulo Brasil, Av. Angelica	Organisation of exhibitions outside of Italy	R \$ 705	100		100	Eurofairs International Consultoria e Participações Ltda
<b>Fiera Milano India Pvt Ltd</b> New Delhi, Barakhamba Road, Connaught Place	Organisation of exhibitions outside of Italy	INR 20,000	99.99	99.99		Fiera Milano SpA
<b>Limited Liability Company "Fiera Milano"</b> Moscow, 24 A/1 ul. B. Cherkizovskaya	Organisation of exhibitions outside of Italy	RUB 10,000	100	100		Fiera Milano SpA
<b>Fiera Milano Exhibitions Africa Pty Ltd</b> Cape Town, The Terraces, Steenberg Office Park, Tokai	Organisation of exhibitions outside of Italy	ZAR 0.2	100	100		Fiera Milano SpA
<b>Worldex (China) Exhibition &amp; Promotion Ltd</b> Guangzhou, 538 Dezheng Bei Road, Yuexiu District	Organisation of exhibitions outside of Italy	CNY 6,000	75	75		Fiera Milano SpA
<b>Haikou Worldex Milan Exhibition Co. Ltd</b> Haikou, 12 Lantian Road West	Organisation of exhibitions outside of Italy	CNY 200	74.25		99	Worldex Ltd
<b>B) List of jointly controlled companies equity-accounted</b>						
<b>Hannover Milano Global Germany GmbH</b> Hannover Germany, Messegeleande	Organisation of exhibitions outside of Italy	25	49	49		Fiera Milano SpA
<b>Hannover Milano Fairs Shanghai Co. Ltd</b> Shanghai China, Pudong Office Tower	Organisation of exhibitions outside of Italy	USD 500	49		100	Hannover Milano Global Germany GmbH
<b>Hannover Milano Fairs China Ltd</b> Hong Kong China, Golden Gate Building	Organisation of exhibitions outside of Italy	HKD 10	49		100	Hannover Milano Global Germany GmbH
<b>Hannover Milano Fairs India Pvt Ltd</b> East Mumbai, Andheri	Organisation of exhibitions outside of Italy	INR 274,640	48.99		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 outside of Italy	INR 207,523	24.5		50	Hannover Milano Fairs India Pvt Ltd
<b>Ipac-Ima Srl</b> Rho, S.S. del Sempione km.28	Organisation of exhibitions in Italy	20	49		49	Ipac-Ima 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

(\*) Euro or other currencies as specifically indicated

# Declaration in accordance with Article 154-*bis* of Legislative Decree 58/98

1. The undersigned, Corrado Peraboni, as Chief Executive Officer, and Flaminio Oggioni, as Manager responsible for preparing the Financial Statements of Fiera Milano SpA, declare, having noted 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 Consolidated Financial Statements for the year to 31 December 2015.
2. The evaluation of the adequacy of the administrative and accounting procedures for the preparation of the Consolidated Financial Statements at 31 December 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 Consolidated Financial Statements at 31 December 2015:
    - have been prepared in accordance with the applicable international accounting standards recognised by the European Union 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 all of the companies included in the consolidation.
  - 3.2 the report on operations includes a reliable analysis of the trend and results of operations and the situation of the Issuer and all of the companies included in the consolidation together with a description of the main risks and uncertainties to which it is exposed.

14 March 2016

Signed by  
**Chief Executive Officer**  
Corrado Peraboni

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

# Financial year 2015

## Independent Auditors' Report







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**Independent auditor's report**  
in accordance with articles 14 and 16 of Legislative Decree n. 39, dated 27 January 2010  
(Translation from the original Italian text)

To the Shareholders of Fiera Milano S.p.A

#### Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Fiera Milano Group, which comprise the statement of financial position as at 31 December 2015, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### *Directors' responsibility for the consolidated financial statements*

The Directors of Fiera Milano S.p.A. are responsible for the preparation of these consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union as well as with the regulations issued to implement art. 9 of Legislative Decree n. 38, dated 28 February 2005.

#### *Auditor's responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA Italia) implemented in accordance with article 11, paragraph 3 of Legislative Decree n. 39, dated 27 January 2010. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's professional judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Opinion*

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Fiera Milano Group as at 31 December 2015, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with article 9 of Legislative Decree n. 38, dated 28 February 2005.

Reconta Ernst & Young S.p.A.  
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Consul al progressivo n. 2 delibera 110831 del 16/7/1997  
  
A member firm of Ernst & Young Global Limited



*Emphasis of matter*

We draw attention on point 49. of explanatory and supplementary notes to the consolidated financial statements which illustrates the existence of significant transactions with related parties. Our opinion is not qualified in respect of this matter.

*Report on other legal and regulatory requirements*

*Opinion on the consistency of the Management Report and of specific information of the Report on Corporate Governance and Ownership Structure with the consolidated financial statements*

We have performed the procedures required under audit standard SA Italia n. 720B in order to express an opinion, as required by law, on the consistency of the Management Report and of specific information of the Report on Corporate Governance and Ownership Structure as provided for by article 123-bis, paragraph 4 of Legislative Decree n. 58, dated 24 February 1998, with the consolidated financial statements. The Directors of Fiera Milano S.p.A. are responsible for the preparation of the Management Report and of the Report on Corporate Governance and Ownership Structure in accordance with the applicable laws and regulations. In our opinion the Management Report and the specific information of the Report on Corporate Governance and the Ownership Structure are consistent with the consolidated financial statements of Fiera Milano Group as at 31 December 2015.

Milano, 24 March 2016

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.*

# Financial year 2015

Fiera Milano SpA

## Financial Statements to 31 December 2015

### FINANCIAL STATEMENTS

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## Fiera Milano SpA Statement of Financial Position

Notes	(euro)	31/12/15	31/12/14
<b>ASSETS</b>			
<b>Non-current assets</b>			
2-42	Property, plant and equipment	4,139,144	4,818,631
	Leased property, plant and equipment	-	-
	Investments in non-core property	-	-
3	Goodwill and intangible assets with an indefinite useful life	70,144,099	70,144,099
4	Intangible assets with a finite useful life	13,079,442	18,266,780
5	Investments	73,350,722	81,066,973
	Other financial assets	-	-
6	Trade and other receivables	13,031,120	13,270,692
42	<i>of which from related parties</i>	12,125,107	12,388,585
7	Deferred tax assets	3,083,994	6,338,217
	<b>Total</b>	<b>176,828,521</b>	<b>193,905,392</b>
<b>Current assets</b>			
8	Trade and other receivables	45,877,971	38,754,134
42	<i>of which from related parties</i>	10,595,546	9,164,681
9-42	Inventories	1,197,852	4,466,326
	Contracts in progress	-	-
10	Current financial assets	4,034,972	2,724,827
42	<i>of which from related parties</i>	4,034,972	2,724,827
11	Cash and cash equivalents	42,971,750	3,563,919
	<b>Total</b>	<b>94,082,545</b>	<b>49,509,206</b>
<b>Assets held for sale</b>			
	Assets held for sale	-	-
	<b>Total</b>	<b>-</b>	<b>-</b>
	<b>Total assets</b>	<b>270,911,066</b>	<b>243,414,598</b>
<b>EQUITY AND LIABILITIES</b>			
12	<b>Equity</b>		
	Share capital	41,818,383	41,520,679
	Share premium reserve	65,679,470	1,783,076
	Revaluation reserve	-	-
	Other reserves	-	9,285,020
	Retained earnings	(19,712,226)	(179,063)
	Profit/(loss) for the year	(1,456,384)	(30,674,121)
	<b>Total</b>	<b>86,329,243</b>	<b>21,735,591</b>
<b>Non-current liabilities</b>			
	Bonds in issue	-	-
13	Bank borrowings	10,922,456	26,898,253
14	Other financial liabilities	50,280	220,113
15	Provision for risks and charges	2,951,986	1,422,479
16	Employee benefit provisions	5,792,339	6,208,936
	Deferred tax liabilities	-	-
	Other non-current liabilities	-	-
	<b>Total</b>	<b>19,717,061</b>	<b>34,749,781</b>
<b>Current liabilities</b>			
	Bonds in issue	-	-
17	Bank borrowings	38,485,373	79,561,530
18	Trade-payables	26,184,964	22,016,420
19-42	Pre-payments	31,544,918	34,843,342
20	Other financial liabilities	15,395,485	21,850,045
42	<i>of which to related parties</i>	15,224,542	21,683,296
21	Current provision for risks and charges	1,636,318	968,006
22	Current tax liabilities	4,022,317	1,178,050
23	Other current liabilities	47,595,387	26,511,833
42	<i>of which to related parties</i>	19,495,875	13,049,709
	<b>Total</b>	<b>164,864,762</b>	<b>186,929,226</b>
<b>Liabilities held for sale</b>			
	Liabilities held for sale	-	-
	<b>Total</b>	<b>-</b>	<b>-</b>
	<b>Total liabilities</b>	<b>270,911,066</b>	<b>243,414,598</b>

## Fiera Milano SpA Statement of Comprehensive Income

Notes	(euro)	2015	2014 restated*
27	Revenues from sales and services	277,307,280	181,098,308
42	<i>of which with related parties</i>	6,862,907	4,918,877
	<b>Total revenues</b>	<b>277,307,280</b>	<b>181,098,308</b>
28-42	Cost of materials	899,822	817,906
29	Cost of services	144,892,370	107,571,490
42	<i>of which with related parties</i>	48,515,696	33,562,873
30	Cost of use of third-party assets	54,945,417	50,663,233
42	<i>of which with related parties</i>	42,588,310	49,319,642
42	<i>of which with related parties non recurring</i>	10,000,000	-
31	Personnel expenses	45,779,108	34,990,305
42	<i>of which with related parties</i>	873,732	1,007,595
32	Other operating expenses	4,636,458	3,681,686
42	<i>of which with related parties</i>	1,132,360	1,309,715
	<b>Total operating expenses</b>	<b>251,153,175</b>	<b>197,724,620</b>
33	Other income	6,756,278	6,405,941
42	<i>of which with related parties</i>	4,431,645	3,857,967
	<b>Gross operating result</b>	<b>32,910,383</b>	<b>(10,220,371)</b>
34	Depreciation of property, plant and equipment	2,030,405	2,663,992
	Depreciation of property investments	-	-
34	Amortisation of intangible assets	4,242,743	4,674,891
35	Adjustments to asset values	1,953,000	-
36	Provisions for doubtful receivables and other provisions	5,463,570	758,421
	<b>Net operating profit (EBIT)</b>	<b>19,220,665</b>	<b>(18,317,675)</b>
37	Financial income and similar	4,305,837	2,095,880
42	<i>of which with related parties</i>	4,227,295	2,018,511
38	Financial expenses and similar	3,297,016	4,737,056
42	<i>of which with related parties</i>	1,044,837	1,183,180
39	Valuation of financial assets	(16,033,039)	(14,942,000)
	<b>Profit/(loss) before tax</b>	<b>4,196,447</b>	<b>(35,900,851)</b>
40	Income tax	5,652,831	(5,226,730)
42	<i>of which with related parties</i>	(330,991)	(1,167,540)
	<b>Profit/(loss) from continuing operations</b>	<b>(1,456,384)</b>	<b>(30,674,121)</b>
	<b>Profit/(loss) from discontinued operations</b>	<b>-</b>	<b>-</b>
41	<b>Profit/(loss) for the year</b>	<b>(1,456,384)</b>	<b>(30,674,121)</b>
	<b>Other comprehensive income/(loss) that will not be reclassified subsequently to profit or loss</b>		
	Revaluation of defined benefit schemes	100,499	(230,358)
	Tax effects	27,637	(63,348)
	<b>Other comprehensive income/(loss) net of related tax effects</b>	<b>72,862</b>	<b>(167,010)</b>
	<b>Total comprehensive income/loss for the year</b>	<b>(1,383,522)</b>	<b>(30,841,131)</b>

\* Some of the 2014 figures have been restated for comparative purposes following the different classification of the use of risk provisions.

## Fiera Milano SpA Statement of Cash Flows

Notes	(euro)	2015	2014 restated*
	<b>Net cash at beginning of year</b>	<b>3,563,919</b>	<b>5,920,621</b>
	<b>Cash flow from operating activities</b>		
11	Net cash from operating activities	47,868,324	(13,162,842)
42	of which with related parties	(83,009,750)	(76,167,616)
	Interest paid	(3,277,474)	(4,344,314)
	Interest received	250,647	659,277
	<b>Total</b>	<b>44,841,497</b>	<b>(16,847,879)</b>
	<b>Cash flow from investing activities</b>		
2	Investments in tangible assets	(1,364,131)	(595,000)
2	Write-downs of tangible assets	21,067	5,008
4	Investments in intangible assets	(1,008,405)	(1,634,942)
5	Investments in subsidiaries	-	(1,953,634)
5	Acquisition of investments	(6,319,263)	-
5	Subsidiary company share capital transactions	(951,977)	(1,121,774)
37	Dividends received	3,972,383	1,797,288
	<b>Total</b>	<b>(5,650,326)</b>	<b>(3,503,054)</b>
	<b>Cash flow from financing activities</b>		
12	Share capital increase	65,685,259	-
13-14	Non-current financial assets/liabilities	(16,145,630)	(7,220,889)
10-17-20	Current financial assets/liabilities	(49,322,969)	25,215,120
42	of which with related parties	(7,768,899)	693,312
	<b>Total</b>	<b>216,660</b>	<b>17,994,231</b>
	<b>Cash flow for the period</b>	<b>39,407,831</b>	<b>(2,356,702)</b>
	<b>Net cash from assets held for sale</b>	<b>-</b>	<b>-</b>
	<b>Net cash at the end of year</b>	<b>42,971,750</b>	<b>3,563,919</b>

\* Some of the 2014 figures have been restated for comparative purposes following the different classification of the use of risk provisions.

(euro)	2015	2014 restated*
<b>Cash generated from operating activities</b>		
Result including non-operating activities	(1,456,384)	(30,674,121)
<b>Adjustments for:</b>		
Depreciation and Amortisation	6,273,148	7,338,883
Provisions, write-downs and impairment	7,416,570	758,421
Valuation of financial activities	16,033,039	14,942,000
Capital gains and losses	(19,917)	491
Net financial income/expenses	(1,008,766)	2,643,499
Net change in employee provisions	(316,098)	206,210
Changes in deferred taxes	3,455,291	(4,165,783)
Inventories	3,268,474	(1,711,885)
Trade and other receivables	(8,726,714)	1,504,122
Trade payables	4,168,544	(4,048,181)
Pre-payments	(3,298,424)	3,471,676
Tax payables	2,907,477	(2,210)
Provisions for risks and charges and other liabilities (excluding payables to Organisers)	16,871,798	(1,883,241)
Payables to Organisers	2,300,286	(1,542,723)
<b>Total</b>	<b>47,868,324</b>	<b>(13,162,842)</b>

\* Some of the 2014 figures have been restated for comparative purposes following the different classification of the use of risk provisions.



## Fiera Milano SpA Statement of Changes in Equity

(euro)

Note 12	Share capital	Share premium reserve	Legal reserve	Other reserves	Retained earnings	Profit/(loss) for the financial year	Total
<b>Balance at 31 December 2013</b>	<b>41,520,679</b>	<b>14,446,759</b>	<b>7,865,332</b>	<b>1,419,688</b>	<b>(12,053)</b>	<b>(12,663,683)</b>	<b>52,576,722</b>
Loss for the year covered by:							
- Share premium reserve	-	(12,663,683)	-	-	-	12,663,683	-
Remeasurement of defined benefit plans	-	-	-	-	(167,010)	-	(167,010)
Total comprehensive income/(loss) for the financial year at 31.12.14	-	-	-	-	-	(30,674,121)	(30,674,121)
<b>Balance at 31 December 2014</b>	<b>41,520,679</b>	<b>1,783,076</b>	<b>7,865,332</b>	<b>1,419,688</b>	<b>(179,06)</b>	<b>(30,674,121)</b>	<b>21,735,591</b>
Loss for the year covered by:							
- Legal reserve			(7,865,332)			7,865,332	-
- Share premium reserve	-	(1,783,076)	-	-	-	1,783,076	-
- Other reserves	-	-	-	(1,419,688)	-	1,419,688	-
- Retained earnings	-	-	-	-	(19,606,025)	19,606,025	-
Shareholders' Meeting approval 31.07.15 - share capital increase	297,704	66,536,826					66,834,530
Expenses related to the share capital increase	-	(857,356)	-	-	-	-	(857,356)
Remeasurement of defined benefit plans	-	-	-	-	72,862	-	72,862
Total comprehensive income/(loss) for the financial year at 31.12.15	-	-	-	-	-	(1,456,384)	(1,456,384)
<b>Balance at 31 December 2015</b>	<b>41,818,383</b>	<b>65,679,470</b>	<b>-</b>	<b>-</b>	<b>(19,712,226)</b>	<b>(1,456,384)</b>	<b>86,329,243</b>

# Explanatory and supplementary notes to the financial statements

On 14 March 2015, the Board of Directors approved the Fiera Milano SpA Financial Statements at 31 December 2015 and authorised their publication.

Fiera Milano SpA, as Parent Company of the Group, has also prepared the Consolidated Financial Statements at 31 December 2015.

Fiera Milano SpA and its subsidiaries are active in all the characteristic areas of the exhibition industry and the Company is one of the largest integrated companies in this sector worldwide.

The Company business consists of hosting exhibitions, fairs and other events, promoting and making available equipped exhibition spaces, as well as offering support for projects and related services. This includes the business of staging exhibitions (and providing final services to exhibitors and visitors).

The business of the Company has dual seasonality: (i) a higher concentration of exhibitions in the six months from January to June; (ii) exhibitions that have a multiannual frequency.

## 1) Accounting standards and criteria used to prepare the Financial Statements

### 1.1 Standards used to prepare the Financial Statements

The Financial Statement was prepared in accordance with IAS and IFRS accounting standards in force at 31 December 2015, issued by the International Accounting Standards Board (IASB) and endorsed by the European Union, and the relative interpretative documents and provisions of Article 9 of Legislative Decree no. 38/2005.

The accounting standards used to prepare the present Financial Statements are the same as those used to prepare the Financial Statements at 31 December 2014, except for those applicable from 1 January 2015 which are listed below.

The Financial Statements are prepared in Euro and all figures are rounded to the nearest thousand Euro unless indicated otherwise. The Financial Statements give comparative data for the previous financial year; it should be noted that some numbers from the previous financial year have been restated to make the numbers more comparable.

In the 2015 financial year no atypical and/or unusual transactions took place.

The present Financial Statements have been prepared on the principle of going concern.

The risks and uncertainties affecting the business and the Company are described in the Board of Directors' Management Report in the section on Risk factors affecting Fiera Milano Group, in Note 25, and in the paragraph on the use of estimates in the Explanatory and Supplementary Notes to the Accounts.

The present Financial Statements have been audited by the external audit firm Reconta Ernst & Young SpA.

### 1.2 New accounting standards, interpretations and amendments adopted

The Company has adopted for the first time some accounting standards and amendments that are applicable to financial periods beginning on or after 1 January 2015.

The content and effect of each new accounting standard and amendment is given 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, the interpretation clarifies that no liability is recognised before the specified minimum threshold is reached. The interpretation is effective for annual periods beginning on or after 17 June 2014.

- IFRS Annual Improvements Cycle 2011-2013

This document modified the accounting standards IFRS 1, IFRS 3, IFRS 13, and IAS 40 to clarify guidance.

Interpretation of IFRIC 21 - *Levies* and the IFRS Annual Improvements Cycle 2011-2013 had no impact on the Financial Statements at 31 December 2015.

The following accounting standards were approved by the European Union during 2015 but are not applicable for the 2015 Financial Statements and have not been adopted early by the Company:

- Amendment to IAS 19 - *Employee Benefits*

The amendment clarifies the requirements that relate to how contributions to defined benefit plans from employees or third-parties should be attributed to periods of service.

- Amendments to IAS 16 and IAS 38 - Clarification of acceptable methods of depreciation and amortisation; a revenue-based method is not considered to be an appropriate manifestation of consumption.

- Amendment to IFRS 11 - Clarifies the accounting when acquiring an interest in a joint operation that constitutes a business.

- Amendments to IAS 16 and IAS 41 - Financial reporting for bearer plants.

- IFRS Annual Improvements Cycle 2010-2012

This document made amendments to IFRS 2, IFRS 3, IFRS 13, IAS 16, and IAS 24 to clarify guidance.

- IFRS Annual Improvements Cycle 2012-2014

This document made amendments to IFRS 5, IFRS 7, IAS 19, and IAS 34 to clarify guidance.

The effects of these amendments on the Financial Statements is currently being evaluated.

The following accounting standards have been issued by the IASB but have not yet been endorsed by the European Union:

- IFRS 15 - *Revenue from Contracts with Customers*

IFRS 15 replaces IAS 18 - *Revenue*, IAS 11 - *Construction contracts*, interpretations SIC 31, IFRIC 13 and IFRIC 15. Application of IFRS 15 is mandatory for annual reporting periods beginning on or after 1 January 2017; early application is permitted. The time lapse between the publication of this accounting standard and its mandatory application date, 1 January 2018, is to give entities the necessary time to make the changes required to accounting systems for application of the new international accounting standard as it changes the model for the recognition and measurement of revenues.

- IFRS 14 - *Regulatory Deferral Accounts*

- IFRS 9 - *Financial Instruments*

### 1.3 Form and content of the Financial Statements

With regard to the format and content of the Financial Statements, the Company has made the following choices:

- the Statement of Financial Position is presented with separate sections for Assets, Liabilities, and Equity. Assets and liabilities are also classified as current, non-current, and held for sale;

- the Statement of Comprehensive Income is shown as a single statement in a continuous format and items are analysed by nature since this approach provides reliable information that is more relevant than classification by function;

- the Statement of Cash Flows is presented using the indirect method;

- the Statement of Changes in Equity is presented with separate entries for comprehensive income and transactions with shareholders.

## 1.4 Summary of accounting standards, valuation criteria and the use of estimates

### **Business combinations**

Business combinations are accounted for by applying the purchase method in compliance with IFRS 3 revised in 2008. Under this method the transaction cost of a business combination is valued at fair value, determined as the aggregate of the fair value of the assets transferred and the liabilities assumed by the Company at the acquisition date and equity instruments issued for control of the acquired entity. All other costs associated with the transaction are expensed in the Statement of Comprehensive Income at their acquisition date value.

Contingent considerations, considered part of the acquisition consideration, must be measured at fair value at the time of the business combination. Subsequent changes to the fair value are recognised in the Statement of Comprehensive Income.

The identifiable assets acquired and the liabilities assumed are measured at fair value at the acquisition date.

Goodwill is measured as the difference between the aggregate of the acquisition-date fair value of the consideration transferred for the business combination, the amount of any non-controlling interest, the acquisition date fair value of any previously held equity interest in the acquired entity, and the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If the difference between the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed exceeds the consideration transferred for the business combination, the amount of any non-controlling interest and the acquisition-date fair value of any previously held equity interest in the acquiree, the excess sum is immediately recognised in the Statement of Comprehensive Income as income from the transaction.

In measuring the fair value of business combinations, the Company uses available information and, for more material business combinations, also uses the support of external valuations.

### **Business combinations achieved in stages**

When a business combination is achieved in stages the previously held share of the entity's assets and liabilities are measured at fair value at the date that control is obtained and any resulting adjustments are recognised in profit or loss. Previously held investments are therefore recognised as though they had been sold and reacquired at the date that control is obtained.

### **Business combinations under common control**

Business combinations under common control (the combining entities are controlled by the same party) are excluded from the scope of IFRS 3, which governs business combinations. In the absence of a standard that deals specifically with this type of transaction, the application of the most suitable treatment must be guided by the general scope of IAS 8, i.e. to provide information on the transaction that is relevant and reliable and gives priority to the economic *substance* and financial reality of the transaction and not merely its legal form.

Under OPI 1 (Assirevi Preliminary Opinions on IFRS) on the "Accounting treatment of business combinations under common control in the separate and in the consolidated financial statements" the economic substance refers to the generation of value added which results in a significant change in cash inflows from the net assets transferred before and after the transaction. Should it be impossible to estimate a significant increase in future cash inflows from the assets transferred, the choice of how the transaction is accounted should be governed by prudence, which results in the application of the accounting principle of continuity. This principle entails the recognition in the financial statements of values equal to those that would have existed if the assets that are the object of the combination had always been combined. The net assets must be recognised at their carrying values in the relevant accounts prior to the transaction or, if available, at the values in the Consolidated Financial Statements of the controlling shareholder Fiera Milano SpA. Where the transfer values are higher than the historic values, the excess must be eliminated against the equity of the acquirer through the appropriate reduction of a reserve.

## **Tangible fixed assets**

### **Property, plant and equipment**

Property, plant and equipment are recognised at purchase or production cost, including contingent costs and costs incurred, and adjusted for accumulated depreciation.

Tangible assets are depreciated in each accounting period on a straight-line basis, using economic/technical rates determined by the residual life of the assets.

Routine maintenance costs are charged to profit or loss when they are incurred.

The replacement costs of identifiable components of complex assets are allocated to the assets and depreciated over their useful lives. The residual carrying amount of the component being replaced is charged to profit or loss.

Leasehold improvements are classified in property, plant and equipment based on the nature of the cost incurred; the depreciation period corresponds to the lesser of the residual useful life of the tangible asset and the residual period of the rental contract.

The depreciation rates applied are listed below:

- Office furniture and machinery	12.0%
- Exhibition furniture and equipment	27.0%
- Catering equipment	25.0%
- Sundry machinery and equipment	15.0%
- Site motor vehicles	20.0%
- Electronic equipment	20.0%
- Plant and machinery	10.0%
- Telecommunication systems	20.0%
- Alarm systems	30.0%
- Furnishings	12.0%

If there is any indication of impairment, the tangible assets are subjected to an impairment test as described in the section on impairment of assets.

### **Intangible fixed assets**

An intangible asset is recognised only if it is identifiable, is controlled by the entity, is expected to generate future economic benefits, and if its cost can be reliably measured.

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

Goodwill arising from business combinations is initially recognised at the cost on the acquisition date, as indicated in the paragraph above on Business Combinations, and, for purposes of the impairment test, allocated to a cash-generating unit or group of cash-generating units that benefit from the synergies generated by the acquisition which gave rise to the goodwill. After initial recognition in accounts, goodwill is measured at cost less any impairment stemming from the impairment tests (see section on the Impairment of Assets). An intangible asset is considered to have an indefinite useful life when no limit can be foreseen to the period during which the asset can generate financial inflows for the Group. Intangible assets with an indefinite useful life, such as goodwill, are not subject to amortisation.

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

Intangible assets with a finite useful life are measured at purchase or production cost, including any contingent costs, and systematically amortised on a straight-line basis over their estimated useful life. If there is any indication of impairment, the intangible assets are subjected to an impairment test as described in the section on the impairment of assets.

Industrial patents and rights for the use of intellectual property, licenses, and concessions are amortised over a period of three years from the year in which the cost is incurred.

Amortisation of the trademarks of exhibitions is based on a useful life of between ten and twenty years, estimated on the basis of the competitive dynamics of the industry and of a comparison with the methodology used by the leading Italian and foreign competitors.

Research costs are recognised at the time they are incurred. In compliance with IAS 38, development costs relating to specific projects, including the launch of new exhibitions, are capitalised when it is probable that the project will be completed and generate future economic benefits and when such costs can be reliably measured. The cost is amortised on a straight line basis over the period of the estimated future benefits of the project. The carrying value of costs is reviewed annually at the end of the reporting period or more often if there are any particular reasons for doing so, to analyse the fair value and ascertain any indication of impairment.

## Impairment of assets

Goodwill and other intangible assets with an indefinite life are tested for impairment at least annually at the end of the reporting period or more often if there are any indications that an asset has been impaired.

Tangible and intangible assets with a finite useful life that are depreciated or amortised are tested for impairment only when there is an indication of impairment.

The recoverable amount of the asset is assessed by comparing the carrying value with the higher of the net selling price of the asset and its value in use. The net selling price is the amount obtainable from sale of an asset in a transaction between independent, informed, and willing parties, less the costs of disposal. In the absence of binding agreements, it is necessary to use the prices expressed by an active market or the best information available taking into account factors such as recent transactions for similar assets completed in the same business segment. The value in use is the present value, discounted at the weighted average cost of capital, of an entity with a similar risk profile and level of indebtedness, of the cash flows expected to arise from the asset (or from a group of assets - a cash generating unit) and from its sale at the end of its useful life.

If subsequently there is an indication that an impairment loss, other than goodwill, may have decreased or no longer exists, the carrying value of the asset is adjusted to the new estimate of the realisable value although this value may not exceed the value which would have been measured had there been no impairment. Reversal of impairment is recognised in profit or loss.

## Leased assets

There are two types of leases: finance leases and operating leases.

A lease is considered a finance lease when it transfers a significant and substantial part of the risks and rewards associated with the ownership of the asset to the lessee.

Given this, as determined by IAS 17 - *Leases*, a leasing contract is considered a finance lease when the following factors are separately or jointly present:

- the lease transfers ownership of the asset to the lessee by the end of the lease term;
- the lessee has the option to purchase the asset at a price that is expected to be sufficiently lower than fair value at the date the option becomes exercisable such that, at the inception of the lease, it is reasonably certain the option will be exercised;
- the lease term covers most of the economic life of the asset even if title is not transferred;
- at the inception of the lease, the present value of minimum lease payments amounts substantially to the fair value of the leased asset;
- the leased assets are of a specialised nature such that only the lessee can use them without major modifications being made.

Assets available to Fiera Milano SpA under leasing contracts that can be considered finance leases are recognised as tangible or intangible assets at the lower of their acquisition value or the net current value of the minimum charges under the contract amortised over their estimated useful life; the corresponding liability to the lessor is recognised in equity as a current or non-current financial liability depending on whether the contract expires within or beyond twelve months.

Lease payments are subdivided into principal, which is taken against financial liabilities, and interest, which is recognised in profit or loss under financial expenses.

Charges for operating leases are recognised in profit or loss *pro-rata temporis* for the duration of the contract.

## Financial assets

In compliance with the requirements of IAS 39 and 32, financial assets are classified under the following four categories:

1. Financial assets at fair value through profit or loss;
2. Held-to-maturity (HTM) investments;
3. Loans and receivables;
4. Available-for-sale (AFS) financial assets.

Classification depends on the purpose for which assets are purchased and held. Management decides on their initial classification at the time of their initial recognition in the accounts, subsequently checking this classification at the end of each reporting period.

Financial assets are initially recognised at cost, which is equal to fair value plus contingent transaction costs. Subsequent measurement depends on the type of instrument concerned.

Financial assets at fair value shown in the Income Statement, which include held-for-trading (HFT) financial assets and financial assets designated as such at the time of initial recognition, are classified among current financial assets and measured at fair value, with the gains or losses stemming from this valuation recognised in profit or loss. Gains and losses from any changes in the fair value are recognised in profit or loss.

Held-to-maturity investments are classified under current financial assets if they mature in less than 12 months and among non-current financial assets if maturity exceeds that period, and are subsequently valued at amortised cost. The latter is calculated using the effective interest rate method, taking into account any purchase discounts or premiums and spreading them over the entire period up to maturity, less any impairment.

Loans and receivables are valued at amortised cost using the effective interest method. At the end of each reporting period, the Company measures the realisable value of these receivables taking account of estimated future cash payments or receipts through their expected life.

Available-for-sale financial assets are recognised as non-current assets, unless they are to be divested within twelve months of the end of the reporting period, and are measured at fair value. Losses or gains on available-for-sale financial assets are recognised in other comprehensive income and aggregated in a specific equity reserve until they are sold, recovered or otherwise derecognised. When there is an indication of impairment in an available-for-sale financial asset and there is objective evidence of this, the cumulative gain or loss that was recognised in other comprehensive income is reclassified from equity to profit or loss for the period as a reclassification adjustment even if the financial asset has not been eliminated.

### **Investments**

After initial recognition, equity investments in subsidiaries and associate companies are valued at cost less any loss of value stemming from impairment testing.

In compliance with the requirements of IAS 32 and IAS 39, investments in companies other than subsidiaries and associates are classified as available-for-sale and are measured at fair value except when fair value cannot be determined; in such cases, the cost method is used. Gains and losses stemming from adjustments of value are recognised in other comprehensive income, aggregated in a specific equity reserve. When there is an indication of impairment in an available-for-sale financial asset and there is objective evidence of this, the cumulative loss that was recognised in other comprehensive income is reclassified from equity to profit or loss for the period as a reclassification adjustment even if the financial asset has not been eliminated.

### **Inventories**

Inventories are valued at the lower of purchase or production cost, including contingent costs, calculated using the FIFO method, and the presumable net realisable value based on market trends. Inventory consists mainly of outstanding costs relating to activities in future financial periods.

### **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand, bank demand deposits and cash investments with an original maturity of not more than three months. The definition of cash and cash equivalents in the Statement of Cash Flows is the same as that of the Statement of Financial Position.

### **Assets and liabilities held for sale**

This category includes assets and liabilities (or assets and liabilities in a disposal group/discontinued operations) where the carrying value will be recovered primarily through a sale rather than through continued utilisation. For this to happen, the following conditions must be met:

- the assets (or disposal groups) must be available for immediate sale in their present condition;
- the sale must be highly probable, i.e. the company must be committed to a programme for their disposal; activities to identify a buyer must have been initiated; and completion of the sale must be scheduled to take place within one year of the date of classification in this category.

Assets held for sale are measured at the lower of their net carrying value and their fair value less costs to sell.

If an asset that is depreciated or amortised is reclassified to this category, the depreciation or amortisation process is discontinued at the time of reclassification.

In compliance with IFRS 5, data relating to discontinued operations are presented as follows:

- in two specific statement of financial position entries: held-for-sale assets and held-for-sale liabilities;
- in a specific income statement entry: net result for the period from discontinued operations.

## Equity

### Treasury shares

The par value of treasury shares is deducted from share capital and any amount in excess of par value is deducted from the share premium reserve.

Under IAS/IFRS regarding the acquisition of treasury shares, the nominal value of the shares is deducted from share capital while the difference between the nominal value and the acquisition value is taken against the share premium reserve. On the sale of treasury shares, the share capital and the share premium reserve are reconstituted by the same amounts that they were reduced when the shares were acquired while any profit/loss from the sale is recognised in equity with no impact on profit or loss. The shares taken as the reference for the calculation of profit/loss on disposal are selected using the FIFO method.

### Costs for capital transactions

Costs directly attributable to capital transactions are recognised as a direct reduction in equity.

### Trade payables, tax liabilities, pre-payments and other liabilities

Payables, pre-payments and other liabilities are initially recognised at fair value. After that, they are measured at amortised cost. Payables are derecognised when underlying financial obligations have been discharged.

If they have a due date exceeding twelve months, liabilities are discounted to present value using an interest rate reflecting market assessments of the time value of money and specific risks connected with the liability concerned. Discounted interest is classified in financial expenses.

### Derivative instruments

A derivative or any other contract with the following characteristics is classified as a financial instrument and consequently fair-valued at the end of each accounting period: (i) its value changes in response to the change in an interest rate, the price of a financial instrument, a commodity price, a foreign-exchange rate, a price or rates index, creditworthiness, or another pre-established underlying variable; (ii) it requires no net initial investment or, if initial investment is required, one that is smaller than would be required for a contract from which a similar response to changes in market factors would be expected; (iii) it is settled at a future date. The effects of fair-value measurement are recognised in profit or loss as financial income/expense.

### Provisions for risks and charges

Provision is made for risks and charges when the Company must meet a present obligation (legal or constructive) stemming from a past event, the amount of which can be reliably estimated and for settlement of which an outflow of resources is probable. If expectations of resource outflow go beyond the next financial year, the obligation is recognised at its present value through discounting of future cash flows at a rate that also considers the time value of money and the liability's risk.

Risks for which manifestation of a liability is only possible, not probable, are shown in the paragraph, disclosure on guarantees given, undertakings and other contingent liabilities, and no provisions are made for these.

### Bank borrowings and other financial liabilities

Financial liabilities are initially recognised at cost as represented by the fair value of the funds received net of related costs incurred to receive the loan. After initial recognition, borrowings are measured according to amortised cost calculated using the effective interest rate. Amortised cost is calculated taking into account issuance costs and any discount or premium envisaged at the time of settlement.

### Employee benefits

Employee benefits paid out upon or after cessation of the employment relationship consist mainly of employee severance indemnities [*trattamento di fine rapporto* or TFR], which are governed by Article 2120 of the Italian Civil Code.

In compliance with IAS 19, employee severance indemnities are considered a defined benefit plan, i.e. a plan consisting of benefits provided after cessation of employment, which constitutes a future obligation for which the Company assumes actuarial risks and related investments. As required by IAS 19 Revised, the Company uses the projected unit credit method to determine the present value of its defined benefit obligations and the related current service costs. This calculation requires the application of objective and mutually compatible actuarial assumptions concerning demographic variables (mortality rate, employee turnover) and financial variables (discount rate, future increases in salary levels). Fiera Milano SpA recognises changes in actuarial gains/losses in other items of comprehensive income.



From 1 January 2007, following social security reform, cumulative employee severance indemnities had to be allocated to pension funds or to the INPS treasury fund. Employees were given the option until 30 June 2007 to choose the destination of their severance indemnities.

In that regard, the allocation of accumulating employee severance indemnities to pension funds or to INPS means that a portion of these indemnities will be classified as a defined contribution plan in that the company's obligation is solely the payment of contributions either to the pension fund or to INPS. The liability related to past severance indemnities continues to be a defined benefit plan to be measured using actuarial assumptions.

Termination benefits not included in employee severance indemnities (TFR) are recognised as liabilities and employee expenses when the enterprise is demonstrably committed to terminate the employment of an employee or group of employees before the normal retirement date or provides termination benefits as a result of an offer made in order to encourage voluntary redundancy. The benefits owed to employees for termination of their employment do not give any future economic benefits to the enterprise and are therefore recognised immediately as a cost.

### **Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits associated with the sale of goods or rendering of services will flow to the Company and the relevant amount can be reliably measured. Revenues are recognised at the fair value of the consideration received or receivable, taking into account any trade discounts and quantity-based reductions granted.

Revenue from the sale of goods is recognised when the entity has transferred a significant and substantial part of the risks and rewards associated with the ownership of the asset.

Revenues from the sale of services are recognised when the service is supplied. In compliance with the requirements of IAS 18 paragraph 25, revenues for the supply of services relating to exhibitions and congresses are recognised when the exhibitions and congresses actually take place, because it is during the actual exhibition/congress that most of the related costs are borne. When it is probable that the total costs of an exhibition will exceed its total revenues, the expected loss is recognised as a cost in a specific provision.

### **Operating costs**

Costs are recognised when they relate to goods and services sold or used in the financial year or on an accrual accounting basis when their future usefulness cannot be precisely identified.

Personnel expenses include both the fixed and variable remuneration of Directors.

Costs that are not eligible to be recognised in assets are recognised in profit or loss in the period in which they are incurred.

### **Other income**

This item has a residual nature and includes grants and subsidies.

### **Financial income and expenses**

Financial income and expenses are recognised in the accounts based on timing that considers the effective yield/expense of the asset/liability concerned.

### **Income tax**

Income taxes are recognised according to estimated taxable income in compliance with current tax rates and regulations. Income taxes are recognised in profit or loss, except for those relating to items recognised outside profit or loss, in which case the tax effect is recognised in equity.

Deferred taxes are measured according to the taxable temporary differences existing between the carrying amounts of assets and liabilities and their tax base and are classified among non-current assets and liabilities.

Deferred tax assets are recognised to the extent that there is likely to be sufficient future taxable income against which the positive balance can be utilised. The carrying amount of deferred tax assets is subject to review at the end of each reporting period.

Deferred tax assets and liabilities are measured according to the tax rates that are expected to be applied in the period when the deferrals materialise, considering the tax rates in force or those that are scheduled to come into force subsequently.

Current and deferred tax assets and liabilities are offset only when they are levied by the same taxing authority and when there is a legal right to settle on a net basis.

Further information on the tax consolidation may be found in Note 40.

## Transactions in foreign currencies

Transactions in foreign currencies are recorded at the current exchange rate in force on the transaction date. Monetary assets and liabilities denominated in foreign currencies are converted at the exchange rate in force at the end of the reporting period. Foreign exchange differences generated by the extinction of monetary items or their translation at different exchange rates from those at which they were translated at the time of initial recognition in the period or in previous periods are recognised in profit or loss. Exchange rate differences are recognised in financial expenses and income.

## Dividends

Dividend income is recognised when the shareholders' right to receive payment has been established. This is normally the date of the Annual General Meeting that approves the dividend distribution.

## 1.5 Use of estimates

Preparation of financial statements and related notes using IFRS requires estimates and assumptions to be made that affect the amounts of assets and liabilities in the Statement of Financial Position and disclosures concerning potential assets and liabilities at the end of the reporting period. Actual results may differ from these estimates. Estimates are used to recognise provisions for doubtful accounts, depreciation and amortisation, employee benefits, taxes, and other provisions and reserves, as well as any adjustments to asset value. Estimates and assumptions are reviewed regularly and the effects of any change are immediately recognised in profit or loss.

The most important estimates used in preparing the Financial Statements are given below as these involve a significant level of subjective opinion, assumptions and estimates:

- *Goodwill and intangible assets with an indefinite useful life* are tested for impairment at least annually at the end of each reporting period; this test requires an estimate of the value in use of the cash generating unit to which the goodwill and intangible assets with an indefinite useful life have been allocated, which itself is based on an estimate of the cash flows the cash generating unit is expected to generate and discounting them to their net present value at an identified discount rate.
- *Intangible assets with a finite useful life* are tested for impairment when there are internal or external indications that an asset is impaired; this test requires an estimate of the value in use of the cash generating unit to which the asset belongs which itself is based on an estimate of the cash flows the cash generating unit is expected to generate and discounting them to their net present value using an appropriate discount rate.
- *Deferred tax assets* are carried against tax losses carried forward and other taxable temporary differences to the extent that it is probable there will be sufficient future taxable profits available to utilise the tax losses and other taxable temporary differences. Management must use its judgement in estimating the amount of deferred tax assets to be recognised. The Industrial Plan of the Company was used when calculating the amount of deferred tax assets to be recognised.
- *Provisions for risks and costs* are estimated using the best available information at the date of the Financial Statements under review and include estimates based on historic and future data regarding the likely outcome of legal disputes or events where the judgement of the risk profile and the calculation of the likely financial impact are uncertain and complex and could result in an adjustment to estimates.

Concerning the use of estimates of financial risk, reference should be made to the specific paragraph in the notes to the Financial Statements. The valuation of the provision for risks uses the best information available at the end of the reporting period.

The industrial plans used to carry out the impairment tests are based on certain expectations and assumptions for future performance that by their very nature are subject to uncertainties. Therefore, given the current macroeconomic scenario, the results could differ from the forecasts.

The plan will be continually assessed by the Directors regarding the effective realisation of the initiatives and forecasts and the effects on the financial and economic performance of the Company.

## 1.6 Use of provisions and application of IFRS 5

From 2015, the use of provisions, previously accounted under the entry provisions, is recognised in the item for which the provision was originally made. The figures for the previous financial year have been restated for comparative purposes and to present more clearly the costs incurred; this had no effect on the results of the financial year under review.

The effects of this restatement and of the sale of the subsidiary Interteks are given in the following table:

### Reconciliation of the Income Statement

(€'000)	2014	Reclassification of uses of provisions	2014 restated
Revenues from sales and services	181,098	-	181,098
<b>Total revenues</b>	<b>181,098</b>	<b>-</b>	<b>181,098</b>
Cost of materials	818	-	818
Cost of services	107,928	(357)	107,571
Costs for use of third party assets	51,898	(1,235)	50,663
Personnel expenses	34,990	-	34,990
Other operating expenses	4,757	(1,075)	3,682
<b>Total operating costs</b>	<b>200,391</b>	<b>(2,667)</b>	<b>197,724</b>
Other income	6,406	-	6,406
<b>Gross operating result</b>	<b>(12,887)</b>	<b>2,667</b>	<b>(10,220)</b>
Depreciation of property, plant and equipment	2,665	(1)	2,664
Depreciation of property investments	-	-	-
Amortisation of intangible assets	4,675	-	4,675
Adjustments to asset values	-	-	-
Provisions for doubtful receivables and other provisions	(1,912)	2,670	758
<b>Net operating result (EBIT)</b>	<b>(18,315)</b>	<b>(2)</b>	<b>(18,317)</b>
Financial income and similar	2,095	-	2,095
Financial expenses and similar	4,739	(2)	4,737
Valuation of financial assets	(14,942)	-	(14,942)
<b>Profit/(loss) before income tax</b>	<b>(35,901)</b>	<b>-</b>	<b>(35,901)</b>
Income tax	(5,227)	-	(5,227)
<b>Profit/(loss) from continuing operations</b>	<b>(30,674)</b>	<b>-</b>	<b>(30,674)</b>
<b>Profit/(loss) from discontinued operations</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Profit/(loss)</b>	<b>(30,674)</b>	<b>-</b>	<b>(30,674)</b>

## Notes to the Financial Statements

### STATEMENT OF FINANCIAL POSITION

#### ASSETS

##### Non-current assets

#### 2) Property, plant and equipment

The breakdown and changes in the last two financial years were as follows:

##### Property, plant and equipment

(€'000)	Balance at 31/12/2013	Incr.	Decr.	Depr.	Impairment	Reclassification	Other changes	Balance at 31/12/14
<b>Plant and machinery</b>								
- historic cost	14,762	317	-	-	-	-	-	15,079
- depreciation	10,919	-	-	1,403	-	-	-	12,322
Net	3,843	317	-	1,403	-	-	-	2,757
<b>Industrial and commercial equipment</b>								
- historic cost	11,866	72	16	-	-	-	-	11,922
- depreciation	11,547	-	11	128	-	-	-	11,664
Net	319	72	5	128	-	-	-	258
<b>Other assets</b>								
- historic cost	26,392	206	7	-	-	-	-	26,591
- depreciation	23,660	-	7	1,134	-	-	-	24,787
Net	2,732	206	-	1,134	-	-	-	1,804
<b>Total property, plant and equipment</b>								
- historic cost	53,020	595	23	-	-	-	-	53,592
- depreciation	46,126	-	18	2,665	-	-	-	48,773
Net	6,894	595	5	2,665	-	-	-	4,819

##### Property, plant and equipment

(€'000)	Balance at 31/12/2014	Incr.	Decr.	Depr.	Impairment	Reclassification	Other changes	Balance at 31/12/15
<b>Plant and machinery</b>								
- historic cost	15,079	369	-	-	-	-	-	15,448
- depreciation	12,322	-	-	1,415	-	-	-	13,737
Net	2,757	369	-	1,415	-	-	-	1,711
<b>Industrial and commercial equipment</b>								
- historic cost	11,922	173	-	-	-	-	-	12,095
- depreciation	11,664	-	-	116	-	-	-	11,780
Net	258	173	-	116	-	-	-	315
<b>Other assets</b>								
- historic cost	26,591	822	228	-	-	-	-	27,185
- depreciation	24,787	-	227	512	-	-	-	25,072
Net	1,804	822	1	512	-	-	-	2,113
<b>Total property, plant and equipment</b>								
- historic cost	53,592	1,364	228	-	-	-	-	54,728
- depreciation	48,773	-	227	2,043	-	-	-	50,589
Net	4,819	1,364	1	2,043	-	-	-	4,139

The breakdown and changes in the financial year were as follows:

### Plant and machinery

This entry was Euro 1.711 million, net of depreciation for the year of Euro 1.415 million, and was for electric and thermal plant and security and audiovisual systems.

The total increase of Euro 0.369 million was mainly for plant in the Rho exhibition site.

### Industrial and commercial equipment

This was Euro 0.315 million, net of depreciation for the year of Euro 0.116 million, and was mainly for equipment and furnishings related to the exhibition business.

The total increase of Euro 0.173 million was for the purchase of furniture and equipment related to exhibition activities in the Rho exhibition site.

### Other assets

This entry was Euro 2.113 million net of depreciation for the year of Euro 0.512 million and was for electronic equipment, furniture and furnishing, and transport vehicles.

The total increase of Euro 0.822 million was made up of Euro 0.546 million for electronic equipment and furnishing accessories and of Euro 0.276 million for improvements made to assets belonging to Fondazione Fiera Milano, which were the responsibility of the Company under existing lease agreements.

The depreciation of costs for improvements to third-party assets is calculated on the basis of the residual duration of the lease agreements for fixed assets.

The entry for fixed assets, plant and equipment includes related-party transactions for Euro 0.002 million (zero at 31 December 2014). Further details on related-party transactions are given in Note 42.

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

Details of the amounts and changes in the last two financial years were as follows:

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

(€'000)	Balance at 31/12/2013	Incr.	Decr.	Impairment	Reclassification	Other changes	Balance at 31/12/14
<b>Goodwill</b>							
- historic cost	82,933	-	-	-	-	-	82,933
- depreciation	12,789	-	-	-	-	-	12,789
<b>Net</b>	<b>70,144</b>	-	-	-	-	-	<b>70,144</b>
<b>Total</b>							
- historic cost	82,933	-	-	-	-	-	82,933
- depreciation	12,789	-	-	-	-	-	12,789
<b>Net</b>	<b>70,144</b>	-	-	-	-	-	<b>70,144</b>

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

(€'000)	Balance at 31/12/14	Incr.	Decr.	Impairment	Reclassification	Other changes	Balance at 31/12/15
<b>Goodwill</b>							
- historic cost	82,933	-	-	-	-	-	82,933
- depreciation	12,789	-	-	-	-	-	12,789
<b>Net</b>	<b>70,144</b>	-	-	-	-	-	<b>70,144</b>
<b>Total</b>							
- historic cost	82,933	-	-	-	-	-	82,933
- depreciation	12,789	-	-	-	-	-	12,789
<b>Net</b>	<b>70,144</b>	-	-	-	-	-	<b>70,144</b>

The amounts and changes in the different items in the last financial year were as follows:

### Goodwill

Goodwill totalled Euro 70.144 million.

Goodwill of Euro 29.841 million was initially recognised in the Statement of Financial Position following the contribution by Fondazione Fiera Milano of the exhibition entity on 17 December 2001. In the 2011 financial year, it increased by Euro 40.350 million due to the merger by incorporation of the 100% controlled company Rassegne SpA into its parent company Fiera Milano SpA and by a further Euro 0.080 million following the acquisition of the business division, Information Communication Technology, from the subsidiary Expopage SpA, now Fiera Milano Media SpA.

During the 2012 financial year it increased by Euro 0.021 million as a result of the merger by incorporation of the 100% owned company, TL.TI Expo SpA, into the Parent Company Fiera Milano SpA and decreased by Euro 0.148 million for the acquisition of the business division F&M Fiere & Mostre Srl in 2009 and by the adjustment to the final transaction consideration made as a result of the failure to reach the targets for the 2012 edition of the exhibition.

As stated in Note 1 on the valuation criteria used to prepare the Financial Statements, goodwill is not amortised but is tested for impairment at the end of each reporting period or more often if there are any indications of impairment. The methods used for the impairment tests in the 2015 financial period are described in the section Use of estimates.

The realisable value of the cash generating units (CGUs) to which individual goodwill was attributed is verified by determining their value in use.

For Fiera Milano SpA, each individual exhibition is considered a cash-generating unit.

In order to avoid using arbitrary allocation criteria for the impairment tests, goodwill was allocated on the basis of appropriate groupings that reflect the strategic vision of the company, as well as how the goodwill was generated.

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 was the goodwill generated on the acquisition of companies that organise exhibitions that were subsequently merged with Fiera Milano SpA through various merger transactions;
- the Exhibition cash generating unit group: this comprises the cash generating units of all the exhibitions of Fiera Milano SpA. The goodwill allocated to this group was Euro 29.921 million of which Euro 29.841 million was the goodwill arising from the contribution of the exhibition entity by Fondazione Fiera Milano to Fiera Milano SpA on 17 December 2001; Euro 0.080 million was goodwill deriving from the acquisition by the Company of the Information Communication Technology business division of its subsidiary Expopage SpA.

The method used is that of discounted cash flow based on the 2016-2019 Industrial Plan approved by the Board of Directors.

Cash flow projections beyond the time horizons of the respective business plans are generally made using the average gross operating profit of the last two years of the plan and reconstructing a normalised cash flow without considering changes in working capital but including maintenance and replacement costs.

The *pro quota* profit of exhibitions in the last two years of the industrial plan that are held less often than biennially were excluded from the cash flows used to calculate the terminal value.

As described above, the terminal value was calculated as a perpetuity obtained by determining the net present value of the average net cash flows and discounting it using a WACC (Weighted Average Cost of Capital) of 5.97% whilst assuming a growth rate of 1.5% in line with the medium/long-term inflation estimates.

The WACC incorporates a cost of risk capital of 7.02%, a cost of debt of 3.69% with debt equal to 25% of invested capital (the average of peer companies). The single elements were arrived at using as far as possible publicly available sources. A rate net of taxes was used for cash flows net of taxes.

The cost of risk capital incorporates a risk-free rate of 1.71%, a market risk premium of 5.5% and a levered beta of 0.78, in line with the average for the sector. It also incorporates a specific risk coefficient to cover the execution risk of the forecast cash flows.

Sensitivity analyses were carried out by varying the WACC (+0.5%) and the forecast operating cash flows (-10%) with a positive result for both CGUs.

#### 4) Intangible assets with a finite useful life

The breakdown and changes in the last two financial years were as follows:

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

(€'000)	Balance at 31/12/2013	Incr.	Decr.	Amort.	Impairment	Reclassification	Other changes	Balance at 31/12/14
<b>Industrial patents and intellectual property rights</b>								
- historic cost	34,060	1,293	-	-	-	-	-	35,353
- amortisation	29,633	-	-	2,328	-	-	-	31,961
Net	4,427	1,293	-	2,328	-	-	-	3,392
<b>Concessions, licenses and similar rights</b>								
- historic cost	5,932	342	-	-	-	-	-	6,274
- amortisation	3,380	-	-	1,310	-	-	-	4,690
Net	2,552	342	-	1,310	-	-	-	1,584
<b>Trademarks</b>								
- historic cost	22,533	-	-	-	-	-	-	22,533
- amortisation	8,205	-	-	1,037	-	-	-	9,242
Net	14,328	-	-	1,037	-	-	-	13,291
<b>Total intangible assets with a finite useful life</b>								
- historic cost	62,525	1,635	-	-	-	-	-	64,160
- amortisation	41,218	-	-	4,675	-	-	-	45,893
Net	21,307	1,635	-	4,675	-	-	-	18,267

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

(€'000)	Balance at 31/12/2014	Incr.	Decr.	Amort.	Impairment	Reclassification	Other changes	Balance at 31/12/15
<b>Industrial patents and intellectual property rights</b>								
- historic cost	35,353	755	-	-	-	-	-	36,108
- amortisation	31,961	-	-	1,981	-	-	-	33,942
Net	3,392	755	-	1,981	-	-	-	2,166
<b>Concessions, licenses and similar rights</b>								
- historic cost	6,274	243	3,000	-	-	-	-	3,517
- amortisation	4,690	-	3,000	1,387	-	-	-	3,077
Net	1,584	243	-	1,387	-	-	-	440
<b>Trademarks</b>								
- historic cost	22,533	-	-	-	-	-	-	22,533
- amortisation	9,242	-	-	875	1,953	-	-	12,070
Net	13,291	-	-	875	1,953	-	-	10,463
<b>Intangible fixed assets under construction</b>								
- historic cost	-	10	-	-	-	-	-	10
- amortisation	-	-	-	-	-	-	-	-
Net	-	10	-	-	-	-	-	10
<b>Total intangible assets with a finite useful life</b>								
- historic cost	64,160	1,008	3,000	-	-	-	-	62,168
- amortisation	45,893	-	3,000	4,243	1,953	-	-	49,089
Net	18,267	1,008	-	4,243	1,953	-	-	13,079

The breakdown and changes in the last two financial years were as follows:

### **Industrial patents and intellectual property rights**

These totalled Euro 2.166 million net of amortisation for the year of Euro 1.981 million. The total increase of Euro 0.755 million included Euro 0.194 million of capitalised costs for functional upgrades to the information management system and Euro 0.561 million for the implementation of other digital projects and the purchase of software.

Amortisation is calculated on the estimated useful life of the asset, which is three years for the information system, the management reporting system, and the other projects and software.

### **Concessions, licences and similar rights**

This entry was Euro 0.440 million net of amortisation for the year of Euro 1.387 million; the Euro 0.243 million increase was mainly for the purchase of software licences with rights of use for a limited period.

Time-limited software licences are amortised over a period of three years.

### **Trademarks**

This entry totalled Euro 10.463 million net of amortisation for the year of Euro 0.875 million and the breakdown was as follows:

- Bit	Euro 3.230 million;
- Host	Euro 2.136 million;
- Mipap Milano Prêt-à-Porter	Euro 2.007 million;
- Transpotec&Logitec	Euro 0.941 million;
- FluidtransCompomac	Euro 0.895 million;
- Festivity	Euro 0.469 million;
- Bias	Euro 0.401 million;
- Miart	Euro 0.149 million;
- La Campionaria	Euro 0.127 million;
- BtoBio Expo	Euro 0.095 million;
- Tuttofood	Euro 0.013 million.

The main change since the previous financial year was the adjustment of Euro 1.591 million made to the Transpotec&Logitec trademark following an indication of impairment deriving from the poor performance of the 2015 edition of the exhibition; the value of the Bias trademark was also adjusted by Euro 0.362 million following an assessment of its recoverable value. This assessment was necessitated by the inclusion of the exhibition in a larger grouping.

For the trademarks and publications to which Fiera Milano has attributed a finite useful life, the internal and external sources of information indicated in paragraphs 12-14 of IAS 36 were used to assess if there were any indications of impairment.

The exhibition trademarks are amortised over a useful life of between ten and twenty years. The calculation of the useful life of each trademark is made by determining its continuous presence on a given reference market, its competitive position and its operating profitability.

### **Intangible fixed assets under construction**

This item was Euro 0.010 million and was for the development costs of a new management software for the Parent Company exhibition App. The value of the asset once completed will be reclassified in the relevant entry for fixed assets and it will begin to be depreciated.



## 5) Investments

The breakdown and changes in this entry in the financial period under review were as follows:

### Equity Investments

(€'000)	% held 31/12/15	Book value 31/12/14	Changes during the financial year					Book value 31/12/15
			Incr.	Decr.	Reclassification	Revaluations	Write-downs	
<b>Equity investments in subsidiaries companies</b>								
Fiera Milano Congressi SpA	100%	12,200	-	-	-	-	-	12,200
Fiera Milano Media SpA	100%	18,170	-	-	-	-	-	18,170
Nolostand SpA	100%	13,390	-	-	-	-	-	13,390
Ipack-Ima SpA	100%	-	6,825	-	-	-	-	6,825
Fiera Milano Exhibitions Africa Pty Ltd	100%	5,567	900	-	-	-	3,211	3,256
Eurofairs International Consultoria e Participações Ltda	99.98%	9,949	-	-	-	-	9,413	536
Fiera Milano India Pvt Ltd	99.99%	125	-	-	-	-	20	105
Limited Liability Company Fiera Milano	100%	261	-	-	-	-	261	-
Worldex (China) Exhibition & Promotion Ltd	75%	7,826	52	-	-	-	-	7,878
Fiera Milano Interteks Uluslararası Fuarcilik A.S.	-	2,560	-	-	-	-	2,560	-
<b>Total</b>		<b>70,048</b>	<b>7,777</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15,465</b>	<b>62,360</b>
<b>Equity investments in joint-ventures</b>								
Hannover Milano Global Germany GmbH	49%	10,990	-	-	-	-	-	10,990
Milan International Exhibitions Srl under liquidation	-	29	-	6	-	-	23	-
<b>Total</b>		<b>11,019</b>	<b>-</b>	<b>6</b>	<b>-</b>	<b>-</b>	<b>23</b>	<b>10,990</b>
<b>Total equity investments</b>		<b>81,067</b>	<b>7,777</b>	<b>6</b>	<b>-</b>	<b>-</b>	<b>15,488</b>	<b>73,350</b>

The values of investments are shown net of any impairment provisions.

The amount and changes in investments are described below.

- On 9 April 2015, Fiera Milano SpA acquired 15% of Fiera Milano Exhibitions Africa Pty Ltd ZAR (South African Rand) 3.945 million (Euro 0.300 million<sup>2</sup>). Following this transaction the percentage held in the company rose from 85% to 100%.

On 29 July 2015, a payment of Euro 0.600 million was made as part of the share capital increase of Fiera Milano Exhibitions Africa Pty Ltd following the decision of the Board of Directors of 27 July 2015.

- On 23 July 2015, Fiera Milano SpA acquired 100% of Ipack-Ima SpA, which owns and organises the following trade exhibitions in the Fiera Milano exhibition site: Ipack-Ima (a triennial exhibition), one of the leading events in the world for processing and packaging technologies for food and non-food products; MeatTech (triennial), an exhibition specialised in processing and packaging for the meat industry; Dairytech (triennial), an exhibition dedicated to processing and packaging for the dairy sector; FruitInnovation (biennial), an exhibition for products, technologies and services for the fruit and vegetable sector (owned 50% by Fiera Milano SpA); Intralogistica Italia, a triennial exhibition for internal company logistic machinery and equipment (owned 50% by Deutsche Messe). The acquisition price was Euro 6.825 million. This was composed of a fixed amount of Euro 6.319 million paid at the time the acquisition was finalised and a variable amount of Euro 0.506 million calculated under the price adjustment procedure stipulated in the acquisition contract, which was paid on 22 February 2016.
- On 27 July 2015, Fiera Milano SpA sold its 60% stake in the Turkish subsidiary Fiera Milano Interteks Uluslararası Fuarcilik A.S. Turkey is no longer considered a strategic country because of the downgrade to growth forecasts for the local exhibition market. The company was sold for a symbolic sum of Euro 1.0 and generated a write-down of Euro 2.560 million.

2. Figures in Euro are given using the exchange rate of 24 February 2015 (EUR/ZAR = 13.149)

- On 1 October 2015, Fiera Milano SpA paid Euro 0.052 million, equivalent to CNY (Chinese renminbi) 0.370 million as the second tranche of the share capital increase of Worldex (China) Exhibition & Promotion Ltd. This followed the decision of the Board of Directors on 26 July 2013 to approve a share capital increase of up to CNY 8.000 million of which 75% was contributed by Fiera Milano SpA.
- On 22 December 2015, the shareholders' meeting of Milan International Exhibitions Srl, a company in liquidation, approved the statement of final account and also the removal of the company from the Business Register, which took place on 28 December 2015. This generated a write-down of Euro 0.023 million whilst a further Euro 0.006 million was recognised in trade and other payables.

At the end of the financial year under review, impairment tests were carried out on the investments and the following impairment charges taken: Euro 9.413 million for Eurofairs International Consultoria e Participações Ltda, Euro 3.211 million for Fiera Milano Exhibitions Africa Pty Ltd, and Euro 0.261 million for Limited Liability Company Fiera Milano. The investment in Fiera Milano India Pvt Ltd (a non-operative company) was adjusted to bring it in line with its net financial position and resulted in a write-down of Euro 0.020 million.

The methodology used was that of discounted cash flow based on the industrial plans approved by the management of the companies. The reference time horizon is five financial periods for Fiera Milano Media SpA and four years for the other subsidiaries given the biennial timing of some of the important exhibitions. The estimated cash flows beyond the time period of the business plans were calculated by taking the average gross operating margin of the last two years of the plans and estimating a normalised cash flow with no changes in working capital but including maintenance or replacement expenditure.

The terminal value was calculated as a perpetuity obtained by calculating the net present value of the average net cash flows, as described above, at a discount rate that differs for the different reference countries of the various investments. Zero growth in real terms was assumed but an estimate of the medium/long-term inflation rates in the specific geographic areas was used.

The WACC (Weighted Average Cost of Capital) used was different for each investment depending on the: (i) different risk-free rate (the yield on a 10-year government bond in the jurisdiction of the investment); (ii) the specific risk coefficient to cover the execution risk of the forecast cash flows. The risk factors reflect the differences between historical data and estimated figures as well as future valuations of the business strategies; (iii) the different cost of debt due to the estimated rate of inflation in the jurisdiction of each investment.

A summary of the results is given below:

- Fiera Milano SpA	5.97%
- Fiera Milano Congressi SpA	6.34%
- Fiera Milano Media SpA	7.47%
- Nolostand SpA	5.97%
- Fiera Milano Exhibitions Africa Pty Ltd	12.08%
- Eurofairs International Consultoria e Participações Ltda	15.10%
- Limited Liability Company Fiera Milano	13.13%
- Worldex (China) Exhibition & Promotion Ltd	7.97%
- Hannover Milano Global Germany GmbH	6.62%

Sensitivity analyses were carried out by varying the WACC (+0.5%) and the forecast operating cash flows (-10%) with a positive outcome for all the investments that had not been written down except for Worldex (China) Exhibition & Promotion Ltd.

For this investment, a 0.5% increase in the WACC gave a reduction in value of Euro 0.021 million and a 10% decrease in forecast cash flows gave a reduction in value of Euro 0.187 million.

The sensitivity analyses on the investments that were written down gave the following results:

- Eurofairs International Consultoria e Participações Ltda: a 0.5% increase in the WACC reduced the recoverable value by Euro 0.175 million while a 0.5% decrease in the WACC increased the recoverable value by Euro 0.192 million.
- Fiera Milano Exhibitions Africa Pty Ltd: a 0.5% increase in the WACC reduced the recoverable value by Euro 0.272 million while a 0.5% decrease in the WACC increased the recoverable value by Euro 312 million. A 10% decrease in expected cash flows gave a Euro 0.391 million reduction in the recoverable value.

## 6) Trade and other receivables

These totalled Euro 13.031 million (Euro 13.271 million at 31 December 2014) of which Euro 11.153 million due beyond five years. The breakdown was as follows:

<b>Trade and other receivables</b>			
(€'000)	<b>31/12/15</b>	<b>31/12/14</b>	<b>change</b>
Other receivables from the controlling shareholder	12,125	12,389	(264)
Other guarantee deposits	583	583	-
Other receivables	323	299	24
<b>Total</b>	<b>13,031</b>	<b>13,271</b>	<b>(240)</b>

The entry included:

- other receivables from the controlling shareholder of Euro 12.125 million (Euro 12.389 million at 31 December 2014). Euro 10.412 million was for the guarantee deposit under the lease agreements for the two exhibitions sites of Rho and Milan. This sum is equivalent to the combined quarterly rent on the two exhibition sites; the residual amount of Euro 1.713 million is the non-current part of the receivable arising from the right to repayment from Fondazione Fiera Milano of the guarantee deposit paid on the two previous lease agreements offset by the payable by Fiera Milano of the guarantee deposits for the new lease agreements. This receivable will be paid over the length of the contracts through a reduction in the amount payable by Fiera Milano SpA to Fondazione Fiera Milano for each six-monthly rental payment;
- other guarantee deposits totalling Euro 0.583 million (Euro 0.583 million at 31 December 2014). These referred almost totally to the guarantee deposit under the property lease agreement for the "Palazzo Italia" project in Berlin. The sum of Euro 0.498 million equates to the quarterly rent under the agreement;
- other receivables of Euro 0.323 million (Euro 0.299 million at 31 December 2014). These were receivables from the disposal of the Rich-Mac trademark to be paid in two biennial tranches in December 2017 to December 2019.

Trade and other receivables included Euro 12.125 million (Euro 12.389 million at 31 December 2014) for related-party transactions. Further details on related-party transactions are given in Note 42.

## 7) Deferred tax assets

These were Euro 3.084 million (Euro 6.338 million at 31 December 2014) and were the net of deferred tax assets and deferred tax liabilities.

An analysis of the changes in deferred taxes is given in Note 40 to the Income Statement.

## Current assets

### 8) Trade and other receivables

<b>Trade and other receivables</b>			
(€'000)	31/12/15	31/12/14	change
Receivables from clients	32,220	26,692	5,528
Trade receivables from subsidiaries	5,431	2,591	2,840
Trade receivables from associates	68	45	23
Receivables from subsidiaries for tax consolidation	413	1,144	(731)
Other receivables	2,214	2,339	(125)
Other receivables from the controlling shareholder	414	540	(126)
Prepaid expenses	848	558	290
Prepaid expenses from the controlling shareholder	4,270	4,828	(558)
Prepaid expenses from subsidiaries	-	17	(17)
<b>Total</b>	<b>45,878</b>	<b>38,754</b>	<b>7,124</b>

These were Euro 45.878 million (Euro 38.754 million at 31 December 2014) and included the following items:

- trade receivables from clients of Euro 32.220 million (Euro 26.692 million at 31 December 2014) net of Euro 5.742 million of provisions for doubtful receivables. They comprised receivables from organisers and exhibitors related to providing exhibition space and services for exhibitions. The increase compared to the preceding financial year was mainly reflected higher business volumes due to the different exhibition calendar.

The sum for receivables was adjusted for the provision for doubtful receivables in order to bring the nominal value in line with the presumed realisable value. The change in this provision in the financial year under review is shown in the table below:

(€'000)	31/12/14	Provisions	Utilisation	31/12/15
Provision for doubtful receivables	5,110	1,848	1,216	5,742

The provision was for receivables that were deemed difficult to recover and includes a provision of Euro 0.336 million relating to the client Expo 2015.

Use of the provision refers to receivables which, in the financial year under review, were found to be unrecoverable.

- trade receivables from subsidiaries of Euro 5.431 million (Euro 2.591 million at 31 December 2014). These were trade receivables at market conditions. The work was carried out and the services supplied as part of the organisation and management of the exhibitions and other events held in the exhibition site.
- receivables from subsidiaries of Euro 0.413 million (Euro 1.144 million at 31 December 2014) for the tax consolidation; this is the balance of payables and receivables included in the tax consolidation.
- Other receivables of Euro 2.214 million (Euro 2.339 million at 31 December 2014). These included receivables for IRES tax of Euro 0.117 million, pre-payments to INAIL of Euro 0.104 million, other tax receivables of Euro 0.073 million, receivables from employees of Euro 0.270 million, receivables for tax credits on employee severance indemnities of Euro 0.287 million, advances to suppliers of Euro 0.611 million, receivables of Euro 0.203 million from the disposal of the Rich-Mac trademark and other current receivables of Euro 0.549 million.
- Accruals of Euro 0.848 million (Euro 0.558 million at 31 December 2014) for insurance premiums and other accruals and for costs incurred in the financial year but pertaining to the following financial year.
- Accruals from the controlling shareholder of Euro 4.270 million (Euro 4.828 million at 31 December 2014) that were mainly for the rent on the **fieramilano** exhibition site.

The entry for trade and other receivables included Euro 10.596 million (Euro 9.165 million at 31 December 2014) for related-party transactions. Further details on related-party transactions are given in Note 42.

## 9) Inventories

Inventories includes suspended costs of Euro 1.198 million (Euro 4.466 million at 31 December 2014) for exhibitions to be held after 31 December 2015.

Inventories (€'000)	31/12/15	31/12/14	change
Tuttofood	346	1,671	(1,325)
HOMI I semester	301	527	(226)
Miart	201	205	(4)
Bit	192	887	(695)
Host	109	496	(387)
HOMI II semester	3	392	(389)
Transpotec & Logitec Verona	2	142	(140)
Expo 2015	-	19	(19)
Other	44	127	(83)
<b>Total</b>	<b>1,198</b>	<b>4,466</b>	<b>(3,268)</b>

The change in this entry mainly referred to costs incurred in the period under review for exhibitions that were not present in the previous financial year due to the different exhibition calendar.

The entry for inventories includes Euro 0.206 million (Euro 0.192 million at 31 December 2014) for related-party transactions. Further details on related-party transactions are given in Note 42.

## 10) Current financial assets

These were Euro 4.035 million (Euro 2.725 million at 31 December 2014) and the breakdown was as follows:

Current financial assets (€'000)	31/12/15	31/12/14	change
Current financing to the Group	4,580	2,725	1,855
Provision for financing	545	-	545
<b>Total</b>	<b>4,035</b>	<b>2,725</b>	<b>1,310</b>

This entry included some financial receivables from subsidiaries that were done at market conditions:

- a Euro 1.216 million loan to the subsidiary Fiera Milano Media SpA. The interest payable is 3-month Euribor plus a spread of 300 bps;
- a Euro 2.819 million loan to the subsidiary Eurofairs International Consultoria e Participações Ltda. The interest rate on this loan is 6%;
- a Euro 0.545 million loan to the subsidiary Limited Liability Company Fiera Milano. The interest rate on this loan is 6%. At the end of the reporting period, the loans were adjusted by Euro 0.545 million through a provision for doubtful receivables in order to bring the nominal value in line with the estimated recoverable value.

This entire entry is a related-party transaction (Euro 2.725 million at 31 December 2014). Further details on related-party transactions are given in Note 42.

## 11) Cash and cash equivalents

These totalled Euro 42.972 million (Euro 3.564 million at 31 December 2014) and was almost entirely composed of short-term bank deposits.

Cash and cash equivalents (€'000)	31/12/15	31/12/14	change
Bank and postal accounts	42,874	3,448	39,426
Cheques	95	113	(18)
Cash and cash equivalents	3	3	-
<b>Total</b>	<b>42,972</b>	<b>3,564</b>	<b>39,408</b>

The change compared to the previous financial year was mainly due to the financial flows from the share capital increase.

The financial flows with comparative data at 31 December 2014 are shown in the Statement of Cash Flows.

## EQUITY AND LIABILITIES

### 12) Equity

The breakdown of equity was as follows:

#### Equity

(€'000)	31/12/15	31/12/14	change
Share capital	41,818	41,521	297
<i>of which treasury shares</i>	(627)	(627)	-
Share premium reserve	65,679	1,783	63,896
<i>of which treasury shares</i>	(2,913)	(2,913)	-
Legal reserve	-	7,865	(7,865)
Other reserves	-	1,420	(1,420)
Retained profits/(losses)	(19,712)	(179)	(19,533)
Profit/(loss) for the period	(1,456)	(30,674)	29,218
<b>Equity</b>	<b>86,329</b>	<b>21,736</b>	<b>64,593</b>

The amounts and changes compared to 31 December 2014 were as follows:

#### Share capital

At 31 December 2015, the share capital was Euro 41.818 million (Euro 41.521 million at 31 December 2014), net of Euro 0.627 million of treasury shares. The fully paid-up share capital was made up of 71,917,829 ordinary shares with no restrictions on dividend distribution and repayment of share capital, except as provided by law for treasury shares.

The change of Euro 0.297 million in the figure for share capital was due to the share capital increase. On 31 July 2015, the Extraordinary Shareholders' Meeting approved cancelling the nominal value of the shares and increasing the share capital on a paid basis and in divisible form for a maximum amount, including the share premium, of Euro 70.000 million to be offered to existing shareholders of the Company, under 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 issue at the time of the issue of new shares. The Extraordinary Shareholders' Meeting also granted the Board of Directors all necessary powers to determine the final terms of the share capital increase.

On 26 November 2015, the Board of Directors of the Company, using the authority given it by the Extraordinary Shareholders' Meeting, decided:

- the shares would be offered at a price of Euro 2.245 per share, including a share premium of Euro 2.235 per share, in the ratio of three new Fiera Milano shares for every four Fiera Milano shares held;
- the maximum number of ordinary shares to be issued would be 31,126,821 for a maximum amount of Euro 69.880 million;
- the rights to the shares would be traded on the stock market between 30 November and 14 December 2015;
- that the rights period, under penalty of expiry, could be exercised between 30 November and 18 December 2015.

During the offer period, 39,693,856 rights were exercised resulting in 29,770,392 ordinary shares being subscribed, equivalent to 95.64% of the total number of shares offered for a total value of Euro 66.835 million, of which Euro 0.297 million was allocated to share capital and Euro 66.538 million to the share premium reserve.

Fondazione Fiera Milano, the controlling shareholder of Fiera Milano SpA, exercised all its rights and subscribed to 19,618,206 ordinary shares for a total value of Euro 44.043 million.

At the conclusion of the rights offer period, 1,808,572 rights to subscribe to 1,356,429 ordinary shares, equal to 4.36% of the total shares offered for a total value of Euro 3.045 million, remained unsubscribed. These rights, in accordance with Article 2441, paragraph 3 of the Italian Civil Code were offered on the market on the trading days of 22, 25, 26, 27 and 28 January 2016. During this period 280,000 unsubscribed rights were sold and subsequently no further shares were issued. Therefore, the share capital of Fiera Milano remained unchanged on the figure at 31 December 2015.

The breakdown of the shares in issue is shown in the following table:

	Number of shares at 31 December 2014	Capital Increase	Purchase	Sale	Number of shares at 31 December 2015
Ordinary shares in issue	42,147,437	29,770,392	-	-	71,917,829
Treasury shares	626,758	-	-	-	626,758
Total shares outstanding	41,520,679	29,770,392	-	-	71,291,071

In accordance with IAS/IFRS, the nominal value of treasury shares acquired in previous years was carried directly to equity whilst the difference between the nominal value and the acquisition price of treasury shares was taken to the share premium reserve. The Extraordinary Shareholders' Meeting of 31 July 2015, at the same time as approving the share capital increase, also approved the cancellation of the nominal value of the shares that comprise the share capital. Therefore, since that date the nominal value is calculated by dividing the share capital by the number of shares outstanding. At 31 December 2015, this gave an implicit nominal value of Euro 0.59 per share.

### Share premium reserve

This was Euro 65.679 million (Euro 1.783 million at 31 December 2014) net of Euro 2.913 million of treasury shares.

The changes during the financial year under review were as follows:

- a Euro 65.679 million increase, which is the net of the Euro 66.538 million increase from the share premium element of the rights issue and a decrease of Euro 1.150 for the costs incurred for the share capital increase that were deducted from equity in accordance with IAS 32. These costs were deducted from the share premium reserve net of the tax effect of Euro 0.291 million;
- a decrease of Euro 1.783 million due to the use of the share premium reserve to cover part of the losses of the previous financial year as approved by the Shareholders' Meeting of the Parent Company on 29 April 2015.

### Legal reserve

This entry was zero (Euro 7.865 million at 31 December 2014). The decrease of 7.865 million was due to the decision of the Shareholders' Meeting of 29 April 2015 to cover part of the losses of the previous financial year by using the legal reserve.

### Other reserves

These were zero (Euro 1.420 million at 31 December 2014). The decrease of Euro 1.420 million was due to the decision of the Shareholders' Meeting of 29 April 2015 to cover part of the losses of the previous financial year by using other reserves.

## Retained earnings

This entry was negative for Euro 19.712 million (negative for Euro 0.179 million at 31 December 2014). Euro 19.606 million of the reduction in this reserve was due to the decision of the Shareholders' Meeting of 29 April 2015 to carry forward those losses incurred in the previous financial year that were not covered by the other items of share capital and reserves; there was also an increase of Euro 0.073 million in the remeasurement of the defined benefit plans net of the tax effect.

## Profit/(loss) for the year

The net loss for the financial year at 31 December 2015 was Euro 1.456 million. The net loss in the previous financial year was Euro 30.674 million.

The table below gives a breakdown of share capital and reserves and shows the possible uses and amounts available for distribution for each component, as well as any use made in previous financial years.

### Equity available and equity available for distribution

(€'000)	Balance	Possible uses	Amount available	Summary of uses	
				to cover losses	for other reasons
<b>Share capital</b>	41,818				
<i>of which treasury shares</i>	(627)				
<b>Capital reserves:</b>					
Share-premium reserve	65,679	A,B,C	65,679	57,224	
Legal reserve	-	-	-	5,212	
Other reserves	-	-	-	895	
<b>Reserves for earnings:</b>					
Legal reserve	-	-	-	2,653	
Other reserves	-	-	-	525	
Retained earnings	(19,712)	-	-		
Profit (loss) for period	(1,456)	-	-		
<b>Total</b>	<b>86,329</b>		<b>65,679</b>	<b>66,509</b>	
Amount unavailable for distribution (share-premium reserve)			8,489		
Remainder available for distribution			<b>57,190</b>		

#### Key

A: for capital increase  
B: to cover losses  
C: for distribution to shareholders



## LIABILITIES

### Non-current liabilities

#### 13) Bank borrowings

Bank borrowings totalled Euro 10.922 million (Euro 26.898 million at 31 December 2014):

<b>Bank borrowings</b>			
(€'000)	<b>31/12/15</b>	<b>31/12/14</b>	<b>change</b>
Bank borrowings	10,922	26,898	(15,976)
<b>Total</b>	<b>10,922</b>	<b>26,898</b>	<b>(15,976)</b>

Non-current payables to banks were:

- Euro 4.321 million (Euro 8.464 million at 31 December 2014) for the non-current portion of the Euro 20.000 million financing granted by Banca Popolare di Bergamo SpA on 21 December 2012 and repayable in quarterly instalments in arrears from 21 March 2013 until 21 December 2017 with interest at 3-month Euribor plus a spread of 4.00%;
- Euro 6.601 million (Euro 11.001 million at 31 December 2014) for the non-current portion of the Euro 20.000 million financing granted by Banca Popolare di Milano SpA on 6 December 2013 and repayable in six-monthly instalments in arrears from 30 June 2014 until 30 June 2018 with interest at 3-month Euribor plus a spread of 3.50%;

The change compared to the previous financial year was due to the repayment of the non-current portion (Euro 7.433 million at 31 December 2014) of the following loans:

- Euro 20.000 million financing given by Banca Nazionale del Lavoro SpA 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%;
- Euro 7.500 million financing given by Banca Popolare di Lodi on 19 March 2014 to be repaid in six-monthly *tranches* payable in arrears from 31 December 2014 until 30 June 2016 with an interest rate of three-month Euribor plus a spread of 2.90%;
- Euro 7.000 million financing given by Banca Popolare di Lodi on 6 October 2014 to be repaid in six-monthly *tranches* payable in arrears from 30 June 2015 until 31 December 2016 with an interest rate of three-month Euribor plus a spread of 2.90%.

Some of the financial loans described above (those given on 21 December 2012 and 6 December 2013) are subject to financial covenants which have set a maximum level for the net debt/equity ratio. This is measured annually and, when measured at 31 December 2015, the limits had not exceeded the maximum levels under the covenants. Further details are given in Note 25.2.

#### 14) Other financial liabilities

These totalled Euro 0.050 million (Euro 0.220 million at 31 December 2014):

<b>Other financial liabilities</b>			
(€'000)	<b>31/12/15</b>	<b>31/12/14</b>	<b>change</b>
Finance leases	50	220	(170)
<b>Total</b>	<b>50</b>	<b>220</b>	<b>(170)</b>

The entry for finance leases referred to the non-current part of the finance lease for the concession of the right to use the Festivity trademark. The change compared to the previous financial year reflected the reclassification of the current portion under other current financial liabilities.

## 15) Provisions for risks and charges

<b>Provisions for risks and charges</b>					
(€'000)	31/12/14	Provisions	Utilisation	Reclassification	31/12/15
"Palazzo Italia" Berlin project	203	1,854	-	-	2,057
Supplementary indemnity reserve for agents	5	-	-	-	5
Other provisions for risks and charges	928	-	38	-	890
Provision for tax consolidation	286	-	286	-	-
<b>Total</b>	<b>1,422</b>	<b>1,854</b>	<b>324</b>	<b>-</b>	<b>2,952</b>

Provisions for risks and charges totalled Euro 2.952 million (Euro 1.422 million at 31 December 2014) and were as follows:

- Euro 2.057 million (Euro 0.203 million at 31 December 2014) for the non-current part of the provision for the "Palazzo Italia" project in Berlin. The reduction compared to the previous financial year is due to the classification of the current portion of Euro 1.245 million under the current provision for risks and charges. At 31 December 2015 the total provision for this risk was Euro 3.302 million. In the previous financial year the provision had totalled Euro 1.118 million but Euro 0.881 million of the fund was used in the financial year under review and then increased by a further Euro 3.065 million following new forecasts for the use of the property;
- Euro 0.005 million (Euro 0.005 million at 31 December 2014) for provisions for supplementary allowances for agents set up to cover the potential surrender of agency contracts;
- Euro 0.890 million (Euro 0.928 million at 31 December 2014) for other risks for potential payments on the outcome of legal disputes with suppliers.

The provision made for any eventual repayment to the controlling shareholder, Fondazione Fiera Milano, of the money paid by the latter as part of the tax consolidation that ceased in the financial year at 31 December 2006 was cancelled in the financial period under review (Euro 0.286 million at 31 December 2014). The amount was paid by Fondazione Fiera Milano for the amount of the benefit Fiera Milano SpA would have received had the tax consolidation been made in its name.

## 16) Employee benefit provisions

These were Euro 5.792 million (Euro 6.209 million at 31 December 2014).

They were made up of employee severance indemnities that had accrued at 31 December 2006 and were valued using actuarial methods. The change in the financial year under review is shown in the following table:

<b>Employee benefit provisions</b>				
(€'000)	31/12/14	Actuarial evaluation	Indemnities and advances paid	31/12/15
Defined benefit plans	6,209	(32)	385	5,792
<b>Total</b>	<b>6,209</b>	<b>(32)</b>	<b>385</b>	<b>5,792</b>

## Actuarial evaluation

(€'000)	Total
Personnel expenses:	
- Indemnities related to defined benefit plans	(31)
Financial expenses:	
- Actuarial loss	99
Other comprehensive income:	
- Remeasurement of defined benefit plans	(100)
<b>Total</b>	<b>(32)</b>

The Company uses a duly certified professional to determine the actuarial amounts.

The main hypotheses/assumptions used in the actuarial calculations for the defined benefit plans were as follows:

### Demographic assumptions

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.

### Economic and financial assumption for calculation of severance indemnity provisions

(€'000)	31/12/15	31/12/14
Technical discount rate	2.00%	1.60%
Annual inflation rate	1.50%	1.50%
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.

### Effect of defined benefit plans on debt

#### Economic and financial assumptions

(€'000)	Range	Base figure (excluding the CEO's termination benefit)	Increase in assumptions	Decrease in assumptions
Annual technical discount rate	+/- 0.5%	5,785	5,612	5,959
Annual rate of increase in total employees' salary	+/- 0.5%	5,785	6,017	5,606
<b>Economic and financial assumptions</b>				
Life expectancy	+/- 1 year	5,785	5,837	5,693

## Current liabilities

### 17) Bank borrowings

Bank borrowings totalled Euro 38.485 million (Euro 79.562 million at 31 December 2014) and the breakdown was as follows:

<b>Bank borrowings</b>			
(€'000)	<b>31/12/15</b>	<b>31/12/14</b>	<b>change</b>
Bank overdrafts	22,500	59,524	(37,024)
Current financing	15,985	19,531	(3,546)
Current accounts	-	507	(507)
<b>Total</b>	<b>38,485</b>	<b>79,562</b>	<b>(41,077)</b>

Bank borrowings were:

- Euro 22.500 million (Euro 59.524 million at 31 December 2014) for short-term loans taken out to meet cash management requirements;
- Euro 15.985 million (Euro 19.531 million at 31 December 2014) for the current portion of the financing detailed in Note 13.

Euro 1.989 million refers to the loan granted on 22 June 2011, Euro 4.153 million to that granted on 21 December 2012, Euro 4.399 million to that granted on 6 December 2013, Euro 1.909 million to that granted on 19 March 2014, and Euro 3.535 million to that granted on 6 October 2014.

Some of the credit lines are subject to covenants. That from Banca Nazionale del Lavoro SpA is based on anticipated fund flows from the domestic market. Under the agreement, the Parent Company agrees each year to channel through the bank incoming commercial funds in the form of payments, bank transfers, POS payments and notice payment forms (MAV) for an amount equal to a multiple of the loan given. At 31 December 2015, Euro 10.000 million of this credit line had been used.

Other credit lines subject to covenants include that from Monte dei Paschi di Siena SpA, which requires that certain financial and capital ratios are met. These are calculated both on the Annual Consolidated Financial Statements and the Half-year Financial Statements and on certain commercial undertakings linked to specific exhibitions in the 2015 and 2016 calendar. At 30 June 2015 and 31 December 2015, the financial ratios were above the minimum level required under the loan covenants and the commercial covenants had also been met. The loan granted by Monte dei Paschi di Siena SpA also includes a cross default clause. At the date of the present Financial Statements this clause had not been invoked. At 31 December 2015, this credit line had not been used.

The reduction in debt was due to the repayment of some credit lines made possible by the higher cash flows generated by the business volumes in the final part of the financial year under review, the presence of some biennial and multi-annual exhibitions, and the funds from the share capital increase described in Note 12.

Bank borrowings are subject to floating rate interest.

### 18) Trade payables

These were Euro 26.185 million (Euro 22.016 million at 31 December 2014). Trade payables were mainly to Italian suppliers for the acquisition of services required to mount the exhibitions that is 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.

### 19) Pre-payments

Pre-payments totalled Euro 31.545 million (Euro 34.843 million at 31 December 2014) and were mainly pre-payments invoiced to clients for exhibitions to be held after the end of the financial year.

The table below gives a breakdown by exhibition. The change in pre-payments compared to the previous financial year can be explained by the biennial and multi-annual frequency of some exhibitions:

### Pre-payments

(€'000)	31/12/15	31/12/14	change
HOMI I semester	11,035	12,506	(1,471)
Mostra Convegno Expocomfort	7,894	816	7,078
Host	2,144	3,483	(1,339)
Salone del mobile/Complemento d'arredo	1,956	1,921	35
Lineapelle I semester	1,600	1,650	(50)
Mido	1,402	1,268	134
Micam Spring	985	1,042	(57)
Bit	557	579	(22)
Milano Unica Spring	528	1,053	(525)
Simac Tanning-Tech	443	519	(76)
Eurocucina	433	-	433
Mifur	381	478	(97)
Bimu	381	-	381
Promotion trade exhibition	275	269	6
Salone Internazionale del Bagno	250	-	250
Xylexpo	249	-	249
Venditalia	182	-	182
Tuttofood	168	4,027	(3,859)
Esposizione Canina	166	-	166
Mipel	139	-	139
Sposaitalia	103	-	103
Plast	-	1,297	(1,297)
Ipack-Ima	-	981	(981)
Made Expo	-	782	(782)
Made in Steel	-	522	(522)
Euroluce	-	460	(460)
Evento Nowadays	-	140	(140)
Meat Tech	-	135	(135)
Converflex	-	116	(116)
Sicurezza	-	21	(21)
Other	274	778	(504)
<b>Total</b>	<b>31,545</b>	<b>34,843</b>	<b>(3,298)</b>

This entry included Euro 0.041 million (Euro 0.010 million at 31 December 2014) for related-party transactions. Further details on related-party transactions are given in Note 42.

## 20) Other financial liabilities

These totalled Euro 15.395 million (Euro 21.850 million at 31 December 2014) and the breakdown was as follows:

### Other financial liabilities

(€'000)	31/12/15	31/12/14	change
Financial payables to the controlling shareholder	15,225	21,683	(6,458)
Finance leases	170	167	3
<b>Total</b>	<b>15,395</b>	<b>21,850</b>	<b>(6,455)</b>

The entry for financial payables to the controlling shareholder showed the figure in the current account held with Fondazione Fiera Milano the majority of which was for the payment of the rent for the second semester of the financial period under review.

Other financial payables included Euro 15.225 million (Euro 21.683 million at 31 December 2014) for related-party transactions. Further details on related-party transactions are given in Note 42.

## 21) Current provisions for risks and charges

### Current provisions for risks and charges

(€'000)	31/12/14	Provisions	Utilisation	Reclassification	31/12/15
"Palazzo Italia" Berlin project	915	1,211	881	-	1,245
Other provisions for risks and charges	53	551	213	-	391
<b>Total</b>	<b>968</b>	<b>1,762</b>	<b>1,094</b>	<b>-</b>	<b>1,636</b>

These were Euro 1.636 million (Euro 0.968 million at 31 December 2014) and the breakdown was the following:

- Euro 1.245 million (Euro 0.915 million at 31 December 2014) for the current portion of the provision for the "Palazzo Italia" project in Berlin already described in Note 15;
- Euro 0.391 million (Euro 0.053 million at 31 December 2014) of other risk provisions for employee disputes.

## 22) Current tax liabilities

These were Euro 4.022 million (Euro 1.178 million at 31 December 2014).

### Current tax liabilities

(€'000)	31/12/15	31/12/14	change
Income tax payable in the financial year	2,432	-	2,432
Income tax (IRPEF) payable for employees	1,411	1,055	356
Income tax (IRPEF) payable for temporary employees and project workers	162	111	51
Other tax liabilities	17	12	5
<b>Total</b>	<b>4,022</b>	<b>1,178</b>	<b>2,844</b>

The change in this figure is mainly due to the tax payable in the financial year under review.

## 23) Other current liabilities

Other current liabilities totalled Euro 47.595 million (Euro 26.512 million at 31 December 2014).

### Other current liabilities

(€'000)	31/12/15	31/12/14	change
Trade payables to subsidiaries	14,410	9,734	4,676
Trade payables to associates	133	185	(52)
Other payables to the controlling shareholder	4,378	1,076	3,302
Payables to controlling shareholder for tax consolidation	345	59	286
Payables to subsidiaries for tax consolidation	141	136	5
Payables to the controlling shareholder for Group VAT	88	1,859	(1,771)
Payables to pension and social security entities	1,944	1,887	57
Payables to directors and statutory auditors	39	52	(13)
Payables to employees	9,171	3,160	6,011
Payables to exhibition organisers and others	16,811	8,328	8,483
Deferred income	134	36	98
Deferred income to subsidiaries	1	-	1
<b>Total</b>	<b>47,595</b>	<b>26,512</b>	<b>21,083</b>

The main changes compared to the previous financial year were the following:

- an increase in payables to exhibition organisers from cash received on behalf of the organisers of exhibitions;

- an increase in employee payables mainly attributable to the variable component of employee remuneration and for redundancy incentives under the voluntary redundancy plan;
- an increase in payables to the controlling shareholder mainly for the variable component of rent payable to Fondazione Fiera Milano because of the level of revenues generated.

This entry also included Euro 19.496 million (Euro 13.050 million at 31 December 2014) for related-party transactions. Further details on related-party transactions are given in Note 42.

## 24) Financial assets and liabilities

At 31 December 2015 the Company had net debt of Euro 17.845 million (net debt of Euro 122.241 million at 31 December 2014) as shown in the following table. Where applicable, any component of each entry that is a related-party transaction is shown separately.

### Net Financial Position

(€'000)	31/12/15	31/12/14
A. Cash (including bank balances)	42,972	3,564
B. Other cash equivalents	-	-
C. Securities held for trading	-	-
<b>D. Cash and cash equivalents (A+B+C)</b>	<b>42,972</b>	<b>3,564</b>
<b>E. Current financial assets</b>	<b>4,035</b>	<b>2,725</b>
- E.1 of which current financial receivables from the controlling shareholder	-	-
- E.2 of which current financial receivables from the subsidiaries	4,035	2,725
- E.3 of which current financial receivables from joint ventures	-	-
F. Current bank borrowings	22,500	60,031
G. Current portion of non-current debt	15,985	19,531
H. Other current financial liabilities	15,395	21,850
- H.1 of which current financial payables to the controlling shareholder	15,225	21,683
<b>I. Current financial debt (F+G+H)</b>	<b>53,880</b>	<b>101,412</b>
<b>J. Net current financial debt (cash) (I-E-D)</b>	<b>6,873</b>	<b>95,123</b>
K. Non-current bank borrowings	10,922	26,898
L. Debt securities in issue	-	-
M. Other non-current liabilities	50	220
<b>N. Non-current net financial debt (K+L+M)</b>	<b>10,972</b>	<b>27,118</b>
<b>Net financial debt (cash) from continuing operations (J+N)</b>	<b>17,845</b>	<b>122,241</b>
<b>Net financial debt (cash) from discontinued operations</b>	<b>-</b>	<b>-</b>
<b>O. Net financial debt (cash)</b>	<b>17,845</b>	<b>122,241</b>

Net debt decreased by Euro 104.396 million. The lower figure was due to the financial flows generated by the share capital increase and higher cash flows generated by operating activities.

Additional information on the financial instruments of the Company is given below to enable a better assessment of:

- a) the importance of financial instruments for the Statement of Financial Position and Income Statement;
- b) the significance and type of risks deriving from the financial instruments to which the Company was exposed during the financial year under review and the previous financial year and the relevant risk management procedures.

## Classes of financial instruments

The items in the Statement of Financial Position and the types of risk related to financial instruments at 31 December 2014 and 31 December 2015 are shown in the following table:

Risk class			Balance at	Balance at	Liquidity	Interest rate	Credit
(€'000)		Notes	31/12/14	31/12/15	risk	risk	risk
<b>NON-CURRENT ASSETS</b>							
1)	Trade and other receivables	6	13,271	13,031			X
<b>CURRENT ASSETS</b>							
2)	Trade and other receivables	8	38,754	45,878			X
3)	Current financial assets	10	2,725	4,035	X		
4)	Cash and cash equivalents	11	3,564	42,972	X		
<b>NON-CURRENT LIABILITIES</b>							
5)	Bank borrowings	13	26,898	10,922	X	X	
6)	Other financial liabilities	14	220	50	X	X	
<b>CURRENT LIABILITIES</b>							
7)	Bank borrowings	17	79,562	38,485	X	X	
8)	Trade payables	18	22,016	26,185	X		
9)	Other financial liabilities	20	21,850	15,395	X	X	
10)	Other current liabilities	23	26,512	47,595	X		

## Significance of financial instruments

Financial instruments and their relative significance, as regards the Statement of Financial Position and Income Statement at 31 December 2014 and 31 December 2015, are shown in the following tables:

### Financial assets and liabilities shown in the accounts

(€'000)		Note	FY	Assets at fair	Loans	Investments	Liabilities at	Fair	Impact on
			31/12/14	value (a)	and	held to	amortised	value	Income
				through profit	receivables	maturity	cost		Statement
				and loss					
<b>NON-CURRENT ASSETS</b>									
1)	Trade and other receivables	6	13,271	-	13,271	-	-	13,271	127
<b>CURRENT ASSETS</b>									
2)	Trade and other receivables	8	38,754	-	38,754	-	-	38,754	(753)
3)	Current financial assets	10	2,725	-	2,725	-	-	2,725	94
4)	Cash and cash equivalents	11	3,564	-	3,564	-	-	3,564	17
<b>NON-CURRENT LIABILITIES</b>									
5)	Bank borrowings	13	26,898	-	-	-	26,898	26,898	(1,725)
6)	Other financial liabilities	14	220	-	-	-	220	220	-
<b>CURRENT LIABILITIES</b>									
7)	Bank borrowings	17	79,562	-	-	-	79,562	79,562	(1,490)
8)	Trade payables	18	22,016	-	-	-	22,016	22,016	-
9)	Other financial liabilities	20	21,850	-	-	-	21,850	21,850	(1,197)
10)	Other current liabilities	23	26,512	-	-	-	26,453	26,512	-

(a) Fair value at the recognition date



### Financial assets and liabilities shown in the accounts

(€'000)	Notes	FY 31/12/15	Assets at fair value (a) through profit and loss	Loans and receivables	Investments held to maturity	Liabilities at amortised cost	Fair value	Impact on Income Statement	
<b>NON-CURRENT ASSETS</b>									
1)	Trade and other receivables	6	13,031	-	13,031	-	-	13,031	62
<b>CURRENT ASSETS</b>									
2)	Trade and other receivables	8	45,878	-	45,878	-	-	45,878	(1,844)
3)	Current financial assets	10	4,035	-	4,035	-	-	4,035	193
4)	Cash and cash equivalents	11	42,972	-	42,972	-	-	42,972	9
<b>NON-CURRENT LIABILITIES</b>									
5)	Bank borrowings	13	10,922	-	-	-	10,922	10,922	(1,339)
6)	Other financial liabilities	14	50	-	-	-	50	50	-
<b>CURRENT LIABILITIES</b>									
7)	Bank borrowings	17	38,485	-	-	-	38,485	38,485	(754)
8)	Trade payables	18	26,185	-	-	-	26,185	26,185	-
9)	Other financial liabilities	20	15,395	-	-	-	15,395	15,395	(1,054)
10)	Other current liabilities	23	47,595	-	-	-	47,250	47,595	-

(a) Fair value at the recognition date

As shown in the above tables, the carrying value of financial assets and liabilities is a reasonable approximation of their fair value; most of the financial instruments are current investments and borrowings and where non-current instruments have been used these have not been subject to significant contingent charges. The financial instruments are classifiable under Level 3 of the fair value hierarchy of IFRS 13.

## 25) Financial and market risk management

The main financial instruments used by Fiera Milano SpA are bank borrowings, current accounts and current financial loans from the controlling shareholder Fondazione Fiera Milano.

The Company has a favourable cash management cycle from the business of renting exhibition space to organisers and offering administrative and cash management services, receiving on behalf of the organisers 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. The suppliers of goods and services are paid using normal payment conditions. This system allows the Company to receive in advance the sums it is due and thereby generate negative working capital, which, in turn, gives a cash surplus.

The Company is exposed to the following different types of risk.

### 25.1 Credit risk

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

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 Company manages the cash flows of all the exhibitions at the two sites. Provisions for doubtful receivables are minimal in comparison to the amounts received 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.

The categories of credit risk at 31 December 2014 and at 31 December 2015 and the breakdown of overdue payments are shown in the following tables:

Class (€'000)	FY 31/12/2014 Receivables	Breakdown of late payments (days)						Provision
		Due	Overdue	0-90	91-180	181-270	>270	
Organisers	5,539	2,209	4,685	1,756	426	140	2,363	1,355
Exhibitors	15,735	318	17,340	12,348	844	632	3,516	1,923
Other	8,330	5,975	4,187	762	492	170	2,763	1,832
<b>Total</b>	<b>29,604</b>	<b>8,502</b>	<b>26,212</b>	<b>14,866</b>	<b>1,762</b>	<b>942</b>	<b>8,642</b>	<b>5,110</b>

Class (€'000)	FY 31/12/2015 Receivables	Breakdown of late payments (days)						Provision
		Due	Overdue	0-90	91-180	181-270	>270	
Organisers	6,585	2,324	6,334	3,478	-	357	2,499	2,073
Exhibitors	15,781	9,219	8,243	4,016	609	1,224	2,394	1,681
Other	15,502	6,322	11,168	5,453	1,738	1,467	2,510	1,988
<b>Total</b>	<b>37,868</b>	<b>17,865</b>	<b>25,745</b>	<b>12,947</b>	<b>2,347</b>	<b>3,048</b>	<b>7,403</b>	<b>5,742</b>

The provision for doubtful receivables is based on presumed recoverability, using internal assessments supported by those of external legal consultants.

Receivables overdue for between 180 and 270 days increased mainly due to doubtful receivables that were discounted in the financial year under review and that, in the previous financial year, had been classified as overdue receivables.

Changes in the provision for doubtful receivables at 31 December 2014 and at 31 December 2015 and the breakdown by risk category are given in the following tables:

Class (€'000)	FY 31/12/2013 Provision	Provisions	Utilisation	FY 31/12/2014 Provision
Exhibitors	2,195	402	674	1,923
Other	2,074	123	365	1,832
<b>Total</b>	<b>5,391</b>	<b>758</b>	<b>1,039</b>	<b>5,110</b>

Class (€'000)	FY 31/12/2014 Provision	Provisions	Utilisation	FY 31/12/2015 Provision
Exhibitors	1,923	631	873	1,681
Other	1,832	499	343	1,988
<b>Total</b>	<b>5,110</b>	<b>1,848</b>	<b>1,216</b>	<b>5,742</b>

## 25.2 Liquidity risk

The trends in working capital and financial requirements are strongly affected by the seasonality that characterises the reference market due to the presence of important biennial and multi-annual exhibitions, both proprietary and belonging to third parties. Therefore, although the Company has taken measures to ensure that it has adequate levels of working capital and liquidity, which include the increase in the exhibition portfolio, the internationalisation of certain events, and the commercial and strategic agreements reached with other exhibition sites and/or organisers, a drop in the volumes of business caused by the seasonality and cyclical nature that characterise the exhibition business affects the financial results and the ability to generate cash flow.

There is seasonality in financial requirements from one financial year to the next and within a single financial year caused by the exhibition calendar with higher cash absorption in the summer months of July and August and a gradual return to more normal levels for the Company in subsequent months.

There was a material improvement in financial debt at 31 December 2015 compared to 31 December 2014. This was due to the success of the share capital increase, which in December 2015 reduced financial debt by Euro 66.835 million, the improved performance of the exhibitions in the financial year under review, which showed significant and reliable signs of recovery, and the more favourable exhibition calendar.

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. At the end of the reporting period, the available credit lines and the forecast cash flows of the Company were considered sufficient to cover its short-term financial requirements.

During the 2014 and 2015 financial years, the Company benefited from extended payment periods for amounts payable to the current account held with Fondazione Fiera Milano. These were mainly rental payments and – subject to the agreement of Fondazione Fiera Milano – the Company should continue to benefit from such extensions.

The success of the share capital increase provided further financial strength and permitted the Company to reach the one-third of share capital required by Article 2446 of the Italian Civil Code; it also reinforced the capital position and provided resources for the Company development plan.

The Company reasonably expects to continue its strategy to decrease current bank borrowings in favour of non-current bank borrowings.

As described in Notes 13 and 17, some of the loans received by the Company are governed by financial and commercial covenants. At the annual assessment of these covenants in 2015, it was found that all the covenants had been respected.

Maintaining the financial equilibrium of the Company is linked to attaining targets of the Industrial Plan as well as to the performance of the economy, forecasts for which necessitate an assessment of the outcome of future events and circumstances that by their very nature are uncertain.

The tables below give the breakdown of financial liabilities and their duration and the outstanding interest payable to maturity at 31 December 2014 and 31 December 2015.

### Financial liabilities

(€' 000)	FY at 31/12/2014	3 mths	6 mths	12 mths	18 mths	24 mths	3 years	5 years	>5 years
Current bank payables	79,562	61,910	7,787	9,865					
Current interest payable		452	468	612					
Other current financial liabilities	21,850	11,084	10,684	82					
Current interest payable		120	66	5					
Non-current bank borrowings	26,898				9,900	6,114	8,722	2,162	
Non-current interest payable					457	309	311	40	
Other non-current financial liabilities	220				86	85	49		
Non-current interest payable					3	2	1		
Trade payables	22,016	22,016							
<b>Total</b>	<b>150,546</b>	<b>95,582</b>	<b>19,005</b>	<b>10,564</b>	<b>10,446</b>	<b>6,510</b>	<b>9,083</b>	<b>2,202</b>	<b>-</b>

## Financial liabilities

(€' 000)	FY at 31/12/2015	3 mths	6 mths	12 mths	18 mths	24 mths	3 years	5 years	>5 years
Current bank payables	38,485	24,435	7,937	6,113					
Current interest payable		202	247	293					
Other current financial liabilities	15,395	5,085	10,225	85					
Current interest payable		63	45	2					
Non-current bank borrowings	10,922				4,338	4,382	2,202		
Non-current interest payable					187	109	37		
Other non-current financial liabilities	50				50				
Non-current interest payable					1				
Trade payables	26,185	26,185							
<b>Total</b>	<b>91,037</b>	<b>55,970</b>	<b>18,454</b>	<b>6,493</b>	<b>4,576</b>	<b>4,491</b>	<b>2,239</b>	-	-

## 25.3 Market risk

The Company reserves the right to use appropriate hedging instruments if the market risks become significant.

### a) Interest rate risk

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

The composition of non-current and current bank borrowings is shown in Notes 13 and 17.

The tables below give interest rate sensitivity analyses that show the effect of a +0.5% and a -0.5% change in interest rates on financial income and expenses in equity and in profit or loss for the 2014 and 2015 financial years.

(€'000)	Balance at 31/12/2014	Balance * (debt)	Income (expense)	Rate	0.5%	-0.5%
Current accounts	3,448	5,693	17	0.30%	46	(11)
Current financial receivables from subsidiaries	2,725	2,128	94	4.42%	105	83
Current account with the controlling shareholder Fondazione Fiera Milano	(21,683)	(39,042)	(1,183)	3.03%	(1,378)	(988)
Current financial liabilities	(59,524)	(47,049)	(1,490)	3.17%	(1,727)	(1,256)
Current and non-current bank borrowings	(46,936)	(49,618)	(1,725)	3.48%	(1,975)	(1,479)
Other current and non-current financial liabilities	(387)	(421)	(14)	3.33%	(16)	(12)

\*average for the financial year

(€'000)	Balance at 31/12/2015	Balance * (debt)	Income (expense)	Rate	0.5%	-0.5%
Current accounts	42,874	13,911	9	0.06%	78	(61)
Current financial receivables from subsidiaries	4,035	3,852	193	5.01%	212	174
Current account with the controlling shareholder Fondazione Fiera Milano	(15,225)	(42,753)	(1,045)	2.44%	(1,257)	(829)
Current financial liabilities	(22,500)	(30,834)	(752)	2.44%	(907)	(598)
Current and non-current bank borrowings	(26,907)	(40,545)	(1,341)	3.31%	(1,545)	(1,139)
Other current and non-current financial liabilities	(220)	(259)	(9)	3.47%	(10)	(8)

\*average for the financial year

**b) Exchange rate risk**

This remained relatively insignificant in the financial year to 31 December 2015; the Company's activities were mainly focused on the domestic market and it had no bank borrowings in foreign currencies.

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

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

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

**Guarantees given**

These totalled Euro 1.714 million (Euro 1.474 million at 31 December 2014) and the breakdown was as follows:

- BRL (Brazilian reals) 55.500 million, equivalent to Euro 1.275 million for the guarantee given to Banco BNP Paribas Brasil SA on behalf of the subsidiary Cipa Fiera Milano Publicações e Eventos Ltda to cover the bank loans given by the bank;
- Euro 0.156 million for guarantees given to the Tax Authority for payments made as part of the Group VAT consolidation;
- Euro 0.283 million for other guarantees.

**Potential liabilities**

An adverse outcome to the legal procedures in which the Company is currently involved where the result is currently uncertain could, according to the legal advice taken, result in potential costs of approximately Euro 0.250 million.

## INCOME STATEMENT

### REVENUES

#### 27) Revenues from sales and services

Revenues from sales and services were Euro 277.307 million (Euro 181.098 million at 31 December 2014).

The breakdown of revenues was as follows:

<b>Revenues from sales and services</b>			
(€'000)	<b>2015</b>	<b>2014</b>	<b>change</b>
Facility fee for use of exhibition centre	93,913	69,706	24,207
Rent of space to exhibitors	73,880	35,675	38,205
Rentals of stands, fittings, and equipment	46,237	28,786	17,451
Catering and canteen services	23,749	18,447	5,302
Exhibition site services	10,256	5,744	4,512
Miscellaneous fees and royalties	6,609	7,738	(1,129)
Supplementary exhibition services	5,693	1,867	3,826
Advertising space and services	4,369	4,934	(565)
Exhibition insurance services	3,189	2,171	1,018
Access surveillance and customer care services	2,585	2,165	420
Facility fees for use of conference centre	1,447	1,056	391
Revenues from publishing products	1,112	21	1,091
Ticket sales	1,054	502	552
Services from event organisation	966	274	692
Telephone and internet services	936	917	19
Administrative services	647	481	166
Other	665	614	51
<b>Total</b>	<b>277,307</b>	<b>181,098</b>	<b>96,209</b>

The increase in revenues was mainly attributable to the more favourable exhibition calendar that, in 2015, included the directly organised biennial exhibitions that fall in uneven-numbered years, Tuttofood and Host, the triennial exhibitions Ipack-Ima and Plast, the multi-annual exhibition EMO that is held in Milan every six years, and the itinerant exhibition ITMA, which is held every four years in a different European country. This result was, in part, offset by the absence of the important biennial exhibition held in even-numbered years, Mostra Convegno Expocomfort. The contracts for Expo 2015 also had a positive impact on revenues, in particular, the rent of areas within the exhibition site for vehicle circulation and parking.

Revenues from sales and services included Euro 6.863 million (Euro 4.919 million at 31 December 2014) for related-party transactions. Further details on related-party transactions are given in Note 42.

The business of the Company is almost entirely concentrated in the domestic market.

## OPERATING COSTS

### 28) Costs of materials

These were Euro 0.900 million (Euro 0.818 million at 31 December 2014).

The breakdown was as follows:

<b>Cost of materials</b>			
(€'000)	<b>2015</b>	<b>2014</b>	<b>change</b>
Printed materials, forms and stationery	605	604	1
Subsidiary materials and consumables	295	214	81
<b>Total</b>	<b>900</b>	<b>818</b>	<b>82</b>

This entry included Euro 0.004 million (Euro 0.001 million at 31 December 2014) for related-party transactions. Further details on related-party transactions are given in Note 42.

### 29) Costs of services

These totalled Euro 144.892 million (Euro 107.571 million at 31 December 2014).

The breakdown was as follows:

<b>Cost of services</b>			
(€'000)	<b>2015</b>	<b>2014</b>	<b>change</b>
Stands and equipment for exhibitions	51,746	34,344	17,402
Catering	16,204	12,392	3,812
Energy costs	9,818	8,453	1,365
Cost of marketing projects for exhibitions	7,899	9,490	(1,591)
Technical, legal, commercial and administrative services	7,065	7,469	(404)
Security and gate services	6,476	4,616	1,860
Maintenance	6,270	5,754	516
Cleaning and waste disposal	5,795	3,840	1,955
Other professional and collaborative services	4,701	2,208	2,493
IT services	4,520	3,982	538
Advertising	3,890	2,432	1,458
Insurance	3,183	2,875	308
Telephone and internet expenses	1,601	1,309	292
Technical assistance and ancillary services	1,102	1,165	(63)
Transport	811	667	144
Ticketing	430	381	49
Conference and congress services	134	18	116
Remuneration of statutory auditors	102	88	14
Change in suspended costs for future exhibitions	3,268	(1,712)	4,980
Other	10,057	8,157	1,900
Use of provisions	(180)	(357)	177
<b>Total</b>	<b>144,892</b>	<b>107,571</b>	<b>37,321</b>

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

The figure increased by Euro 37.321 million compared to the figure at 31 December 2014 due to higher business volumes. The increase in the entry, change in suspended costs for future exhibitions, refers mainly to costs sustained in the period under review for the exhibitions Tuttofood and Host.

In the financial year under review, the Company incurred costs of Euro 1.150 million that were for the share capital increase; these, net of tax, were deducted from the share premium reserve.

The entry includes Euro 48.516 million (Euro 33.563 million at 31 December 2014) for related-party transactions. Further details on related-party transactions are given in Note 42.

### 30) Cost of use of third-party assets

This totalled Euro 54.945 million (Euro 50.663 million at 31 December 2014) and the breakdown was as follows:

<b>Cost of use of third-party assets</b>			
(€'000)	<b>2015</b>	<b>2014</b>	<b>change</b>
Rent and expenses for exhibition sites	53,005	49,239	3,766
Other rental expenses	2,119	2,115	4
Vehicle hire	529	527	2
Office equipment and photocopier hire	31	17	14
Use of provisions	(739)	(1,235)	496
<b>Total</b>	<b>54,945</b>	<b>50,663</b>	<b>4,282</b>

The item, rent and expenses for exhibition sites, included the rent of Euro 52.205 million payable to the controlling shareholder Fondazione Fiera Milano, whilst other rental expenses included Euro 1.930 million under the lease agreement for the "Palazzo Italia" in Berlin.

The change was mainly due to the increase in the variable component of the rent payable for the **fieramilano** exhibition site; this was Euro 10.000 million and was only due in 2015. It relates to Expo 2015 and was linked to the revenues generated by the Parent Company compared to the average annual revenues in 2012-2014. The increase was largely compensated by the reduction in the fixed component of the rent following the renegotiation of the rental contract in 2014. Further details are provided in Note 42 on related-party transactions.

The total rental costs for the Rho and Milan exhibition sites and for the MiCo congress centre for the following periods are:

- 2016: Euro 42.206 million;
- 1 – 5 years: 168.822 million;
- Over 5 years: 106.939 million.

The entry includes Euro 52.588 million (Euro 49.320 million at 31 December 2014) for related-party transactions, of which Euro 10.000 million was the non-recurring item of additional rent paid to Fondazione Fiera Milano. Further details on related-party transactions are given in Note 42.

### 31) Personnel expenses

These totalled Euro 45.779 million (Euro 34.990 million at 31 December 2014) and the breakdown was as follows:

<b>Personnel expenses</b>			
(€'000)	<b>2015</b>	<b>2014</b>	<b>change</b>
Salaries	26,974	22,860	4,114
Social Security payments	8,652	7,322	1,330
Redundancy incentives	5,597	101	5,496
Defined contribution plans charges	1,557	1,527	30
Directors' remuneration	1,152	1,025	127
Seconded employees from subsidiaries	874	1,008	(134)
External and temporary employees	334	508	(174)
Defined benefit plans charges	(31)	53	(84)
Other expenses	870	586	284
Use of provisions	(200)	-	(200)
<b>Total</b>	<b>45,779</b>	<b>34,990</b>	<b>10,789</b>



Salaries, remuneration and related social security contributions increased due to higher costs of Euro 4.251 million in the variable component of employee remuneration.

Redundancy incentives include the indemnity of Euro 1.461 million paid to the Chief Executive Officer of the Company when his position was not reconfirmed and the incentives paid as part of the voluntary redundancy plan.

The entry includes Euro 0.874 million (Euro 1.008 million at 31 December 2014) for related-party transactions. Further details on related-party transactions are given in Note 42.

The breakdown of the average number of employees (including those on fixed-term contracts) was as follows:

#### Breakdown of personnel by category

	2015	2014	change
Managers	30	32	(2)
Middle managers and white collar workers	419	415	4
<b>Total</b>	<b>449</b>	<b>447</b>	<b>2</b>

### 32) Other operating expenses

These were Euro 4.636 million (Euro 3.682 million at 31 December 2014) and the breakdown was as follows:

#### Other operating expenses

(€'000)	2015	2014	change
Other tax expenses	3,786	3,098	688
Doubtful receivables covered by provisions	1,216	1,039	177
Association fees	277	323	(46)
Subscriptions	27	34	(7)
Other expenses	547	263	284
Use of provisions	(1,217)	(1,075)	(142)
<b>Total</b>	<b>4,636</b>	<b>3,682</b>	<b>954</b>

The increase in other taxes was mainly due to higher local taxes for the occupancy levels at the Rho exhibition site.

The entry includes Euro 1.132 million (Euro 1.310 million at 31 December 2014) for related-party transactions. Further details on related-party transactions are given in Note 42.

### 33) Other income

Other income was Euro 6.756 million (Euro 6.406 million at 31 December 2014) and the breakdown was as follows:

#### Other income

(€'000)	2015	2014	change
Other recovered costs	2,004	2,019	(15)
Office rent and expenses	1,732	1,783	(51)
Recovery of expenses for seconded employees	1,445	955	490
Insurance indemnities	20	23	(3)
Other income	1,555	1,626	(71)
<b>Total</b>	<b>6,756</b>	<b>6,406</b>	<b>350</b>

The entry includes Euro 4.432 million (Euro 3.858 million at 31 December 2014) for related-party transactions. Further details on related-party transactions are given in Note 42.

### 34) Depreciation and amortisation

#### Depreciation of property, plant and equipment

This was Euro 2.030 million (Euro 2.664 million at 31 December 2014).

This item also included positive amortisation of Euro 0.013 million (a positive item of Euro 0.001 million at 31 December 2014) for the use of risk provisions made for the "Palazzo Italia".

Details of depreciation are given in the Notes to the Accounts under the entry for property, plant and equipment.

#### Amortisation of intangible assets

This was Euro 4.243 million (Euro 4.675 million at 31 December 2014).

Details of amortisation are given in the Notes to the Accounts under the entry for intangible assets with a finite useful life.

### 35) Adjustments to asset values

These totalled Euro 1.953 million (zero at 31 December 2014).

The breakdown is given in the following table:

<b>Adjustments to asset values</b>			
(€'000)	<b>2015</b>	<b>2014</b>	<b>change</b>
Impairment of exhibition trademarks	1,953	-	1,953
<b>Total</b>	<b>1,953</b>	<b>-</b>	<b>1,953</b>

Comments on the adjustments to asset values may be found in Note 4 above.

### 36) Provision for doubtful receivables and other provisions

These were Euro 5.464 million (Euro 0.758 million at 31 December 2014).

Changes in this entry are shown in the following table:

<b>Write down of doubtful receivables and other provisions</b>			
(€'000)	<b>2015</b>	<b>2014</b>	<b>change</b>
Write-down of doubtful receivables	1,848	758	1,090
Palazzo Italia project	3,065	-	3,065
Disputes with personnel	551	-	551
<b>Total</b>	<b>5,464</b>	<b>758</b>	<b>4,706</b>

Further details on changes in provisions for risks and charges are given in Notes 8, 15 and 21.

### 37) Financial income and similar

This totalled Euro 4.306 million (Euro 2.096 million at 31 December 2014) and the breakdown was as follows:

<b>Financial income and similar</b>			
(€'000)	<b>2015</b>	<b>2014</b>	<b>change</b>
Dividends	3,972	1,797	2,175
Interest income on financing granted to subsidiaries	193	94	99
Interest income from cautionary deposits for rent of the exhibition sites from the controlling shareholder	52	117	(65)
Interest income on receivables from the controlling shareholder	10	11	(1)
Interest income on bank accounts	9	17	(8)
Exchange rate gains	9	7	2
Other financial income	61	53	8
<b>Total</b>	<b>4,306</b>	<b>2,096</b>	<b>2,210</b>

The increase reflects the higher dividends received from subsidiaries and joint ventures.

This entry includes Euro 4.227 million (Euro 2.019 million at 31 December 2014) for related-party transactions. Further details on related-party transactions are given in Note 42.

### 38) Financial expenses and similar

These totalled Euro 3.297 million (Euro 4.737 million at 31 December 2014) and the breakdown was as follows:

<b>Financial expenses and similar</b>			
(€'000)	2015	2014	change
Interest payable on bank accounts	2,114	3,242	(1,128)
Interest payable on current account held with the controlling shareholder Fondazione Fiera Milano	1,045	1,183	(138)
Expenses from calculation of net present value of defined benefit plans	99	181	(82)
Exchange rate losses	3	8	(5)
Other financial expenses	36	125	(89)
Use of provision	-	(2)	2
<b>Total</b>	<b>3,297</b>	<b>4,737</b>	<b>(1,440)</b>

The change mainly reflected lower financial expenses due to lower average current and non-current debt.

This entry includes Euro 1.045 million (Euro 1.183 million at 31 December 2014) for related-party transactions. Further details on related-party transactions are given in Note 42.

### 39) Valuation of financial assets

<b>Valuation of financial assets</b>			
(€'000)	2015	2014	change
Eurofairs International Consultoria e Participações Ltda	(9,413)	(3,807)	(5,606)
Fiera Milano Exhibitions Africa Pty Ltd	(3,211)	-	(3,211)
Fiera Milano Interteks Uluslararası Fuarcilik A.S.	(2,560)	-	(2,560)
Limited Liability Company Fiera Milano	(806)	-	(806)
Milan International Exhibitions Srl under liquidation	(23)	-	(23)
Fiera Milano India Pvt Ltd	(20)	-	(20)
Fiera Milano Media SpA	-	(11,135)	11,135
<b>Total</b>	<b>(16,033)</b>	<b>(14,942)</b>	<b>(1,091)</b>

This entry was negative for Euro 16.033 million (negative for Euro 14.942 million at 31 December 2014) and was mainly for the impairment charges taken when Fiera Milano Interteks Uluslararası Fuarcilik A.S. was sold, as described in Note 5 above.

### 40) Income tax

The income tax was Euro 5.653 million (a positive entry of Euro 5.227 million at 31 December 2014).

The breakdown was as follows:

<b>Income tax</b>			
(€'000)	2015	2014	change
Current income tax	2,198	(1,124)	3,322
Deferred income tax	3,455	(4,103)	7,558
<b>Total</b>	<b>5,653</b>	<b>(5,227)</b>	<b>10,880</b>

The breakdown of current taxes at 31 December 2015 was as follows:

<b>Current income tax</b>			
(€'000)	2015	2014	change
Current income tax - IRAP	1,483	12	1,471
Current income tax - IRES	1,046	32	1,014
Income/expenses from tax consolidation	(331)	(1,168)	837
<b>Total</b>	<b>2,198</b>	<b>(1,124)</b>	<b>3,322</b>

Since the 2007 financial period, Fiera Milano SpA, acting as the consolidating entity, and all the Italian subsidiaries have opted for the Italian national tax consolidation for payment of IRES.

The income from the tax consolidation was the result of offsetting the tax of some consolidated companies with the tax losses carried forward of Fiera Milano SpA.

The deferred tax balance in the financial year under review was Euro 3.455 million and was the balance of deferred tax assets (Euro 4.521 million) and deferred tax liabilities (a positive figure of Euro 1.066 million).

At 31 December 2015, deferred tax assets were mainly the use of tax provisions made in previous financial years for tax losses that were used to offset the taxable income generated by Fiera Milano and the other companies that are part of the tax consolidation in the financial year under review. This was in part offset by the recognition of pre-paid taxes on provisions made to the provision for risks and charges on which the tax deductibility will be recognised in future financial periods.

Taxes of Euro 0.229 million in equity refer to pre-paid taxes on the costs incurred by the Parent Company for the share capital increase described in Note 12, which were taken directly against the share premium reserve.

Deferred tax liabilities were mainly the use of tax provisions made in previous financial years, for the value adjustments and amortisation of trademarks, and for tax amortisation of goodwill in the financial period under review.

Deferred tax assets and liabilities include the change in the IRES rate to 24%, which will be effective from 1 January 2017. The net impact on the Income Statement was Euro 0.414 million after the use of Euro 1.610 million of deferred tax assets and Euro 1.196 million of deferred tax liabilities.

The breakdown of deferred tax assets and deferred tax liabilities was as follows:

<b>Deferred income taxes</b>				
(€'000)	31/12/14	Recognised in the Income Statement	Recognised in equity	31/12/15
<b>Deferred tax assets</b>				
Excess amortisation, depreciation and write-downs	204	76	-	280
Provisions for risks and charges	734	1,316	-	2,050
Write-down of doubtful receivables	1,314	(16)	-	1,298
Tax losses carried forward	14,696	(5,937)	-	8,759
Other temporary differences	441	40	(28)	453
Costs for share capital increase	-	-	229	229
<b>Total</b>	<b>17,389</b>	<b>(4,521)</b>	<b>201</b>	<b>13,069</b>
<b>Deferred tax liabilities</b>				
Goodwill and other amortisation	11,050	(1,066)	-	9,984
Other temporary differences	1	-	-	1
<b>Total</b>	<b>11,051</b>	<b>(1,066)</b>	<b>-</b>	<b>9,985</b>
Net deferred taxes	6,338	(3,455)	201	3,084
<i>of which: Tax assets for deferred taxes</i>	<i>17,389</i>			<i>13,069</i>
<i>Deferred tax liabilities</i>	<i>11,051</i>			<i>9,985</i>

The theoretical deferred tax assets pertaining to tax losses carried forward are Euro 8.759 million of losses in the tax consolidation.

### Reconciliation of theoretical and effective corporation tax charge (IRES)

(€'000)

Profit/(loss) before income tax	4,196
Percentage applicable for corporation income tax (IRES)	27.5%
<b>Theoretical IRES tax charge (corporation income tax)</b>	<b>1,154</b>
Difference between theoretical and effective tax charges:	
Non-deductible operating expenses	4,485
Shares of dividends not subject to tax	414
Uses of tax losses in preceding financial years	(1,063)
Tax subject to separate treatment	331
Effect of tax consolidation	(331)
<b>Effective IRES tax charge</b>	<b>4,990</b>

### Reconciliation of theoretical and effective corporation tax charge (IRAP)

(€'000)

Net operating result (EBIT)	19,221
Personnel expenses	45,779
Taxable base for purposes of IRAP	65,000
Statutory rate applicable for corporation income tax (IRAP)	3.9%
<b>Theoretical IRAP tax charge (corporation income tax)</b>	<b>2,535</b>
Difference between theoretical and effective tax charges:	
Effect of tax wedge	(1,266)
Other	(606)
<b>Effective IRAP tax charge</b>	<b>663</b>

The entry for income taxes included a positive figure of Euro 0.331 million (positive for Euro 1.168 million at 31 December 2014) for related-party transactions. Further details are given in Note 42 on related-party transactions.

## 41) Profit/(loss) for the year

At 31 December 2015, the Company made a net loss of Euro 1.456 million compared to a net loss of Euro 30.674 million at 31 December 2014.

## 42) Related-party transactions

As part of its corporate governance, Fiera Milano SpA has adopted *Principles of Conduct regarding Related-party Transactions* as described in the *Report on corporate governance and ownership structure*, which is part of the Board of Directors' Management Report in the Financial Statements.

Transactions between Fiera Milano SpA and related parties were carried out at market conditions.

In the Statement of Financial Position, the Statement of Comprehensive Income and the Statement of Cash Flows, 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, Fiera Milano SpA has decided that Euro 2.000 million is the material threshold above which separate disclosure must be made in the Statement of Financial Position and Euro 1.000 million is that for separate disclosure in the Income Statement.

Detailed information on related-party transactions is given below and is divided between related-party transactions with the controlling shareholder Fondazione Fiera Milano and related-party transactions with subsidiaries.

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

Recurring transactions are summarised below.

### I. Real estate lease agreements

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, the Company 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.

Initially cancellation of the contracts had to be notified eighteen months prior to the expiry of the contracts on 31 December 2014. 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.

Under 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. For 2015 alone, because of the presence of Expo 2015 and the positive impact on the exhibition business of the Company, the agreement stipulated that Fondazione Fiera Milano would be paid an additional rent based on any revenues generated in 2015 that exceeded the average annual revenues of the three-year period 2012-2014. The Company agreed to pay a supplementary rent equal to 15% of the aforementioned additional revenues up to a maximum amount of Euro 10.000 million. The figure used for the average annual revenues generated in the three years 2012-2014 was Euro 191.240 million.

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

As the transaction was 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 the Company, it was carried out under the Procedure for related-party transactions and, on 21 March 2014, an Information Document for a related-party transaction of greater importance ("Information Document OPC") was published.

To ensure that market conditions applied, the rental agreements were prepared by the Company using valuations done by an independent expert.

### II. 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.

### III. Group tax consolidation

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.

### IV. 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 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.

## **V. Licence contracts for use of 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.

This licence is valid until 31 December 2017 with automatic renewal for a further fifteen years, unless cancelled by one of the parties.

## **VI. Current account with Fondazione Fiera Milano**

The parties settle receipts and payments under the contracts existing between them, in particular the rental payments for the exhibition sites and the services provided by each party to the other, through a current account managed by Fondazione Fiera Milano on which interest is paid at market rates. This, with the prior consent of the controlling shareholder Fondazione Fiera Milano, allows the Company to have temporary extensions in the payment periods for the rent, which allows it to optimise its cash management and gives it greater flexibility in negotiating loan spreads with the banks. Since the financial year ended 31 December 2012, the current account has mainly been used for payments and particularly for the six-monthly rent payable for the exhibition sites.

## **Transactions with subsidiaries**

Fiera Milano SpA carried out commercial transactions with subsidiaries under market conditions that were for the organisation and management of exhibitions and other events.

As part of the corporate reorganisation and to achieve more efficient management of the organisational processes and strengthen the centralisation and single management of strategic services, Fiera Milano SpA provides the following services to some of its subsidiaries:

- administration, financial, and tax services;
- planning and control;
- procurement;
- legal services;
- human resources management;
- Information Communication Technology.

Fiera Milano SpA also provides communication services to subsidiaries in order to ensure a uniform Group image.

Transactions with subsidiaries are done at market conditions.

Fiera Milano Media SpA, Nolostand SpA and Fiera Milano Congressi SpA have a licence agreement with Fiera Milano SpA to use the title “Fiera Milano” as part of their own trademarks. These agreements last until 31 December 2016 with no automatic renewal of the agreement. The agreed amount that was paid by each licensee company was Euro 100.00.

## **I. Tax consolidation**

Fiera Milano SpA, as the consolidating entity and all the Italian subsidiaries, the consolidated companies, opted for the Italian tax consolidation method for payment of IRES tax.

The tax consolidation procedure gives Fiera Milano SpA a definite economic and financial benefit, particularly in allowing the immediate use of its tax losses, generated in the financial years in which this option is available, to offset the profits of the consolidated companies. In this way it benefits from an immediate tax saving and from the transformation into liquid financial resources of amounts relating to IRES that, in the absence of the tax consolidation, would otherwise have been allocated against the taxable income of certain other subsidiaries, and means that they remain within the Group.

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

## II. Nolostand SpA

On 14 May 2010, Fiera Milano SpA signed an agreement with its subsidiary Nolostand SpA for the exclusive supply of stand-fitting services to the clients of the Parent Company at exhibitions, events and other initiatives in the **fieramilano** and **fieramilanocity** exhibition sites. On 20 February 2015 a new agreement was signed under which the method of calculating the payment was modified. For 2015 the payment equated to 25% of the profit margin (direct revenues less direct costs), which came to Euro 3.389 million.

On 30 March 2015, Fiera Milano SpA signed an agreement with its subsidiary Nolostand SpA for support activities for the annual maintenance of the Corporate Quality Management System of Fiera Milano SpA from 30 March 2015 until 31 December 2015 with no automatic renewal of the agreement. The payment made to Nolostand SpA for 2015 was Euro 0.116 million.

## III. Fiera Milano Media SpA

Fiera Milano SpA has an agreement with Fiera Milano Media SpA whereby the latter has the exclusive rights to manage the advertising on the billboards owned by Fiera Milano SpA and also to promote and market its business to certain specific clients of the Parent Company. Fiera Milano Media SpA pays Fiera Milano SpA 35% of the revenues generated by these two activities. The remaining 65% remains with the subsidiary as remuneration for the services it provides under the agreement.

Financial, capital and economic transactions with related-parties are shown in the following table.



## Fiera Milano SpA

### Related party entries in the Statement of Financial Position and Income Statement in the financial year to 31 December 2015

(€'000)	Property, plant and equipment	Trade receivables and other non current	Inventories	Current financial assets	Pre-payments	Other current financial liabilities	Other current liabilities	Revenues from sales and services	Costs for materials	Costs of services	Cost of use of third-party assets	Personnel expenses	Other operating expenses	Other revenues	Financial income	Financial expenses	Tax
<b>Controlling shareholder:</b>																	
Fondazione Fiera Milano	12,125	4,684		15,225	4,811	198	1	802	52,205	93	887	239	62	1,045			
<b>Subsidiaries:</b>																	
Fiera Milano Congressi SpA	2,618	1		490	2,032	292	382					1,198	2,145	(331)			
Fiera Milano Media SpA	1,111	2	1,216	1,595	521	2,879	1	368	245	1,376	35						
Ipack - Ima SpA					3					13							
Mico DMC Srl										8							
Nolostand SpA	2	1,478		12,451	3,448	43,718	1	413	1,582								
Cipa Fiera Milano Publicações e Eventos Ltda		2				134											
Eurofairs International Consultoria e Participações Ltda		456	2,819														131
Limited Liability Company "Fiera Milano"		110	83		69	86											27
Fiera Milano Exhibitions Africa Pty Ltd		36	120		3	6											
Worldex (China) Exhibition & Promotion Ltd		33		26	13	116	2	262									
<b>Joint-ventures:</b>																	
Hannover Milano Fairs China Ltd					4	41											
Hannover Milano Fairs India Ltd		42		16	35	20								16			
Hannover Milano Fairs Shanghai Ltd		26		15	117	440	273										1,827
Hannover Milano Global Germany GmbH																	
<b>Total related parties</b>	<b>2</b>	<b>12,125</b>	<b>10,596</b>	<b>206</b>	<b>4,035</b>	<b>41</b>	<b>15,225</b>	<b>19,496</b>	<b>6,863</b>	<b>4</b>	<b>48,516</b>	<b>874</b>	<b>1,132</b>	<b>4,432</b>	<b>4,227</b>	<b>1,045</b>	<b>(331)</b>
<b>Total entries</b>	<b>-</b>	<b>13,031</b>	<b>45,878</b>	<b>1,198</b>	<b>4,035</b>	<b>31,545</b>	<b>15,395</b>	<b>47,595</b>	<b>277,307</b>	<b>900</b>	<b>144,992</b>	<b>54,945</b>	<b>4,636</b>	<b>6,756</b>	<b>4,306</b>	<b>3,297</b>	<b>5,653</b>
<b>Related party entries/ Total entries (%)</b>		<b>93%</b>	<b>23%</b>	<b>17%</b>	<b>100%</b>	<b>0.13%</b>	<b>99%</b>	<b>41%</b>	<b>2%</b>	<b>0.49%</b>	<b>33%</b>	<b>2%</b>	<b>24%</b>	<b>66%</b>	<b>98%</b>	<b>32%</b>	<b>-6%</b>

Information on the remuneration paid to the Administrative and Control Bodies, to the General Directors and to the Executives with Strategic Responsibilities in the financial year to 31 December 2015 is given in the table included in the section below on other information.

### Statement of related party cash flow

(€'000)	2015	2014
<b>Cash flow from operating activities</b>		
Revenues and income	11,295	8,777
Costs and expenses	(103,114)	(85,202)
Financial income	4,227	2,019
Financial expenses	(1,045)	(1,183)
Income/expenses from tax consolidation	331	1,168
Change in inventories	(14)	180
Change in trade and other receivables	(1,167)	(2,318)
Change in pre-payments	31	1
Change in other current liabilities	6,446	390
<b>Total</b>	<b>(83,010)</b>	<b>(76,168)</b>
<b>Cash flow from investing activities</b>		
Investments in non-current assets		
Tangible and intangible	(2)	-
<b>Total</b>	<b>(2)</b>	<b>-</b>
<b>Cash flow from financing activities</b>		
Change in current financial (assets)/liabilities	(7,769)	693
<b>Total</b>	<b>(7,769)</b>	<b>693</b>
<b>Cash flow in the period</b>	<b>(90,781)</b>	<b>(75,475)</b>

The table below shows cash flow from related party transactions:

	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities
<b>FY to 31.12.15:</b>			
<b>Total</b>	<b>44,841</b>	<b>(5,650)</b>	<b>217</b>
Related party transactions	(83,010)	(2)	(7,769)
<b>FY to 31.12.14:</b>			
<b>Total</b>	<b>(16,848)</b>	<b>(3,503)</b>	<b>17,994</b>
Related party transactions	(76,168)	-	693

The financial accounts for related-party transactions include the following non-recurring items:

- Euro 10.000 million of costs (zero at 31 December 2014);
- a Euro 3.000 million change in other liabilities (zero at 31 December 2014).

## 43) Other information

### Non-recurring events and transactions

Material non-recurring transactions that took place in the financial year under review and which are specified in accordance with Consob communication of 28 July 2006, are the additional rent paid by Fiera Milano to the controlling shareholder Fondazione Fiera Milano because the revenues generated in the 2015 financial year exceeded the average annual revenues in 2012-2014.

The additional component of rent paid in the financial year under review was Euro 10.000 million and is shown separately under the item costs for use of third-party assets.

The effect of this transaction on the economic and financial results are described in Note 42 on related-party transactions.

### Transactions relating to atypical and/or unusual operations

In accordance with Consob Communication of 28 July 2006, it should be noted no unusual and/or atypical operations were carried out in 2015 as defined in the aforementioned Communication.

## Significant events after the end of the reporting period

There have been no significant events since the end of the reporting period under review.

## Information under Article 149-duodecies of the Consob Listing Rules

The fees paid for the services provided by the independent audit firm in the 2015 financial year are shown in the following table.

(€'000)	Service provider	Fees for FY 2015
Auditing	Reconta Ernst & Young SpA	229
Other services (*)	Reconta Ernst & Young SpA	58
Other services (**)	Reconta Ernst & Young SpA	325
Other services (***)	Network Reconta Ernst & Young	20
<b>Total</b>		<b>632</b>

(\*) Agreed upon procedures

(\*\*) Professional services for the Prospectus of the Share Capital Increase

(\*\*\*) Other professional services related to environment, health and safety

## Remuneration of the Administrative and Control Bodies, General Managers and Executives with strategic responsibilities for the financial year to 31 December 2015

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

Since 1 May 2015, executives with strategic responsibilities have been identified as the Directors, the Statutory Auditors, and the Manager responsible for preparing the company accounts in the Parent Company. Until 30 April 2015, executives with strategic responsibilities also included the members of the Supervisory Committee.

The total remuneration for this category of Executives was Euro 3.479 million at 31 December 2015 (Euro 2.467 million at 31 December 2014) and the breakdown was as follows:

Remuneration	2015		
	Directors	Statutory Auditors	Other
(€'000)			
Short-term benefits	1,006	102	837
Post-employment benefits	7	-	66
Other non-current benefits	-	-	-
Staff-leaving indemnities	1,461	-	-
Notional income from stock option plans	-	-	-
<b>Total</b>	<b>2,474</b>	<b>102</b>	<b>903</b>

Remuneration	2014		
	Directors	Statutory Auditors	Other
(€'000)			
Short-term benefits	923	87	1,362
Post-employment benefits	10	-	85
Other non-current benefits	-	-	-
Staff-leaving indemnities	-	-	-
Notional income from stock option plans	-	-	-
<b>Total</b>	<b>933</b>	<b>87</b>	<b>1,447</b>

At 31 December 2015, the residual amount payable to this category was Euro 0.132 million.

Rho (Milan), 14 March 2016

On behalf of the Board of Directors  
**The Chairman**  
Roberto Rettani

## Attachment 1

### List of investments in subsidiaries and joint ventures for the financial year ended 31 December 2015

(art. 2427, paragraph 1, no.5 of the Italian Civil Code)

Name (Amounts in €'000)	Registered Office	Share capital	Equity		Net profit (loss)		% held	Carrying value
			Total	Pro-quota	Total	Pro-quota		
<b>Subsidiaries:</b>								
Fiera Milano Congressi SpA	Milan	2,000	5,668	5,668	1,062	1,062	100.00%	12,200
Fiera Milano Media SpA	Milan	2,803	2,581	2,581	(1,522)	(1,522)	100.00%	18,170
Nolostand SpA	Milan	7,500	9,682	9,682	3,249	3,249	100.00%	13,390
Ipack-Ima SpA	Milan	200	2,949	2,949	(1,126)	(1,126)	100.00%	6,825
Fiera Milano Exhibitions Africa Pty Ltd	Cape Town	-	2,190	2,190	(1,169)	(1,169)	100.00%	3,256
Eurofairs International Consultoria e Participações Ltda	San Paolo Brazil	8,353	5,503	5,502 1	(1,273)	(1,273)	99.98% +0.02% ind.	536
Fiera Milano India Pvt Ltd	Nuova Delhi	278	208	208	(57)	(57)	99.99%	105
Limited Liability Company Fiera Milano	Moscow	124	(318)	(318)	(220)	(220)	100.00%	-
Worldex (China) Exhibition & Promotion Ltd	Guangzhou	850	1,764	1,323	60	45	75.00%	7,878
<b>Total</b>								<b>62,360</b>
<b>Joint Venture:</b>								
Hannover Milano Global Germany GmbH	Hannover Germany	25	22,139	10,848	6,989	3,425	49.00%	10,990
<b>Total</b>								<b>10,990</b>

\* For subsidiary companies the indirect percentage held in the share capital has also been shown.

## Attachment 2

### Summary of key figures of the last financial statements of subsidiaries and associates included in the area of consolidation (Art. 2429, paragraph 4 of Italian Civil Code). Italian GAAPs:

(amounts in € '000)	31/12/15	31/12/14
<b>Fiera Milano Congressi SpA</b>		
Revenues from sales and services	36,633	37,835
Profit/(loss)	1,062	2,258
Equity	5,668	6,751
Net financial debt/(cash)	(4,568)	(4,670)
<b>Fiera Milano Media SpA</b>		
Revenues from sales and services	13,421	12,373
Profit/(loss)	(1,522)	(786)
Equity	2,581	4,103
Net financial debt/(cash)	541	723
<b>Nolostand SpA</b>		
Revenues from sales and services	55,891	33,389
Profit/(loss)	3,249	89
Equity	9,682	6,433
Net financial debt/(cash)	(2,054)	2,122
<b>Ipack-Ima SpA</b>		
Revenues from sales and services	3	-
Profit/(loss)	(1,126)	-
Equity	2,949	-
Net financial debt/(cash)	(3,552)	-

**Summary of key figures of the last financial statements of subsidiaries and associates included in the area of consolidation (Art. 2429, paragraph 4 of Italian Civil Code). IAS/IFRS:**

	31/12/15	31/12/14
<b>Fiera Milano Exhibitions Africa Pty Ltd</b>		
(amounts in South African rand '000)		
Revenues from sales and services	20,760	25,821
Profit/(loss)	(16,572)	(3,868)
Equity	37,135	45,393
Net financial debt/(cash)	1,339	(2,335)
<b>Eurofairs International Consultoria e Participações Ltda</b>		
(amounts in Brazilian reais '000)		
Revenues from sales and services	-	-
Profit/(loss)	(4,710)	(2,176)
Equity	23,728	28,438
Net financial debt/(cash)	5,236	1,125
<b>Fiera Milano India Pvt Ltd</b>		
(amounts in rupees '000)		
Revenues from sales and services	-	5,092
Profit/(loss)	(4,066)	3,048
Equity	14,998	19,064
Net financial debt/(cash)	(7,574)	(8,479)
<b>Fiera Milano Interteks Uluslararası Fuarçılık A.S.</b>		
(amounts in Turkish Lira '000)		
Revenues from sales and services	-	7,981
Profit/(loss)	-	(893)
Equity	-	3,014
Net financial debt/(cash)	-	917
<b>Limited Liability Company Fiera Milano</b>		
(amounts in roubles '000)		
Revenues from sales and services	21,366	27,928
Profit/(loss)	(14,973)	(11,169)
Equity	(25,637)	(10,664)
Net financial debt/(cash)	26,717	5,156
<b>Worldex (China) Exhibition &amp; Promotion Ltd</b>		
(amounts in yuan renminbi '000)		
Revenues from sales and services	15,218	21,769
Profit/(loss)	416	3,204
Equity	12,453	11,416
Net financial debt/(cash)	(10,350)	(9,901)

**Summary of key figures of the last financial statements of joint ventures included in the area of consolidation (Art. 2429, paragraph 4 of Italian Civil Code). Italian GAAPs:**

(amounts in € '000)	22/12/15	31/12/14
<b>Milan International Exhibitions Srl liquidated the 22 December 2015</b>		
Revenues from sales and services	-	-
Profit/(loss)	(41)	(37)
Equity	-	110
Net financial debt/(cash)	(30)	(126)

**Summary of key figures of the last financial statements of joint ventures included in the area of consolidation (Art. 2429, paragraph 4 of Italian Civil Code). IAS/IFRS**

(amounts in € '000)	31/12/15	31/12/14
<b>Hannover Milano Global Germany GmbH</b>		
Revenues from sales and services	40,684	28,645
Profit/(loss)	6,989	3,310
Equity	22,139	18,119
Net financial debt/(cash)	(21,221)	(16,195)

# Declaration in accordance with Article 154-*bis*, of Legislative Decree 58/98

1. The undersigned, Corrado Peraboni, as Chief Executive Officer, and Flaminio Oggioni, as Manager responsible for preparing the Financial Statements of Fiera Milano SpA, declare, having noted the provisions of article 154-*bis*, paragraphs 3 and 4 of Legislative Decree of 24 February 1998, no. 58:
  - the appropriateness in relation to the characteristics of the business and
  - the effective application of the administrative and accounting procedures for the preparation of the Financial Statements for the year to 31 December 2015.
2. The evaluation of the adequacy of the administrative and accounting procedures for the preparation of the Financial Statements at 31 December 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 Financial Statements at 31 December 2015:
    - have been prepared in accordance with the applicable international accounting standards recognised by the European Union 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.
  - 3.2 the report on operations includes a reliable analysis of the trend and results of operations and the situation of the Issuer, together with a description of the main risks and uncertainties to which it is exposed.

14 March 2016

*Signed by*  
**The Chief Executive Officer**  
Corrado Peraboni

*Signed by*  
**The Manager responsible for preparing  
the Company's Financial Statements**  
Flaminio Oggioni





# Financial year 2015

## Report of the Board of Statutory Auditors



# Report of the Board of Statutory Auditors to the Shareholders' Meeting pursuant to article 153 of legislative Decree no. 58/98 and of article 2429 of the Italian Civil Code

To the Shareholders' Meeting of Fiera Milano SpA

Dear shareholders,

Under Article 153 of Legislative Decree of 24 February 1998 no. 58 (the "Consolidated Finance Act") the *Board of Statutory Auditors* is required to report to the *Shareholders' Meeting* called to approve the Financial Statements on its auditing and supervisory duties and any reprehensible acts or omissions noted. It also has the authority to make proposals to the Meeting regarding the Financial Statements, their approval, and any other items within its authority.

The *Board of Statutory Auditors* in office at the date of the present Report was appointed by the *Shareholders' Meeting* of 29 April 2015 and its mandate will expire with the approval of the Financial Statements at 31 December 2017. The appointment of the *Board of Statutory Auditors* was made in accordance with all applicable legal and statutory provisions and regulations and the composition of the *Board of Statutory Auditors* respects the requirements of gender equality under Article 148 of Legislative Decree 58/98.

The appointment of the *Statutory Auditors* was made on the basis of the proposal put forward by the *controlling shareholder* under the applicable legal and statutory provisions and regulations.

In the 2015 financial year, the Board of Statutory Auditors ascertained, from the declarations received from the Statutory Auditors themselves and from available information, that there were no reasons that their appointments should be forfeit, or to consider the statutory auditors ineligible or unfit under Articles 2382 and 2399 of the *Italian Civil Code* and of Article 148 of Legislative Decree 58/9, and that they had the independence required by law under the *Rules of Conduct for the Board of Statutory Auditors* drawn up by the *Consiglio Nazionale dei Dottori Commercialisti ed Esperti Contabili* and the *Self-regulatory Code* for Listed Companies regarding *independent Directors*, giving greater weight to substance (a guarantee of independent judgement) over form. No events occurred which could have resulted in the requisite of independence being reversed compared to the assessment carried out at the time of the appointment.

The *Board of Statutory Auditors* communicated the results of these assessments, in accordance with Article 144-novies, paragraph 1-ter of *Consob Listing Rules no. 11971*, to the *Board of Directors* so that they could be made publicly available.

During the financial year under review, the *Statutory Auditors* carefully assessed their responsibilities and the time required to execute these responsibilities diligently; they also checked that the limit on positions that can be held in other companies established in law (Article 148-bis of the *Consolidated Finance Act* and other enacted laws, Articles 144-duodecies to 144-quinquiesdecies of the *Listing Rules*) had not been exceeded, and fulfilled the disclosure requirements of Consob under Article 148 of the *Consolidated Finance Act* and the public under Article 144-terdecies of the *Listing Rules*.

The *Board of Statutory Auditors* reports that no *Statutory Auditor* has had any personal interest or acted on behalf of a third-party in any important transaction during the financial year under review.

## **Supervisory activity: legal, regulatory, and ethical**

The supervisory duties of the *Board of Statutory Auditors* were carried out in accordance with legal requirements and, in particular, those of Article 149 of Legislative Decree 58/98 (the *Consolidated Finance Act*); with the recommendations of Consob on corporate controls and the role of the *Board of Statutory Auditors*, in particular, *Consob Communication* of 20 February 1997 no. DAC/RM 97001574); with the provisions of the *Self-regulatory Code* and those of the 2015 edition of the *Rules of Conduct of the Board of Statutory Auditors* of listed companies drawn up by the *Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili*.

Since the Company is listed on the STAR segment of the market regulated by *Borsa Italiana SpA*, in preparing the present Report, the *Board of Statutory Auditors* took account of *Consob Communications* no. 1025564 of 6 April 2001, no. 3021582 of 4 April 2003 and no. 6031329 of 7 April 2006, which govern the content of the Reports of *Boards of Statutory Auditors to Shareholders' Meetings* of listed companies.

On 30 April 2015, the previous *Board of Statutory Auditors*, sent *Consob*, in accordance with *Consob Communication* no. 6031329 of 7 April 2006, the "summary report of supervisory activities" for the 2014 financial year, using the model prepared for this purpose by *Consob*.

#### **Attendance at meetings of the corporate bodies**

The *Board of Statutory Auditors* declares that:

- In the 2015 financial year since 29 April 2015, the *Board of Statutory Auditors* has held 12 meetings, has attended the *Shareholders' Meeting* and also 13 meetings of the *Board of Directors*;

Since the end of the 2015 reporting period until the date of the present Report, the *Board of Statutory Auditors* has held five meetings;

- the *Control and Risks Committee* has held eight meetings.
- the *Remuneration Committee* has held two meetings.
- the *Supervisory Board* has held five meetings.

The *Board of Statutory Auditors* took part in the meetings of the *Control and Risk Committee* and of the *Remuneration Committee*, either through the presence of its Chairperson or through that of another *Statutory Auditor* designated by the Chairperson.

The Chairperson of the *Board of Statutory Auditors* is a member of the *Supervisory Board* and attended the meetings of the latter in that capacity.

#### **Monitoring of compliance with legal and statutory requirements and regulations and adherence to the principles of correct management**

Through its attendance at the *Shareholders' Meeting* and the meetings of the *Board of Directors*, the *Board of Statutory Auditors* has monitored compliance with legal and statutory requirements and regulations that govern the functioning of the *Company* bodies and the adherence to the principles of correct management. The frequency of the *Board of Directors' meetings*, the average attendance rate of the *Directors*, and the duration of the meetings were sufficient and no decisions were taken without the appropriate information being given to the *Directors* and the *Statutory Auditors*. The *Board of Statutory Auditors* has verified that all the decisions taken have been in the interests of the *Company* and have been supported by appropriate documentation and, if necessary, expert opinions regarding the economic and financial suitability of the transactions.

The *Board of Statutory Auditors* acknowledges that the *Board of Directors* received adequate information from the *Chairman*, the *Chief Executive Officer* and the *Control and Risk Committee* and that it monitored the general management of the *Company*, periodically comparing the results achieved with those in the plan, studied and approved transactions of a material size, and was aware of the risks and consequences of any transaction undertaken.

The disclosure requirements for information covered by regulations, insider information or information requested by the *Regulatory Authorities* were met.

#### **Information on the overall activities of the Company and subsidiaries**

The *Board of Statutory Auditors* acknowledges that *Fiera Milano SpA* is not subject to direction and coordination, under Articles 2497 and following of the *Italian Civil Code*, by the controlling shareholder *Fondazione Ente Autonomo Fiera Internazionale di Milano*, as it has organisational and management autonomy. *Fiera Milano SpA* guides, directs and coordinates its subsidiaries.

At regular intervals, the *Directors* provided the *Board of Statutory Auditors* with adequate information concerning the overall activities of the *Company*, the various sectors in which it operates also through subsidiaries and associates, and any material economic, financial or capital transactions. On the basis of the information flows acquired in the course of its monitoring activities, the *Board of Statutory Auditors* was able to ascertain that the actions discussed and implemented adhered to the law and to the *Company Articles of Association* and were neither manifestly imprudent or risky, created conflicts of interest or differed from the resolutions of the *Shareholders' Meeting*.

The *Board of Statutory Auditors* also monitored that the *Guidelines, Rules of Conduct* and the various *Procedures* of the Group were respected and that the correct processes were followed and the *Directors* made aware of the outcomes when taking their decisions. Further information on the companies in which *Fiera Milano SpA* has an investment were obtained from the independent *Audit Firm* and from the *Statutory Auditors* of these entities.

The *Board of Statutory Auditors* acquired the necessary information to carry out its monitoring work and ensure that the principles of correct management were followed; this was also through information obtained directly from the various *Company* departments and from the independent *Audit Firm*. On the basis of the information acquired, it emerged that the most significant economic, financial, and capital transactions of the Company, also through entities in which it has direct or indirect investments, were the following:

1. Acquisition of 15% of the share capital of *Fiera Milano Exhibitions Africa PTY Ltd*

On 9 April 2015, *Fiera Milano SpA* finalised the acquisition of 15% of the share capital of *Fiera Milano Exhibitions Africa Pty Ltd* for Euro 0.300 million from the shareholder *Christine Cashmore*, following the exercise of the call option in the acquisition contract for the shareholding (31 July 2012).

2. Acquisition of 51% of "*MICO DMC Srl*"

On 6 May 2015, *Fiera Milano Congressi SpA*, a 100%-owned subsidiary of *Fiera Milano SpA*, finalised the acquisition of 51% of the share capital of *MICO DMC Srl*; "*AIM Group International*" owns the remaining 49%. The company is active in destination management services. The cost of the shareholding acquired was Euro 0.051 million.

3. Acquisition of 100% of "*Ipack-Ima SpA*"

On 23 July 2015, the *Company* completed the acquisition of 100% of the share capital of *Ipack-Ima SpA* from *Centrexpo SpA*. The transaction price was Euro 6.319 million, to which was added, as agreed in the contract, a price adjustment of Euro 0.506 million that was calculated on 23 October 2015.

4. Share capital increase of *Worldex (China) Exhibition & Promotion Ltd*

On 26 July 2013, the *Board of Directors of Fiera Milano SpA* approved a share capital increase of *Worldex* for a maximum of *RMB (Chinese Renminbi)* 8 million and gave a mandate with all the necessary powers for the transaction to the *Chief Executive Officer*. On 10 January 2014, *Fiera Milano SpA* paid the first tranche of Euro 0.407 million. On 1 October 2015, *Fiera Milano SpA* paid the second tranche of *RMB* 0.370 million of the share capital increase of *Worldex (China) Exhibition & Promotion Ltd*, which was equivalent to Euro 0.052 million.

5. Constitution of the company *Ipack-Ima Srl* in joint venture with *Proma Pack Srl*

On 21 September 2015, the *Board of Directors of Fiera Milano SpA* authorised the joint venture with *Proma Pack Srl* and the constitution of the company *Ipack-Ima Srl* through its subsidiary *Ipack-Ima SpA* (100% owned).

On 16 October 2015, *Ipack-Ima SpA* and *Proma Pack Srl*, a company belonging to "*UCIMA*", the *Italian Association for producers of packaging machinery*, constituted the company *Ipack-Ima Srl*. *Ipack-Ima SpA* holds 49% and *Proma Pack Srl* 51% of *Ipack-Ima Srl*. *Ipack-Ima SpA* paid Euro 0.010 million for its 49% shareholding.

6. Share capital increase of *Fiera Milano SpA*

On 31 July 2015, the *Extraordinary Shareholders' Meeting of Fiera Milano SpA*:

- approved a share capital increase, on a paid basis and in divisible form, for a total maximum, including any share premium, of Euro 70.000 million to be offered to existing shareholders of the *Company*, under 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 issue at the time of the issue of new shares, to be carried out within 12 months of publication of the date of the approval given by the Shareholders' Meeting.

- gave the *Board of Directors* all the necessary powers to determine the final amount of the share capital increase, the number of ordinary shares to be issued, the ratio at which the shares would be offered, the issue price and the timetable of the share capital increase.
- approved cancelling the nominal value of the shares.
- On 26 November 2015, the *Board of Directors of Fiera Milano SpA* approved the issue of a maximum of 31,126,821 *Fiera Milano SpA* ordinary shares, with no indication of nominal value and with normal dividend entitlement, to be offered to existing shareholders at a price of Euro 2.245 per share (of which Euro 0.01 per share to be allocated to share capital and Euro 2.235 to be the share premium) in a ratio of three new *Fiera Milano SpA* shares for every four shares held for a maximum total of Euro 69.880 million.
- The share capital increase closed with 29,770,392 ordinary shares subscribed, equal to 95.64% of the total shares offered for a total amount of Euro 66.835 million, of which Euro 0.297 million allocated to share capital and Euro 66.538 million already paid by 31 December 2015 to the share premium reserve.

*Fondazione Fiera Milano*, the controlling shareholder of *Fiera Milano SpA*, exercised all its rights and subscribed to 19,618,206 ordinary shares for a total value of Euro 44.043 million.

The transaction resulted in the share capital of *Fiera Milano SpA* increasing by Euro 0.297 million and the share premium reserve increasing by Euro 66.538 million.

#### 7. Rental agreement for the Rho and Milan exhibition sites.

On 31 March 2014, new rental agreements for the exhibition sites of Rho and Milan were signed between *Fiera Milano SpA* and *Fondazione Fiera Milano*. The new rental agreements are for nine years effective from 1 July 2014 and may be automatically renewed for a further nine years. The rent for the *Rho exhibition site* was set at Euro 38.800 million per annum from 2015, adjusted for 100% of the change in the ISTAT consumer price index.

For 2015 alone, because of the presence of “EXPO”, the agreement stipulated an additional rent of 15% of any revenues generated by the Parent Company in 2015 that exceeded the average annual revenues of the three-year period 2012-2014 up to a maximum amount of Euro 10.000 million.

*Fiera Milano Spa* and *Fondazione Fiera Milano* settle receipts and payments resulting from contracts between them and, in particular, the rental agreements for the exhibition sites, through a current account, which carries interest at market rates.

Adequate information to permit decisions on all the aforementioned transactions was given in the meetings of the *Board of Directors* and the transactions have been comprehensively described in the *Notes to the Financial Statements* and in the *Directors' Management Report on Operations 2015*, which also provides a complete update on the reference legal framework.

#### **Answers provided to shareholders in the Shareholders' Meeting (Article 127-ter of the Consolidated Finance Act)**

The *Board of Statutory Auditors* monitored that the answers provided to a *shareholder* at the *Shareholders' Meeting* of 31 July 2015 were thorough and complete as required under Article 127-ter of the *Consolidated Finance Act*.

#### **Laws governing “market abuse” and “protection of savings”**

The *Board of Statutory Auditors* monitored that the laws governing “market abuse”, and “protection of savings” were adhered to as regards corporate information and information on “*Internal Dealing*”, with particular reference to the processing of insider information and the procedure for issuing press releases and making information publicly available. In particular, the *Board of Statutory Auditors* monitored that the provisions of Article 115-bis of the *Consolidated Finance Act* and Articles 152-bis to 152-quinques of the *Listing Rules* on the updating of the *Register of persons* with access to insider information were respected.

### **Atypical and/or unusual transactions, including intergroup and related-party transactions**

- with related parties or which could have a material impact on the economic, financial or capital situation
- with third parties or with group companies

In 2015, the *Board of Statutory Auditors* was unaware of and received no information on any atypical or unusual transactions, as defined in *Consob Communication* of 28 July 2006, among *Group* companies, with third parties or with related parties.

### **Monitoring of relations with subsidiaries**

The instructions given to subsidiaries were adequate to ensure the timely fulfilment by the latter of the disclosure requirements under the law.

The *Board of Statutory Auditors* examined and assessed the verification and update document covering areas where there is evidence of direction and coordination by the Parent Company and the companies that are subject to this direction and coordination, ensuring that the relevant provisions of Articles 2497 and following of the *Italian Civil Code* were respected.

### **Monitoring of intergroup and related-party transactions**

As regards intergroup transactions, the *Directors* in the *Notes to the Financial Statements* and in the *Board of Directors' Management Report* have disclosed the existence of commercial and financial relations among *Group* companies and has explained that these transactions were part of the ordinary management and were governed by market conditions.

Related-party transactions were almost exclusively transactions done with subsidiaries and associates for purposes of rationalisation or economic efficiency; these are part of the ordinary management and are governed by market conditions and are reported in the *Board of Directors' Management Report* and the *Notes to the Financial Statements*.

In particular, the *Board of Statutory Auditors* examined and agreed the document with the key financial conditions of intergroup service contracts in the 2015 financial year and believe that the degree of analysis to identify the criteria for attributing the costs to the single companies on the basis of the services used was appropriate. With regard to *related-party* transactions as defined in *IAS 24*, which were also reported in the *Notes to the Financial Statements*, the *Board of Statutory Auditors* obtained adequate assurance from the *Control and Risk Committee* that procedures existed: to guarantee that related-parties were identified and that transactions carried out with them were transparent and respected essential integrity and procedural correctness; to evaluate the adequacy of the limits for *procedures* for *related-party* transactions; and to ensure that these were in the corporate interest. It also monitored the adequacy of the information disclosed by the *Directors* in the *Board of Directors' Management Report* and the *Notes to the Financial Statements*.

### **Opinions expressed by the Board of Statutory Auditors**

In the financial period under review, the *Board of Statutory Auditors* agreed the findings of the *Remuneration Committee* and expressed favourable opinions under Article 2389 of the *Italian Civil Code* on the resolutions of the *Board of Directors* of 11 May 2015 regarding:

- the remuneration, under Article 2389, 3<sup>o</sup> paragraph of the *Italian Civil Code*, of the *Chairman (Mr Roberto Rettani)* and the *Deputy Chairpersons (Ms Licia Ronzulli and Mr Attilio Fontana)*;
- the remuneration of *Mr Corrado Peraboni* as *Chief Executive Officer of Fiera Milano SpA*;
- the remuneration of *Mr Corrado Peraboni* as a *Manager of Fiera Milano SpA* and his contract of employment.

In accordance with the *Guidelines* of the *Group*, at its meeting of 26 October 2015, the *Board of Directors* expressed its opinion on the remuneration of the *Corporate Bodies of Ipack-Ima Srl*.

The *Board of Statutory Auditors* verified that the aforementioned decisions taken by the *Board of Directors* following the proposal of the *Remuneration Committee* adhered to current *Group Guidelines* and were consistent with the recommendations of the *Self-regulatory Code* and with the provisions of both the *Procedure for Related-party Transactions* and the *Remuneration Policy* in the *Report on Remuneration* put to the advisory vote of the *Shareholders' Meeting*.

Information on the type and amount of remuneration are given in the *Report on Remuneration* (in accordance with Article 123-ter of Legislative Decree 58/98); the *Board of Statutory Auditors* examined and agreed with the *Control and Risk Committee* the approach adopted in this Report.



The *Board of Statutory Auditors* was in favour of the decisions of the Remuneration Committee and also expressed a favourable opinion on the decision of the *Board of Directors* of 14 March 2016 regarding:

- the *Report on Remuneration* for the 2016 *Shareholders' Meeting* which illustrates:
  - the policy of *Fiera Milano SpA* for the remuneration of members of the *Board of Directors* and of *Executives with Strategic Responsibilities*;
  - the procedures used to adopt and implement this policy;
  - the illustration of each component that makes up the remuneration of members of the *Board of Directors* and of *Executives with Strategic Responsibilities*;
  - the amount of remuneration recognised to members of the *Board of Directors* and *Executives with Strategic Responsibilities*;
- the Information Document for the 2017-2023 *Stock Option Plan* to be presented to the *Shareholders' Meeting* for its approval.

Information on the *Remuneration Policy* is included in the *Report on Remuneration*; the *Board of Statutory Auditors* examined and agreed with the *Control and Risk Committee* the approach adopted in this Report.

#### **Practical implementation of corporate governance rules**

The *Board of Statutory Auditors* made a practical evaluation of the effective and correct application of the corporate governance rules under the updated version of the *Self-regulatory Code* to which the Company adhered as is demonstrably evident from the *Report on Corporate Governance and Ownership Structure* under Article 124-ter of the *Consolidated Finance Act* and of Article 89-bis of *Consob Rules*.

The *Board of Directors* was appointed by *Shareholders' Meeting* on 29 April 2015 and will remain in office until the approval of the *Financial Statements* at 31 December 2017. It took office on 29 April 2015.

As part of its monitoring of the practical implementation of corporate governance rules, the *Board of Statutory Auditors* verified, in accordance with Article 3, c. 5 of the *Self-regulatory Code*, the correct application of the criteria and procedures used by the *Board of Directors* to verify and arrive at a positive assessment of the independence of the *Directors*, both under Article 148, third paragraph of the *Consolidated Finance Act* and under the *Self-regulatory Code*, giving greater weight to substance (a guarantee of independent judgement) than to form.

The *Board of Statutory Auditors* agreed the positive assessment that was the outcome of the self-appraisal of the *Board of Directors*, as required by applicative criteria no. 1. c. 1, letter g) of the *Self-regulatory Code*, regarding the functioning, composition and size of the *Board of Directors* and of the committees in the 2015 financial year.

The self-appraisal process promoted by the Chairman of the *Board of Directors* was done through the anonymous completion of a questionnaire by each *Director*; the results of the questionnaires were presented to the *Board of Directors* at the meeting of 14 March 2016.

The *Board of Statutory Auditors* examined and agreed with the *Control and Risk Committee* and the *Supervisory Board* what topics to present to the *Board of Directors* for updating the corporate governance documents (*Rules of Conduct for Internal Dealing, Procedures for Related-party Transactions*), to the system of commissions and proxies, and to the *Organisational, Management and Control Model* under *Legislative Decree no.231/2001*.

#### **Monitoring the adequacy of the organisational structure**

The *Board of Statutory Auditors* was provided with adequate information on the Group reorganisation, which was developed according to principles of form and substance, on the sole responsibility of the *Administration, Finance and Control*, and on the system of internal *Committees* that supported the *Committees of the Board of Directors*.

The *Board of Statutory Auditors* verified the consistency of the decision-making structure of the *Company* and the powers delegated to it.

### **Adherence to Legislative Decree no. 231/2001**

With reference to the organisational and procedural activities implemented pursuant to Legislative Decree 231/2001 regarding the administrative responsibility of *Entities* for crimes under the law, the *Board of Statutory Auditors* noted, both in meetings of the Supervisory Board, at which the *Chairperson of the Board of Statutory Auditors* participated as a member, and from the periodic reports prepared by the aforementioned Supervisory Board on its activities, that no problematic issues emerged regarding the implementation and efficacy of the *Organisational, Management and Control Model*.

In so far as it concerns it, the *Board of Statutory Auditors* has:

- verified the existence of the professional requirements of the members of the *Supervisory Board* as required by the *Model* under Legislative Decree 231/2001;
- checked the adequacy of the powers and financial resources given the *Supervisory Board* for the normal execution of its corporate responsibilities.
- checked that the reports received were consistent with the disclosure requirements under the Model and assessed the programme and budget of the *Supervisory Board* for the 2016 financial year.

### **Legislation governing data protection**

During the financial year under review, the *Group* updated its security practices to guarantee an adequate level of personal data protection under the provisions of the *Data Protection Code* (Legislative Decree 196/2003) and of the *Provisions* issued by the *Data Protection Authority*.

### **Assessment of the adequacy of the internal control system**

The *Board of Statutory Auditors* assessed and monitored the adequacy of the *Internal Control System* and its compliance with the *Self-regulatory Code* and, in general, that it adhered to best practice both in terms of design and operation.

The presence of a member of the *Board of Statutory Auditors* at all meetings of the *Control and Risk Committee* ensured the timely exchange of information necessary for both bodies to carry out their roles; it also ensured oversight of the *Control and Risk Committee* as required of the *Board of Statutory Auditors* under Article 19 of Legislative Decree no. 39/2010, and of the accounting audit and, in particular, ensured that the financial information process and the efficacy of the internal control systems, the internal audit, and risk management were monitored.

The *Board of Statutory Auditors* declares that it monitored the most important activities of the internal control and risk management systems by its attendance at meetings of the *Control and Risk Committee* and of the *Remuneration Committee* and by studying the reports prepared by the *Internal Audit* department.

Periodic meetings with the *Head of Internal Audit* and the *Manager* responsible for preparing the Company's financial statements an analysis of the reports prepared by these persons regarding their activities allowed the *Board of Statutory Auditors* to monitor the financial information process and the efficacy of the internal control systems and the internal audit and risk management, as required by Article 19 of Legislative Decree 39/2010.

Meetings and interviews were held with members of the *Boards of Statutory Auditors* of the subsidiaries; no matters arose that need to be drawn to the attention of the *Shareholders' Meeting*.

As part of its responsibilities, the Board of Statutory Auditors also reviewed:

- the periodic reports prepared by the *Control and Risk Committee* and the *Head of Internal Audit* on their activities;
- the reports prepared at the end of the evaluation and monitoring process by the *Head of Internal Audit* with the relative results, recommendations and follow up;
- the quarterly updates on the risk management process, the results of the monitoring and assessment activities of the *Internal Audit* department, and the targets achieved.

The periodic reports and meetings with the *Head of Internal Audit* gave no evidence of a lack of available resources or of any constraints to the monitoring activity. The *Board of Statutory Auditors* expressed a favourable opinion, as required by the *Self-*

regulatory Code, on the Programme for the financial year under review and the current financial year, and on the budget of the Internal Audit Department, also as regards available resources. On the matter of risk management, the Board of Statutory Auditors ascertained that, in accordance with the Guidelines, the Procedures were aimed at monitoring the main risks to which the Company was exposed.

The Board of Statutory Auditors examined and agreed with the Control and Risk Committee the proposals to be put to the Board of Directors for updating the corporate governance documents (Rules of Conduct governing Internal Dealing, Procedures for Related-party Transactions) and the system of commissions and proxies.

As a result of the work carried out in the financial period under review described above, the Board of Statutory Auditors agreed with the positive opinion expressed by the Control and Risk Committee regarding the adequacy of the Internal control and risk management system.

### **Assessment of the adequacy of the administrative and accounting system**

Regarding assessment of the adequacy of the administrative and accounting system and its reliability to provide a true and fair view of the management of the business, the Board of Statutory Auditors declares that it received adequate information on the monitoring of the corporate processes of the administrative and accounting system and on the Internal Control system carried out during the year both for the periodic management reports and for the phase of preparation of the Financial Statements, to ensure that the obligations of supervision and monitoring that Fiera Milano SpA is subject to under Legislative Decree 262/05 were fulfilled.

The Board of Statutory Auditors examined the updates to the Model under Legislative Decree 262/2005 that were necessitated by the organisational and corporate changes made to the Group, the risk assessment and the results of tests carried out, acknowledging the outcome of the tests on the controls implemented and on the work schedule. No problematic issues were found or anything that would prevent the release of the declaration of the Manager responsible for preparing the Company's financial statements and of the Chief Executive Officer regarding the adequacy of the administrative and accounting procedures employed in preparing the Financial Statements of Fiera Milano SpA and the Consolidated Financial Statements for the 2015 financial year. The adequacy of the administrative and accounting procedures was verified also through information acquired from the managers of the various departments and through an analysis of the results of the work of the Audit Firm.

The Board of Statutory Auditors, also through the use of information provided by the Audit Firm, monitored that the preparation and publication, as well as the format, of the Half-year Report and of the Interim Management Reports adhered to the relevant regulations and complied with the accounting standards.

The Board of Statutory Auditors monitored that the instructions given to the subsidiaries by Fiera Milano SpA were adequate as regards the data flows required to prepare the Financial Statements, the Interim Financial Statements and were also adequate to meet the disclosure requirements under Article 114, paragraph 2 of Legislative Decree 58/98.

### **Indications of any denunciations, omissions or reprehensible actions**

Following the monitoring and control activities carried out in the financial year under review, the Board of Statutory Auditors can state that:

- in the course of its activities no omissions, irregularities, reprehensible actions or matters of significance emerged that needed to be reported to the corporate bodies or included in the present Report;
- on 2 June 2015, the Board of Statutory Auditors received a complaint under Article 2408 of the Italian Civil Code from one of the shareholders with a shareholding of one share about a reprehensible act relating to the bilateral relations of a third-party contractor and Fiera Milano SpA. The Board of Statutory Auditors carried out all the necessary checks in the Parent Company and the subsidiaries. The Board of Statutory Auditors declares that no fact or indication deriving from these checks confirm the complaint made. The Board of Directors of the Company was informed of this outcome at its meeting on 21 December 2015 and it will also form part of the information given to shareholders at the Shareholders' Meeting that has already been convened in accordance with Article 2364 of the Italian Civil Code.
- no transactions were identified with third-parties, intergroup and/or with related-parties that could be considered atypical or unusual because of their content, nature, size and timing.

### Monitoring the legal audit of the Financial Statements

*Fiera Milano SpA* is subject to accounting control and legal audit by the independent *Audit Firm Reconta Ernst & Young*.

During the financial year under review, regular meetings were held with the independent *Audit Firm*, both formal meetings at which the *administrative executives* of the *Company* were present and informal meetings between individual members of the *Board of Statutory Auditors* and representatives of the *Audit Firm*, to have a reciprocal exchange of relevant data and information as required under Article 150 of Legislative Decree 58/98. There was always maximum collaboration between the parties - also regarding the preparatory activity for the Annual Financial Statements and there were no problematic issues worthy of mention. As required by Article 19 of Legislative Decree 39/2010, in which the *Board of Statutory Auditors* is considered the *Committee for Internal Control and Audit*, the *Audit Firm* illustrated the *2015 Audit Plan* to the *Board of Statutory Auditors*.

Today, the *Audit Firm* released its *Report* on the key issues that emerged from the legal audit; these indicate no significant failings in the internal audit for the financial information process.

The *Report* is addressed to the *Board of Statutory Auditors* in its role as *Committee for Internal Control*.

Given the “*Annual Transparency Report*” prepared by *Reconta Ernst & Young*, published on its website and given to the *Board of Statutory Auditors*, the formal confirmation of its independence provided by the aforementioned company, and the communication regarding the tasks assigned to it and to entities linked to it by *Fiera Milano SpA* and its subsidiaries, and having ascertained that no tasks were assigned the firm that could compromise the independence of the independent *Auditors* under Article 17 of Legislative Decree 39/2010, the *Board of Statutory Auditors* does not believe there are any problematic issues regarding the independent status of *Reconta Ernst & Young*.

The *Audit Firm Reconta Ernst & Young* was paid a total of Euro 229,000 for the complete audit of the *Financial Statements* and the *Consolidated Financial Statements* and a limited audit of the *Half-year Financial Statements*.

*Fiera Milano SpA* also paid *Reconta Ernst & Young* further sums totalling Euro 383,000 for:

- agreed upon procedures of regular reports for Euro 58,000
- services provided for the preparation of the Prospectus for the share capital increase for Euro 325,000 and to the companies that are part of the network:
- consultancy services for the *Sustainability Report* for Euro 20,000.

The *Board of Statutory Auditors* monitored the adjustment to the remuneration under the contractual conditions of the original proposal and considered that the size of the adjustment was consistent with the number of hours worked.

The *Board of Statutory Auditors* examined the proposal for the supply of consultancy services and verified that this activity was not incompatible with that of the audit under Article 160 of the *Listing Rules*, as confirmed by *Consob* in the document “*outcome of the consultation*” of 4 May 2007.

In the interests of providing complete information, *Fiera Milano SpA* and its *subsidiaries* gave auditing assignments to *Reconta Ernst & Young SpA* and to entities linked to it for a total of Euro 415,000 and other assignments that differed from auditing the accounts for a total of Euro 529,000. These were for:

- |  |               |
|--|---------------|
| – services provided to prepare the <i>Prospectus</i> for the share capital increase          | Euro 325,000= |
| – agreed upon procedures for the periodic reports  | Euro 84,000=  |
| – other professional services relating to occupational health and safety and the environment | Euro 120,000= |

### Monitoring of the Full-year Financial Statements and the Consolidated Full-year Financial Statements

For the Full-year Financial Statements:

- the *Board of Statutory Auditors* ascertained, through direct verification and through information received from the *Audit Firm*, that the legal requirements governing the form and preparation of the *Financial Statements*, the *Directors’ Management Report* and the tables have been met, and certifies the correct use of the accounting standards described in the *Notes to the Financial Statements* and in the *Directors’ Management Report*;

The *Board of Directors* has provided information on the *Manutencoop* episode and the relationships that emerged in past years in the *Directors' Management Report* and the *Board of Statutory Auditors* has no comments to make on this matter in the present Report.

– In accordance with *Consob* Resolution no. 15519/2006 the effect of related-party transactions are clearly shown in the tables of the Financial Statements.

– the *Notes to the Financial Statements* provide the information on impairment of assets required under *International Accounting Standards*. The *Board of Directors*, at its meeting on 26 February 2016, formally recognised that the *impairment tests* complied with the requirements of IAS 36 and of *Banca d'Italia/Consob/Isvap* Document no. 4 of 3 March 2010. The *Board of Statutory Auditors* states that it analysed and discussed in a joint meeting with the *Control and Risk Committee* the document prepared by an independent expert on the analyses carried out and the results obtained from the *impairment tests*.

The *Board of Statutory Auditors*, having analysed that the implementation of the tests in the financial year under review was consistent with that used in the previous financial year, concluded that the procedure was correct and the main valuation hypotheses were reasonable and, therefore, was in agreement with the outcomes.

The outcomes of the *impairment tests*, corroborated by the *consensus valuations* of brokers, have been adequately described in the *Notes to the Financial Statements*.

The *Chief Executive Officer* and the *Manager* responsible for preparing the Company's financial statements have released the declaration under Article 81-ter of *Consob* Resolution no. 11971/1999 and subsequent amendments and modifications and of Article 154-bis of Legislative Decree 58/1998 (the *Consolidated Finance Act*). The Financial Statements reflect the data that the *Board of Statutory Auditors* became aware of when carrying out its monitoring responsibilities and exercising its powers of control and inspection. The *Directors' Management Report* meets the requirements of law and is consistent with the figures and information of the *Financial Statements*; this provides wide-ranging information on the activities and material transactions of which the *Board of Statutory Auditors* was duly made aware of, as well as the main risks to which the Company and the subsidiaries are exposed, on intergroup and related-party transactions, and also on the adjustments to the corporate organisation to meet the corporate governance requirements, in accordance with the *Self-regulatory Code* governing listed companies. In accordance with Article 123-ter of Legislative Decree 58/1998 (the *Consolidated Finance Act*), the *Report on Remuneration*, the preparation and form of which have been studied and approved by the *Board of Statutory Auditors*, is presented to the Shareholders' Meeting.

Today, the *Audit Firm* released its report in accordance with Articles 14 and 16 of Legislative Decree 39/2010; this states that the Financial Statements and the Consolidated Financial Statements at 31 December 2015 conform to the *International Accounting Standards – IFRS* – adopted by the European Union and to the provisions of Article 9 of Legislative Decree no. 38/2005, and give a true and fair representation of the capital and financial situation, the financial results and the cash flows of *Fiera Milano SpA* and of the *Fiera Milano Group* for the financial period ending on that date. The audit report comments on the congruence of the Financial Statements of the Company and the Consolidated Financial Statements of the *Group* of the *Directors' Management Report* and on the information given in the *Report on Corporate Governance and Ownership Structure* as required under Article 123-bis, paragraph 4 of Legislative Decree 58/98.

The *Board of Statutory Auditors* has no comments to make pursuant to Article 153, paragraph 2 of the *Consolidated Finance Act* on the proposals of the *Directors* concerning the preliminary Financial Statements, their approval, and other matters that fall within its competence.

On the basis of the supervisory activities carried out during the financial year, the *Board of Statutory Auditors* finds no reason why you should not approve the 2015 Financial Statements and supports the *Board of Directors'* proposal for covering the loss for the financial year, the residual losses of the previous financial year, and rebuilding the Legal Reserve.

Milan, 24 March 2016

The Board of Statutory Auditors

Signed by: Federica Nolli

Signed by: Carmine Pallino

Signed by: Antonio Guastoni

# Financial year 2015

## Independent Auditors' Report





Recorta Ernst & Young S.p.A.  
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**Independent auditor's report**  
in accordance with articles 14 and 16 of Legislative Decree n. 39, dated 27 January 2010  
(Translation from the original Italian text)

To the Shareholders of Fiera Milano S.p.A

**Report on the financial statements**

We have audited the accompanying financial statements of Fiera Milano S.p.A., which comprise the statement of financial position as at 31 December 2015, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

*Directors' responsibility for the financial statements*

The Directors of Fiera Milano S.p.A. are responsible for the preparation of these financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union as well as with the regulations issued to implement art. 9 of Legislative Decree n. 38, dated 28 February 2005.

*Auditor's responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA Italia) implemented in accordance with article 11, paragraph 3 of Legislative Decree n. 39, dated 27 January 2010. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's professional judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of Fiera Milano S.p.A. as at 31 December 2015, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with article 9 of Legislative Decree n. 38, dated 28 February 2005.

*Emphasis of matter*

We draw attention on point 42. of explanatory and supplementary notes to the financial statements which illustrates the existence of significant transactions with related parties. Our opinion is not qualified in respect of this matter.

Recorta Ernst & Young S.p.A.  
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Report on other legal and regulatory requirements

*Opinion on the consistency of the Management Report and of specific information of the Report on Corporate Governance and Ownership Structure with the financial statements*

We have performed the procedures required under audit standard SA Italia n. 720B in order to express an opinion, as required by law, on the consistency of the Management Report and of specific information of the Report on Corporate Governance and Ownership Structure as provided for by article 123-bis, paragraph 4 of Legislative Decree n. 58, dated 24 February 1998, with the financial statements. The Directors of Fiera Milano S.p.A. are responsible for the preparation of the Management Report and of the Report on Corporate Governance and Ownership Structure in accordance with the applicable laws and regulations. In our opinion the Management Report and the specific information of the Report on Corporate Governance and the Ownership Structure are consistent with the financial statements of Fiera Milano S.p.A. as at 31 December 2015.

Milano, 24 March 2016

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.*

# Financial year 2015

Resolutions passed by the  
Ordinary Meeting of Shareholders



# Resolutions passed by the Ordinary Meeting of Shareholders

The Ordinary Shareholders' Meeting held on 28 April 2016 in Rho (Milan) at the Auditorium of the Centro Servizi of the Exhibition Site, Strada Statale del Sempione no. 28,

## passed a resolution

1)

- to approve the Financial Statements for the year to 31 December 2015 that show a net loss of Euro 1,456,383.56 as presented by the full Board of Directors, and each individual item with the proposed allocations, and the Board of Directors' Management Report;
- to cover the net loss of Euro 1,456,383.56 for the financial year by using part of the share premium reserve;
- to cover the residual losses of the preceding financial year of Euro 19,712,224.63 by using part of the share premium reserve;
- to add to the legal reserve under Article 2430, paragraph 2, of the Italian Civil Code an amount of Euro 8,489,028.20 by using part of the share premium reserve.

2)

- to approve the Report on Remuneration pursuant to Article 123-ter of Legislative Decree 58/98 and, in particular, Section One of the Report.

3)

- to approve the 2017-2023 Stock Option Plan prepared in accordance with Article 114-bis of Legislative Decree 58/98, in the broad terms described above and in those detailed in the Information Document for the Plan published in accordance with the applicable regulations;
- to grant the Board of Directors the widest powers necessary or appropriate for the complete and total implementation of the 2017-2023 Stock Option Plan including, for example, the power to: (i) identify the beneficiaries, determine the number of options to be given to each beneficiary and the exercise price of the options, and grant the options to the beneficiaries (ii) include or exclude beneficiaries from the Plan; (iii) prepare and approve the Rules of the Plan modifying them when necessary and/or appropriate; and (iv) carry out any action, fulfil any obligation or formality and make any communication considered necessary or appropriate to manage and/or implement the Plan, and giving the Board of Directors discretion to delegate its powers, tasks and responsibilities regarding the execution and implementation of the Plan.

4)

- to approve the mandate to purchase and dispose of treasury shares;
- to authorise the Board of Directors, in accordance with and by effect of Article 2357 of the Italian Civil Code, to purchase shares in the Company, in the amount, at the price, and according to the procedures described below:
  - purchases may be made in one or more tranches up to 18 months from the date of the present resolution;
  - the purchase price of each share must be no higher than 10% and no lower than 10% of the reference price recorded by Fiera Milano shares on the Italian stock exchange (MTA) organised and managed by Borsa Italiana SpA in the trading session preceding each individual purchase transaction;

- the maximum number of shares purchased, including treasury shares already held by the Company and its subsidiaries, must not have a total nominal value that exceeds one fifth of the share capital in the terms envisaged in the Report pursuant to Article 73 of Listing Rules;
- purchases of treasury shares may be made in one or more tranches, in accordance with applicable laws and regulations and in such a way as to ensure the equal treatment of all shareholders in accordance with Article 132 of Legislative Decree no. 58/1998, exclusively in the following ways:
  - i. public offer to buy or exchange;
  - ii. on regulated markets in accordance with the operating procedures established by the rules for the organisation and management of said markets, which do not allow the direct matching of buy orders with sell orders at a predetermined price;
  - iii. purchase and sale of derivative instruments traded on regulated markets that provide for the physical delivery of underlying shares, on the condition that the rules of organisation and management of the market provide for procedures that comply with those provided in article 144-*bis*, paragraph 1, section c) of the Listing Rules;
- to authorise the Board of Directors under enacted law to dispose of part or all of the shares with no time restrictions; the disposals may be made through sales on regulated and/or unregulated markets or off market, or by public offer, or as consideration for the purchase of shareholdings or by way of a distribution to shareholders. The selling price must be no lower than that of the lowest purchase price. This price limit will not be applicable in the event the shares are disposed of as part of a stock option plan;
- to grant the Board of Directors and, acting on its behalf, the appointed Chairman and Chief executive Officer, jointly and severally, any necessary power to make purchases or disposals and, however, to implement the aforementioned resolutions, also through agents, complying with any eventual request from the competent authorities.

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