Interim Financial Report as at 30 June 2016

as per article 154-ter of legislative decree 58/1998

TRANSLATION FROM THE ORIGINAL ITALIAN TEXT

TABLE OF CONTENTS

PREFACE

This quarterly financial report for the period ended 30 June 2016 (Interim Management Report as per Article 154-ter of Legislative Decree 58/1998) has been prepared in accordance with the above mentioned Legislative Decree and further amendments, as well as the Issuers Regulation issued by Consob.

It also conforms with the requirements of the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) adopted by the European Union and has been prepared in accordance with IAS 34 - Interim Financial Reporting.

The interim management report as at 30 June 2016 must be read together with the financial statements of the Group at 31 December 2015 that includes additional information on the risks and uncertainties that could impact the Group's operative results or its financial position.

INTERIM MANAGEMENT REPORT AS

AT 30 JUNE 2016

PERIOD HIGHLIGHTS

The Amplifon Group recorded very positive results in the first half of 2016, with strong growth compared to the first half of the prior year.
The efficacy of the new marketing initiatives, further strengthened by the launch of the new brand identity in June, the expansion of the network in key markets, the innovative service model and strong execution capacity made it possible to post important increases in both revenues and profitability across all the geographies where the Group is present despite the negative exchange differences.

The first six months of the year closed with:

- turnover of €544,211 thousand (+8.8% against the first half of the prior year and +10.6% at constant exchange rates);
- a gross operating margin (EBITDA) of €85,489 thousand, an increase of 19.1% against first half 2015 which, net of the non-recurring items and the negative exchange differences, reached 14.2%;
- a net profit of €29,627 thousand, a rise of 27.8% net of non-recurring costs.

The net financial position continues to be extremely solid: net financial debt amounted to €213,801 thousand at 30 June 2016, an increase of €8,890 thousand against 31 December 2015, but €43,230 thousand lower than the €257,031 thousand recorded at 30 June 2015. The first half was impacted by the seasonality of the first few months of the year with cash absorption in line with the first half of 2015.

MAIN ECONOMIC AND FINANCIAL DATA

(€ thousands)	First Half 2016				First Half 2015				
	Recurring	Non recurring	Total	% on recurring	Recurring	Non recurring	Total	% on recurring	Change % on recurring
Economic data:									
Revenues from sales and services	544,211	-	544,211	100.0%	500,279	-	500,279	100.0%	8.8%
Gross operating margin (EBITDA)	87,991	(2,502)	85,489	16.2%	78,590	(6,792)	71,798	15.7%	12.0%
Operating result before amortisation and impairment of customer lists (EBITA)	69,842	(2,502)	67,340	12.8%	60,604	(6,792)	53,812	12.1%	15.2%
Operating income (EBIT)	62,202	(2,502)	59,700	11.4%	53,056	(6,792)	46,264	10.6%	17.2%
Profit (loss) before tax	52,869	(2,502)	50,367	9.7%	42,162	(9,732)	32,430	8.4%	25.4%
Group net profit (loss)	31,343	(1,716)	29,627	5.8%	24,527	(5,978)	18,549	4.9%	27.8%

(€ thousands)	30/06/2016	31/12/2015	Change
Financial data:			
Non-current assets	868,071	862,800	5,271
Net invested capital	730,072	705,076	24,996
Group net equity	515,735	499,471	16,264
Total net equity	516,271	500,165	16,106
Net financial indebtedness	213,801	204,911	8,890

(€ thousands)	First Half 2016	First Half 2015
Free cash flow	**19,954**	**19,796**
Cash flow generated (absorbed) by acquisition activities	(15,465)	(20,592)
(Purchase) sale of other investments, businesses and securities	18	4,337
Cash flow provided by (used in) financing activities	(14,850)	(10,562)
Net cash flow from the period	**(10,343)**	**(7,021)**
Effect of exchange rate fluctuations on the net financial position	1,453	(1,593)
Net cash flow from the period with changes for exchange rate fluctuations	**(8,890)**	**(8,614)**

- **EBITDA** is the operating result before charging amortisation, depreciation and impairment of both tangible and intangible fixed assets.
- **EBITA** is the operating result before amortisation and impairment of customer lists, trademarks, non-competition agreements and goodwill arising from business combinations.
- **EBIT** is the operating result before financial income and charges and taxes.
- **Free cash flow** represents the cash flow of operating activities and investment activities before the cash flows used in acquisitions and payment of dividends and the cash flows used or generated by the other financing activities.

RATIOS

	30/06/2016	31/12/2015	30/06/2015
Net financial indebtedness (€ thousands)	213,801	204,911	257,031
Net Equity (€ thousands)	516,271	500,165	473,385
Group Net Equity (€ thousands)	515,735	499,471	472,476
Net financial indebtedness/Net Equity	0.41	0.41	0.54
Net financial indebtedness/Group Net Equity	0.41	0.41	0.54
Net financial indebtedness/EBITDA	1.17	1.21	1.58
EBITDA/Net financial charges	11.87	7.93	6.54
Earnings per share (EPS) (€)	0.13518	0.21465	0.08534
Diluted EPS (€)	0.13160	0.20812	0.08263
Earnings per share – Recurring operations (EPS) (€)	0.14301	0.24212	0.11284
Diluted EPS – Recurring operations (€)	0.13922	0.23475	0.10927
Net Equity per share (€)	2.350	2.278	2.167
Period-end price (€)	8.410	7.995	6.985
Highest price in period (€)	8.890	8.015	7.300
Lowest price in period (€)	6.710	4.824	4.824
Share price/net equity per share	3.578	3.509	3.223
Market capitalisation (€ millions)	1,845.39	1,752.78	1,522.83
Number of shares outstanding	219,428,510	219,233,947	218,014,298

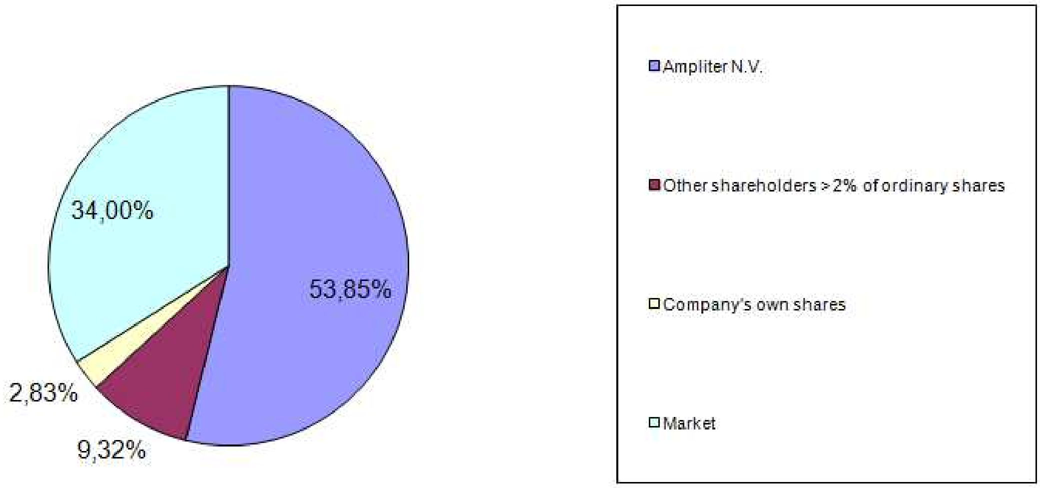
- The **net financial indebtedness/net equity** ratio is the ratio of net financial indebtedness to total net equity.
- The **net financial indebtedness/Group net equity** ratio is the ratio of the net financial indebtedness to the Group's net equity.
- The **net financial indebtedness/EBITDA** ratio is the ratio of net financial indebtedness to EBITDA for the last four quarters (determined with reference to recurring business only on the basis of pro forma figures where there were significant changes to the structure of the Group).
- The **EBITDA/net financial charges ratio** is the ratio of EBITDA for the last four quarters (determined with reference to recurring business only on the basis of restated figures where there were significant changes to the structure of the Group) to net interest payable and receivable of the same last 4 quarters.
- **Earnings per share (EPS) (€)** is net profit for the period attributable to the Parent's ordinary shareholders divided by the weighted average number of shares outstanding during the period, considering purchases and sales of treasury shares as cancellations or issues of shares, respectively.
- **Diluted earnings per share (EPS) (€)** is net profit for the period attributable to the Parent's ordinary shareholders divided by the weighted average number of shares outstanding during the period adjusted for the dilution effect of potential shares. In the calculation of outstanding shares, purchases and sales of treasury shares are considered as cancellations and issues of shares, respectively.

- **Earnings per share – recurring operations (EPS) (€**) is net income from recurring operations for the year attributable to the Parent's ordinary shareholders divided by the weighted average number of shares outstanding during the period, considering purchases and sales of treasury shares as cancellations or issues of shares, respectively.
- **Diluted earnings per share – recurring operations (EPS) (€)** is net income from recurring operations for the year attributable to the Parent's ordinary shareholders divided by the weighted average number of shares outstanding during the period adjusted for the dilution effect of potential shares. In the calculation of outstanding shares, purchases and sales of treasury shares are considered as cancellations and issues of shares, respectively.
- **Net Equity per share (€)** is the ratio of Group equity to the number of shares outstanding.
- **Period-end price (€)** is the closing price on the last stock exchange trading day of the period.
- **Highest price (€)** and **lowest price (€)** are the highest and lowest prices from 1 January to the end of the period.
- **Share price/Net equity per share** is the ratio of the share closing price on the last stock exchange trading day of the period to net equity per share.
- **Market capitalisation** is the closing price on the last stock exchange trading day of the period multiplied by the number of shares outstanding.
- **The number of shares outstanding** is the number of shares issued less treasury shares.

SHAREHOLDER INFORMATION

Main Shareholders

The main Shareholders of Amplifon S.p.A. as at 30 June 2016 are:



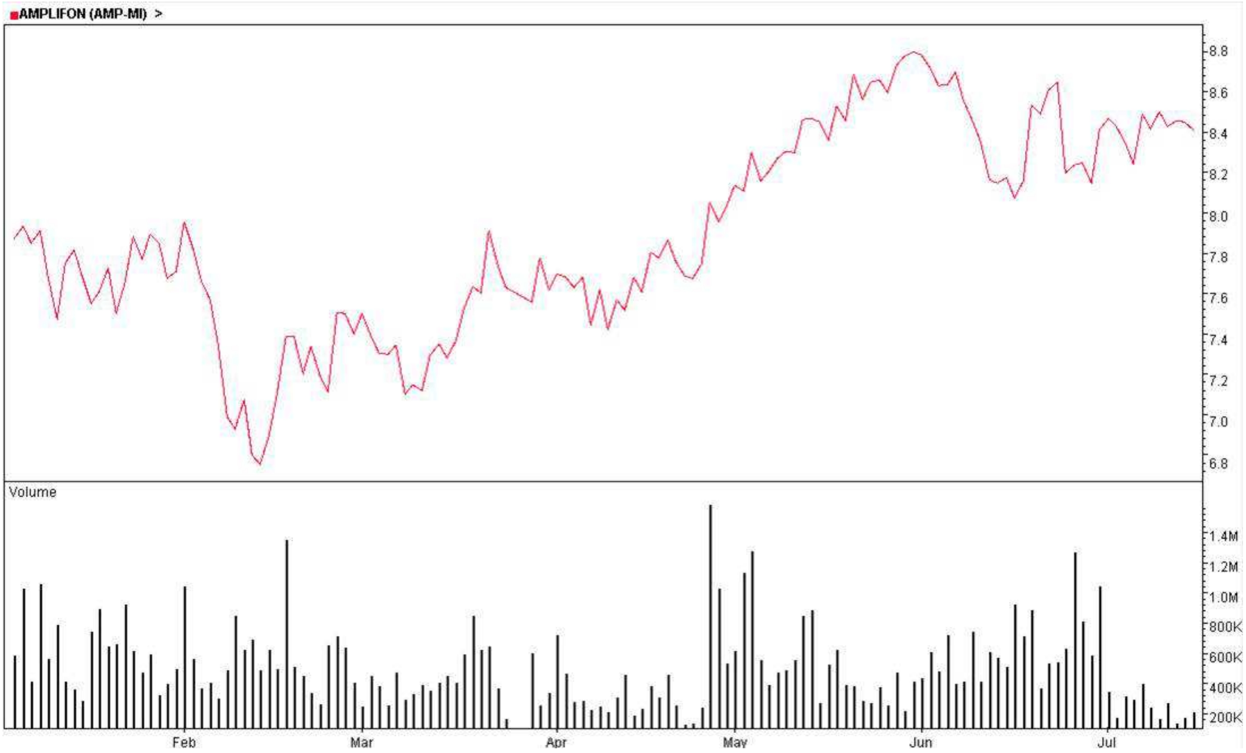
Shareholder	No. of ordinary shares	% held
Ampliter N.V.	121,636,478 (*)	53.85%
Other shareholders >2% of ordinary shares	21,039,736	9.32%
Treasury shares	6,399,958	2.83%
Market	76,785,630	34.00%
Total	**225,861,802**	**100.00%**

(*) At 30 June 2016 55,785,124 ordinary shares of Amplifon (equal to 24.70% of the share capital and 25.42% of the shares with voting rights) were pledged by the shareholder Ampliter N.V. as a guarantee to the Bondholders, Trustee, Registrar, Transfer Agent, Principal Paying and Exchange Agent, Calculation Agent, Parallel Debt Creditor and Custodian (the "Secured Parties") of the private placement made by Ampliter N.V. of €135 million in senior notes expiring in 2018 which can be exchanged with outstanding ordinary shares of Amplifon, in accordance with the Deed of pledge executed on 14 November 2013.
On 30 June 2016, 1,139,441 shares were loaned by Ampliter N.V. as part of the same transaction. Ampliter N.V. has no voting rights on these shares (included in the percentages shown in the above table).

Pursuant to article 2497 of the Italian Civil Code, Amplifon S.p.A. is not subject to management and coordination either by its direct parent company Ampliter N.V. or other indirect controlling companies.

The shares of the parent company Amplifon S.p.A. have been listed on the screen-based Mercato Telematico Azionario (MTA) since 27 June 2001 and since 10 September 2008 in the STAR segment. Amplifon is also included in the FTSE Italy Mid Cap index.

The chart shows the performance of the Amplifon share price and its trading volumes from 4 January 2016 to 15 July 2016.



As at 30 June 2016 market capitalisation was €1,845.39 million.

Dealings in Amplifon shares in the screen-based stock market Mercato Telematico Azionario during the period 4 January 2016 – 30 June 2016, showed:

- average daily value: €4,204,144.76;
- average daily volume: 535,210 shares;
- total volume traded 67,971,698 shares or 30.98% of the total number of shares comprising company capital, net of treasury shares.

CONSOLIDATED INCOME STATEMENT

(€ thousands)	First Half 2016				First Half 2015				
	Recurring	Non recurring (*)	Total	% on recurring	Recurring	Non recurring (*)	Total	% on recurring	Change % on recurring
Revenues from sales and services	544,211	-	544,211	100.0%	500,279	-	500,279	100.0%	8.8%
Operating costs	(455,709)	-	(455,709)	-83.7%	(422,661)	(6,792)	(429,453)	-84.5%	7.8%
Other costs and revenues	(511)	(2,502)	(3,013)	-0.1%	972	-	972	0.2%	-152.6%
Gross operating profit (EBITDA)	**87,991**	**(2,502)**	**85,489**	**16.2%**	**78,590**	**(6,792)**	**71,798**	**15.7%**	**12.0%**
Depreciation and write-downs of non-current assets	(18,149)	-	(18,149)	-3.3%	(17,986)	-	(17,986)	-3.6%	0.9%
Operating result before the amortisation and impairment of customer lists, trademarks, non-competition agreements and goodwill arising from business combinations (EBITA)	**69,842**	**(2,502)**	**67,340**	**12.8%**	**60,604**	**(6,792)**	**53,812**	**12.1%**	**15.2%**
Amortization and impairment of trademarks, customer lists, lease rights and non-competition agreements and goodwill	(7,640)	-	(7,640)	-1.4%	(7,548)	-	(7,548)	-1.5%	1.2%
Operating profit (EBIT)	**62,202**	**(2,502)**	**59,700**	**11.4%**	**53,056**	**(6,792)**	**46,264**	**10.6%**	**17.2%**
Income, expenses, valuation and adjustments of financial assets	190	-	190	0.0%	162	1,325	1,487	0.0%	17.3%
Net financial expenses	(9,332)	-	(9,332)	-1.7%	(10,881)	(4,265)	(15,146)	-2.2%	-14.2%
Exchange differences and non hedge accounting instruments	(191)	-	(191)	0.0%	(175)	-	(175)	0.0%	9.1%
Profit (loss) before tax	**52,869**	**(2,502)**	**50,367**	**9.7%**	**42,162**	**(9,732)**	**32,430**	**8.4%**	**25.4%**
Current taxes	(21,578)	786	(20,792)	-4.0%	(17,937)	2,253	(15,684)	-3.6%	20.3%
Deferred taxes	157	-	157	0.0%	179	1,501	1,680	0.0%	-12.3%
Net profit (loss)	**31,448**	**(1,716)**	**29,732**	**5.8%**	**24,404**	**(5,978)**	**18,426**	**4.9%**	**28.9%**
Profit (loss) of minority interests	105	-	105	0.0%	(123)	-	(123)	0.0%	185.4%
Net profit (loss) attributable to the Group	**31,343**	**(1,716)**	**29,627**	**5.8%**	**24,527**	**(5,978)**	**18,549**	**4.9%**	**27.8%**

(*) See table on page 15 for details of non-recurring transactions.

(€ thousands)	Second Quarter 2016				Second Quarter 2015				
	Recurring	Non recurring (*)	Total	% on recurring	Recurring	Non recurring (*)	Total	% on recurring	Change % on recurring
Revenues from sales and services	289,691	-	289,691	100.0%	268,938	-	268,938	100.0%	7.7%
Operating costs	(236,065)	-	(236,065)	-81.5%	(220,373)	(6,792)	(227,165)	-81.9%	7.1%
Other costs and revenues	370	(2,502)	(2,132)	0.1%	(291)	-	(291)	-0.1%	-227.1%
Gross operating profit (EBITDA)	**53,996**	**(2,502)**	**51,494**	**18.6%**	**48,274**	**(6,792)**	**41,482**	**17.9%**	**11.9%**
Depreciation and write-downs of non-current assets	(9,228)	-	(9,228)	-3.2%	(9,135)	-	(9,135)	-3.4%	1.0%
Operating result before the amortisation and impairment of customer lists, trademarks, non-competition agreements and goodwill arising from business combinations (EBITA)	**44,768**	**(2,502)**	**42,266**	**15.5%**	**39,139**	**(6,792)**	**32,347**	**14.6%**	**14.4%**
Amortization and impairment of trademarks, customer lists, lease rights and non-competition agreements and goodwill	(3,933)	-	(3,933)	-1.4%	(3,772)	-	(3,772)	-1.4%	4.3%
Operating profit (EBIT)	**40,835**	**(2,502)**	**38,333**	**14.1%**	**35,367**	**(6,792)**	**28,575**	**13.2%**	**15.5%**
Income, expenses, valuation and adjustments of financial assets	15	-	15	0.0%	(135)	1,325	1,190	-0.1%	-111.1%
Net financial expenses	(4,585)	-	(4,585)	-1.6%	(5,609)	-	(5,609)	-2.1%	-18.3%
Exchange differences and non hedge accounting instruments	(135)	-	(135)	0.0%	122	-	122	0.0%	-210.7%
Profit (loss) before tax	**36,130**	**(2,502)**	**33,628**	**12.5%**	**29,745**	**(5,467)**	**24,278**	**11.1%**	**21.5%**
Current taxes	(12,726)	786	(11,940)	-4.4%	(10,439)	632	(9,807)	-3.9%	21.9%
Deferred taxes	(528)	-	(528)	-0.2%	(1,021)	1,501	480	-0.4%	-48.3%
Net profit (loss)	**22,876**	**(1,716)**	**21,160**	**7.9%**	**18,285**	**(3,334)**	**14,951**	**6.8%**	**25.1%**
Profit (loss) of minority interests	106	-	106	0.0%	(66)	-	(66)	0.0%	260.6%
Net profit (loss) attributable to the Group	**22,770**	**(1,716)**	**21,054**	**7.9%**	**18,351**	**(3,334)**	**15,017**	**6.8%**	**24.1%**

(*) See table on page 15 for details of non-recurring transactions.

- EBITDA is the operating result before charging amortisation, depreciation and impairment of both tangible and intangible fixed assets.
- EBITA is the operating result before amortisation and impairment of customer lists, trademarks, non-competition agreements and goodwill arising from business combinations.
- EBIT is the operating result before financial income and charges and taxes.

The details of the non-recurring transactions included in the previous tables are shown below:

(€ thousands)	First Half 2016	First Half 2015	Second Quarter 2016	Second Quarter 2015
Advisory fees and expenses related to an acquisition process which was not completed	(2,502)	-	(2,502)	-
Expenses linked to the transition in the Group's leadership	-	(6,792)	-	(6,792)
Impact of the non-recurring items on EBITDA	**(2,502)**	**(6,792)**	**(2,502)**	**(6,792)**
Impact of the non-recurring items on EBIT	**(2,502)**	**(6,792)**	**(2,502)**	**(6,792)**
Make whole payment made following advance repayment of the 2006-2016 private placement	-	(4,265)	-	-
Income recognized in New Zealand following the acquisition of 100% of Dilworth Hearing Ltd (already 40% held) pursuant to IFRS 3R relating to the accounting of step up acquisitions	-	1,325	-	1,325
Impact of the non-recurring items pre-tax	**(2,502)**	**(9,732)**	**(2,502)**	**(5,467)**
Impact of the above items on the tax burden of the period	786	3,754	786	2,133
Impact of the non-recurring items on total net result	**(1,716)**	**(5,978)**	**(1,716)**	**(3,334)**

RECLASSIFIED CONSOLIDATED BALANCE SHEET

The reclassified Consolidated Balance Sheet aggregates assets and liabilities according to operating functionality criteria, subdivided by convention into the following three key functions: investments, operations and finance.

(€ thousands)	30/06/2016	31/12/2015	Change
Goodwill	579,341	572,150	7,191
Non-competition agreements, trademarks, customer lists and lease rights	96,894	98,115	(1,221)
Software, licences, other intangible fixed assets , fixed assets in progress and advances	44,606	43,298	1,308
Tangible assets	103,193	102,675	518
Financial fixed assets (1)	39,634	42,326	(2,692)
Other non-current financial assets (1)	4,403	4,236	167
Non-current assets	**868,071**	**862,800**	**5,271**
Inventories	31,166	28,956	2,210
Trade receivables	111,319	111,727	(408)
Other receivables	40,867	34,068	6,799
Current assets (A)	**183,352**	**174,751**	**8,601**
Operating assets	**1,051,423**	**1,037,551**	**13,872**
Trade payables	(105,905)	(113,343)	7,438
Other payables (2)	(123,702)	(131,432)	7,730
Provisions for risks and charges (current portion)	(1,436)	(1,378)	(58)
Current liabilities (B)	**(231,043)**	**(246,153)**	**15,110**
Net working capital (A) - (B)	**(47,691)**	**(71,402)**	**23,711**
Derivative instruments (3)	(5,996)	(6,988)	992
Deferred tax assets	40,699	40,743	(44)
Deferred tax liabilities	(56,124)	(55,695)	(429)
Provisions for risks and charges (non-current portion)	(49,079)	(48,407)	(672)
Liabilities for employees' benefits (non-current portion)	(18,610)	(15,572)	(3,038)
Loan fees (4)	1,824	2,197	(373)
Other non-current payables	(3,022)	(2,600)	(422)
NET INVESTED CAPITAL	**730,072**	**705,076**	**24,996**
Group net equity	515,735	499,471	16,264
Minority interests	536	694	(158)
Total net equity	**516,271**	**500,165**	**16,106**
Net medium and long-term financial indebtedness (4)	377,193	382,542	(5,349)
Net short-term financial indebtedness (4)	(163,392)	(177,631)	14,239
Total net financial indebtedness	**213,801**	**204,911**	**8,890**
OWN FUNDS AND NET FINANCIAL INDEBTEDNESS	**730,072**	**705,076**	**24,996**

Notes for reconciling the condensed balance sheet with the statutory balance sheet:

(1) "Financial fixed assets" and "Other non-current financial assets" include equity interests valued using the net equity method, financial assets at fair value through profit and loss and other non-current assets;
(2) "Other payables" includes other liabilities, accrued liabilities and deferred income, current portion of liabilities for employees' benefits and tax liabilities;
(3) "Derivative instruments" includes cash flow hedging instruments not comprised in the net financial position;
(4) The item "loan fees" is presented in the balance sheet as a direct reduction of the short-term and medium/long-term components of the items "financial payables" and "financial liabilities" for the short term and long term portion respectively.

CONDENSED RECLASSIFIED CONSOLIDATED CASH FLOW STATEMENT

The condensed consolidated cash flow statement represents a summary version of the reclassified cash flow statement detailed in the following pages and its purpose is, starting from the EBIT, to detail the flows generated from or absorbed by operating, investing and financing activities.

(€ thousands)	First Half 2016	First Half 2015
Operating profit (EBIT)	**59,700**	**46,264**
Amortization, depreciation and write down	25,789	25,534
Provisions, other non-monetary items and gain/losses from disposals	9,688	15,330
Net financial expenses	(8,767)	(13,760)
Taxes paid	(20,934)	(20,567)
Changes in net working capital	(24,665)	(15,815)
Cash flow generated from (absorbed by) operating activities (A)	**40,811**	**36,986**
Cash flow generated from (absorbed by) operating investing activities (B)	(20,857)	(17,190)
Free cash flow (A+B)	**19,954**	**19,796**
Cash flow generated from (absorbed by) business combinations (C)	(15,465)	(20,592)
(Purchase) sale of other investments, securities and reductions of earn outs (D)	18	4,337
Cash flow generated from (absorbed by) investing activities (B+C+D)	**(36,304)**	**(33,445)**
Cash flow generated from (absorbed by) operating and investing activities	**4,507**	**3,541**
Dividends	(9,427)	(9,356)
Treasury shares	(7,511)	(2,681)
Capital increases, third parties contributions, dividends paid to third parties by subsidiaries	1,196	3,286
Hedging instruments and other changes in non-current assets	892	(1,811)
Net cash flow from the period	**(10,343)**	**(7,021)**

Net financial indebtedness at the beginning of the period	**(204,911)**	**(248,417)**
Effect of the exchange rate fluctuations on the net financial position	1,453	(1,593)
Change in net financial position	(10,343)	(7,021)
Net financial indebtedness at the end of the period	**(213,801)**	**(257,031)**

INCOME STATEMENT REVIEW

Consolidated income statement by segment

(€ thousands)	First Half 2016					
	EMEA	Americas	Asia Pacific	Corporate	Elim.	Total
Revenues from sales and services	366,229	101,471	76,077	434	-	544,211
Operating costs	(308,010)	(82,547)	(52,802)	(12,350)	-	(455,709)
Other costs and revenues	(428)	43	(82)	(2,546)	-	(3,013)
Gross operating profit (EBITDA)	**57,791**	**18,967**	**23,193**	**(14,462)**	**-**	**85,489**
Depreciation and write-downs of non-current assets	(12,060)	(1,895)	(2,384)	(1,810)	-	(18,149)
Operating result before amortisation and impairment of customer lists, trademarks, non-competition agreements and goodwill arising from business combinations (EBITA)	**45,731**	**17,072**	**20,809**	**(16,272)**	**-**	**67,340**
Amortization and impairment of trademarks, customer lists, lease rights and non-competition agreements and goodwill	(4,080)	(272)	(3,141)	(147)	-	(7,640)
Operating profit (EBIT)	**41,651**	**16,800**	**17,668**	**(16,419)**	**-**	**59,700**
Income, expenses, valuation and adjustments of financial assets						190
Net financial expenses						(9,332)
Exchange differences and non hedge accounting instruments						(191)
Profit (loss) before tax						**50,367**
Current taxes						(20,792)
Deferred taxes						157
Net profit (loss)						**29,732**
Profit (loss) of minority interests						105
Net profit (loss) attributable to the Group						**29,627**

(€ thousands)	First Half 2016 – Only recurring operations					
	EMEA	Americas	Asia Pacific	Corporate	Elim.	Total
Revenues from sales and services	366,229	101,471	76,077	434	-	544,211
Gross operating profit (EBITDA)	57,791	18,967	23,193	(11,960)	-	87,991
Operating result before amortisation and impairment of customer lists, trademarks, non-competition agreements and goodwill arising from business combinations (EBITA)	45,731	17,072	20,809	(13,770)	-	69,842
Operating profit (EBIT)	41,651	16,800	17,668	(13,917)	-	62,202
Profit (loss) before tax						52,869
Net profit (loss) attributable to the Group						31,343

For the purposes of reporting on economic data by geographic area, please note that the Corporate structures are included in EMEA.

(€ thousands)	First Half 2015 (*)					
	EMEA	**Americas**	**Asia Pacific**	**Corporate**	**Elim.**	**Total**
Revenues from sales and services	330,635	95,973	73,566	105	-	500,279
Operating costs	(285,630)	(77,346)	(50,357)	(16,120)	-	(429,453)
Other costs and revenues	738	295	(102)	41	-	972
Gross operating profit (EBITDA)	**45,743**	**18,922**	**23,107**	**(15,974)**	**-**	**71,798**
Depreciation and write-downs of non-current assets	(11,912)	(2,047)	(2,417)	(1,610)	-	(17,986)
Operating result before amortisation and impairment of customer lists, trademarks, non-competition agreements and goodwill arising from business combinations (EBITA)	**33,831**	**16,875**	**20,690**	**(17,584)**	**-**	**53,812**
Amortization and impairment of trademarks, customer lists, lease rights and non-competition agreements and goodwill	(3,855)	(338)	(3,355)	-	-	(7,548)
Operating profit (EBIT)	**29,976**	**16,537**	**17,335**	**(17,584)**	**-**	**46,264**
Income, expenses, valuation and adjustments of financial assets						1,487
Net financial expenses						(15,146)
Exchange differences and non hedge accounting instruments						(175)
Profit (loss) before tax						**32,430**
Current taxes						(15,684)
Deferred taxes						1,680
Net profit (loss)						**18,426**
Profit (loss) of minority interests						(123)
Net profit (loss) attributable to the Group						**18,549**

(€ thousands)	First Half 2015 – Only recurring operations (*)					
	EMEA	**Americas**	**Asia Pacific**	**Corporate**	**Elim.**	**Total**
Revenues from sales and services	330,635	95,973	73,566	105	-	500,279
Gross operating profit (EBITDA)	45,743	18,922	23,107	(9,182)	-	78,590
Operating result before amortisation and impairment of customer lists, trademarks, non-competition agreements and goodwill arising from business combinations (EBITA)	33,831	16,875	20,690	(10,792)	-	60,604
Operating profit (EBIT)	29,976	16,537	17,335	(10,792)	-	53,056
Profit (loss) before tax						42,162
Net profit (loss) attributable to the Group						24,527

(*) The figures for First Half 2015, in line with the specific managerial responsibilities and as a result of the change in the reports periodically analyzed by the Chief Executive Officer and the Group's Top Management, were reclassified in order to show the Corporate overhead previously charged to EMEA separately.

(€ thousands)	Second Quarter 2016					
	EMEA	Americas	Asia Pacific	Corporate	Elim.	Total
Revenues from sales and services	196,330	51,489	41,642	230	-	289,691
Operating costs	(159,663)	(42,062)	(27,756)	(6,584)	-	(236,065)
Other costs and revenues	396	58	(42)	(2,544)	-	(2,132)
Gross operating profit (EBITDA)	**37,063**	**9,485**	**13,844**	**(8,898)**	**-**	**51,494**
Depreciation and write-downs of non-current assets	(6,112)	(933)	(1,257)	(926)	-	(9,228)
Operating result before amortisation and impairment of customer lists, trademarks, non-competition agreements and goodwill arising from business combinations (EBITA)	**30,951**	**8,552**	**12,587**	**(9,824)**	**-**	**42,266**
Amortization and impairment of trademarks, customer lists, lease rights and non-competition agreements and goodwill	(2,070)	(135)	(1,580)	(148)	-	(3,933)
Operating profit (EBIT)	**28,881**	**8,417**	**11,007**	**(9,972)**	**-**	**38,333**
Income, expenses, valuation and adjustments of financial assets						15
Net financial expenses						(4,585)
Exchange differences and non hedge accounting instruments						(135)
Profit (loss) before tax						**33,628**
Current taxes						(11,940)
Deferred taxes						(528)
Net profit (loss)						**21,160**
Profit (loss) of minority interests						106
Net profit (loss) attributable to the Group						**21,054**

(€ thousands)	Second Quarter 2016 – Only recurring operations					
	EMEA	Americas	Asia Pacific	Corporate	Elim.	Total
Revenues from sales and services	196,330	51,489	41,642	230	-	289,691
Gross operating profit (EBITDA)	37,063	9,485	13,844	(6,396)	-	53,996
Operating result before amortisation and impairment of customer lists, trademarks, non-competition agreements and goodwill arising from business combinations (EBITA)	30,951	8,552	12,587	(7,322)	-	44,768
Operating profit (EBIT)	28,881	8,417	11,007	(7,470)	-	40,835
Profit (loss) before tax						36,130
Net profit (loss) attributable to the Group						22,770

For the purposes of reporting on economic data by geographic area, please note that the Corporate structures are included in EMEA.

(€ thousands)	Second Quarter 2015 (*)					
	EMEA	**Americas**	**Asia Pacific**	**Corporate**	**Elim.**	**Total**
Revenues from sales and services	179,130	49,642	40,111	55	-	268,938
Operating costs	(148,759)	(39,932)	(26,578)	(11,896)	-	(227,165)
Other costs and revenues	(497)	242	(103)	67	-	(291)
Gross operating profit (EBITDA)	**29,874**	**9,952**	**13,430**	**(11,774)**	**-**	**41,482**
Depreciation and write-downs of non-current assets	(6,040)	(1,092)	(1,166)	(837)	-	(9,135)
Operating result before amortisation and impairment of customer lists, trademarks, non-competition agreements and goodwill arising from business combinations (EBITA)	**23,834**	**8,860**	**12,264**	**(12,611)**	**-**	**32,347**
Amortization and impairment of trademarks, customer lists, lease rights and non-competition agreements and goodwill	(1,910)	(171)	(1,691)	-	-	(3,772)
Operating profit (EBIT)	**21,924**	**8,689**	**10,573**	**(12,611)**	**-**	**28,575**
Income, expenses, valuation and adjustments of financial assets						1,190
Net financial expenses						(5,609)
Exchange differences and non hedge accounting instruments						122
Profit (loss) before tax						**24,278**
Current taxes						(9,807)
Deferred taxes						480
Net profit (loss)						**14,951**
Profit (loss) of minority interests						(66)
Net profit (loss) attributable to the Group						**15,017**

(€ thousands)	Second Quarter 2015 – Only recurring operations (*)					
	EMEA	**Americas**	**Asia Pacific**	**Corporate**	**Elim.**	**Total**
Revenues from sales and services	179,130	49,642	40,111	55	-	268,938
Gross operating profit (EBITDA)	29,874	9,952	13,430	(4,982)	-	48,274
Operating result before amortisation and impairment of customer lists, trademarks, non-competition agreements and goodwill arising from business combinations (EBITA)	23,834	8,860	12,264	(5,819)	-	39,139
Operating profit (EBIT)	21,924	8,689	10,573	(5,819)	-	35,367
Profit (loss) before tax						29,745
Net profit (loss) attributable to the Group						18,351

(*) The figures for Second Quarter 2015, in line with the specific managerial responsibilities and as a result of the change in the reports periodically analyzed by the Chief Executive Officer and the Group's Top Management, were reclassified in order to show the Corporate overhead previously charged to EMEA separately.

Revenues from sales and services

(€ thousands)	First Half 2016	First Half 2016	Change	Change %
Revenues from sales and services	**544,211**	**500,279**	**43,932**	**8.8%**

(€ thousands)	Second Quarter 2016	Second Quarter 2015	Change	Change %
Revenues from sales and services	**289,691**	**268,938**	**20,753**	**7.7%**

Consolidated revenue from sales and services reached €544,211 thousand in the first half of 2016, versus €500,279 thousand in the same period 2015, an increase of €43,932 thousand (+8.8%) driven across all segments by organic growth which reached €39,250 thousand (+7.9%), and acquisitions for €13,516 thousand (+2.7%), while the exchange differences had a negative impact of €8,834 thousand (-1.8%).

In the second quarter alone, consolidated revenue from sales and services amounted to €289,691 thousand, an increase of €20,753 thousand (+7.7%) against the same period of the prior year explained for €20,448 thousand (+7.6%) by organic growth, for €6,419 thousand (+2.4%) by acquisitions, while the exchange differences had a negative impact of €6,114 thousand (-2.3%).

The following table shows the breakdown of revenues from sales and services by segment:

(€ thousands)	First Half 2016	%	First Half 2015	%	Change	Change %	Exchange diff.	Change % in local currency
EMEA	366,229	67.3%	330,635	66.1%	35,594	10.8%	(2,603)	11.6%
America	101,471	18.6%	95,973	19.2%	5,498	5.7%	(512)	6.3%
Asia e Oceania	76,077	14.0%	73,566	14.7%	2,511	3.4%	(5,719)	11.2%
Corporate	434	0.1%	105	0.0%	329	313.3%		
Total	**544,211**	**100.0%**	**500,279**	**100.0%**	**43,932**	**8.8%**	**(8,834)**	**10.6%**

Europe, Middle - East and Africa

Period (€ thousands)	2016	2015	Change	Change %
I quarter	169,899	151,505	18,394	12.1%
II quarter	196,330	179,130	17,200	9.6%
I Half Year	**366,229**	**330,635**	**35,594**	**10.8%**

Revenue from sales and services for EMEA region reached €366,229 thousand in the first half of 2016 versus €330,635 thousand in the same period 2015, an increase of €35,594 thousand (+10.8%) explained for €26,499 thousand (+8.1%) by organic growth, for €11,698 thousand (+3.5%) by acquisitions, while exchange differences had a negative impact of €2,603 thousand (-0.8%).

A solid performance was confirmed in Italy where double digit growth against first half 2015 was recorded: this result, due largely to organic growth, was supported mainly by the new communication strategy and the other integrated marketing activities. The Group also recorded double digit growth in the Iberian Peninsula and in Belgium-Luxembourg, driven by sustained organic growth, and in Germany, thanks to both organic growth and acquisitions. In France the increase in revenues reported in the half was due primarily to acquisitions. The solid trend in the Netherlands continued despite a reference market subject to significant price pressure, as well as in Switzerland, despite the difficult comparison with the excellent performance recorded in 2015. Good progress in revenues was also made in the United Kingdom.

In the second quarter alone, revenue from sales and services amounted to €196,330 thousand, an increase of €17,200 thousand (+9.6%) against the same period of the prior year, explained for €12,891 thousand (+7.2%) by organic growth, for €6,170 thousand (+3.4%) by acquisitions, while exchange differences had a negative impact of €1,861 thousand (-1.0%).

Americas

Period (€ thousands)	2016	2015	Change	Change %
I quarter	49,982	46,331	3,651	7.9%
II quarter	51,489	49,642	1,847	3.7%
I Half Year	**101,471**	**95,973**	**5,498**	**5.7%**

Revenue from sales and services in the Americas reached €101,471 thousand in first half 2016 versus €95,973 thousand in 2015, an increase of €5,498 thousand (+5.7%) explained for €5,118 thousand (+5.3%) by organic growth, for €892 thousand (+0.9%) by acquisitions, while exchange differences had a negative impact of €512 thousand (-0.5%).

All businesses in North America recorded positive performances, with Miracle Ear and Amplifon Hearing Health Care reporting particularly strong performances thanks, in the first case, to the channel's higher productivity, as well as the contribution of the 20 openings made by a franchisee, and in the second case, to the positive impact of the contracts with two primary insurance companies. The performance of Elite Hearing Network was, rather, influenced by the termination of a contract with a commercial partner in the third quarter of 2015.

In the second quarter alone, revenue from sales and services amounted to €51,489 thousand, an increase of €1,847 thousand (+3.7%) against the same period of the prior year. The result reflects the exchange differences which had a negative impact of €1,281 thousand (-2.6%).

Asia Pacific

Period (€ thousands)	2016	2015	Change	Change %
I quarter	34,435	33,455	980	2.9%
II quarter	41,642	40,111	1,531	3.8%
I Half Year	**76,077**	**73,566**	**2,511**	**3.4%**

Revenue from sales and services in Asia-Pacific amounted to €76,077 thousand in first half 2016 versus €73,566 thousand in the comparison period, an increase of €2,511 thousand (+3.4%) which reflects negative exchange differences of €5,719 thousand (-7.8%).

A particularly brilliant result was posted in Australia where strong organic growth was driven by an outstanding increase in the productivity of its distribution channel and further expansion of the network with 8 new stores and 20 shop-in-shops. New Zealand reported more modest growth due primarily to a very challenging comparison with the prior year.

In the second quarter alone, revenue from sales and services amounted to €41,642 thousand, an increase of €1,531 thousand (+3.8%) against the same period of the prior year which reflects negative exchange differences of €2,972 thousand (-7.4%).

Gross operating profit (EBITDA)

(€ thousands)	First Half 2016			First Half 2015		
	Recurring	Non recurring	Total	Recurring	Non recurring	Total
Gross operating profit (EBITDA)	**87,991**	**(2,502)**	**85,489**	**78,590**	**(6,792)**	**71,798**

(€ thousands)	Second Quarter 2016			Second Quarter 2015		
	Recurring	Non recurring	Total	Recurring	Non recurring	Total
Gross operating profit (EBITDA)	**53,996**	**(2,502)**	**51,494**	**48,274**	**(6,792)**	**41,482**

Gross operating profit (EBITDA) amounted to €85,489 thousand in the first half of 2016 (with an EBITDA margin of 15.7%) versus €71,798 thousand in the same period of the prior year (and an EBITDA margin of 14.4%), an increase of €13,691 thousand (+19.1%). The EBITDA margin rose 1.3 percentage points (p.p.).

In the second quarter alone, gross operating profit (EBITDA) amounted to €51,494 thousand, an increase of €10,012 thousand (+24.1%) against the second quarter of the prior year. The EBITDA margin rose 2.4 p.p. against the comparison period to 17.8%.

The result for the period reflects the non-recurring costs of €2,502 thousand linked to advisory fees and expenses related to an acquisition process which was not completed. Non-recurring costs of €6,792 thousand were recorded in the same period 2015 connected to the transition in the Group's leadership.
Net of this effect and the €1,741 thousand in negative exchange differences, the increase against the comparison period reaches €11,142 thousand (+14.2%) for the first half and €7,011 thousand (+14.5%) for the second quarter alone.

The recurring EBITDA margin came to 16.2% in the first half (+0.5 p.p. against the comparison period) and to 18.6% in the second quarter alone (+0.7 p.p. against the comparison period).

The following table shows a breakdown of EBITDA by segment:

(€ thousands)	First Half 2016	EBITDA Margin	First Half 2015	EBITDA Margin	Change	Change %
EMEA	57,791	15.8%	45,743	13.8%	12,048	26.3%
Americas	18,967	18.7%	18,922	19.7%	45	0.2%
Asia Pacific	23,193	30.5%	23,107	31.4%	86	0.4%
Corporate (*)	(14,462)	-2.7%	(15,974)	-3.2%	1,512	9.5%
Total	**85,489**	**15.7%**	**71,798**	**14.4%**	**13,691**	**19.1%**

(€ thousands)	Second Quarter 2016	EBITDA Margin	Second Quarter 2015	EBITDA Margin	Change	Change %
EMEA	37,063	18.9%	29,874	16.7%	7,189	24.1%
Americas	9,485	18.4%	9,952	20.0%	(467)	-4.7%
Asia Pacific	13,844	33.2%	13,430	33.5%	414	3.1%
Corporate (*)	(8,898)	-3.1%	(11,774)	-4.4%	2,876	24.4%
Total	**51,494**	**17.8%**	**41,482**	**15.4%**	**10,012**	**24.1%**

(*) The impact of the centralized costs is calculated as a percentage of the Group's total sales.

The table below shows the breakdown of the EBITDA by segment with reference to the recurring operations.

(€ thousands)	First Half 2016	EBITDA Margin	First Half 2015	EBITDA Margin	Change	Change %
EMEA	57,791	15.8%	45,743	13.8%	12,048	26.3%
Americas	18,967	18.7%	18,922	19.7%	45	0.2%
Asia Pacific	23,193	30.5%	23,107	31.4%	86	0.4%
Corporate (*)	(11,960)	-2.2%	(9,182)	-1.8%	(2,778)	-30.3%
Total	**87,991**	**16.2%**	**78,590**	**15.7%**	**9,401**	**12.0%**

(€ thousands)	Second Quarter 2016	EBITDA Margin	Second Quarter 2015	EBITDA Margin	Change	Change %
EMEA	37,063	18.9%	29,874	16.7%	7,189	24.1%
Americas	9,485	18.4%	9,952	20.0%	(467)	-4.7%
Asia Pacific	13,844	33.2%	13,430	33.5%	414	3.1%
Corporate (*)	(6,396)	-2.2%	(4,982)	-1.9%	(1,414)	-28.4%
Total	**53,996**	**18.6%**	**48,274**	**17.9%**	**5,722**	**11.9%**

(*) The impact of the centralized costs is calculated as a percentage of the Group's total sales.

Europe, Middle-East and Africa

Gross operating profit (EBITDA) amounted to €57,791 thousand in the first half of 2016 (with an EBITDA margin of 15.8%) versus €45,743 thousand in the same period of the prior year (and an EBITDA margin of 13.8%), an increase of €12,048 thousand (+26.3%) in absolute terms and of 2.0 p.p. in the EBITDA margin as a result of significant growth in revenues and increased operational efficiency. The exchange differences had a negative impact of €54 thousand.

In the second quarter alone, gross operating profit (EBITDA) amounted to €37,063 thousand, an increase of €7,189 thousand (+24.1%) compared to the second quarter of the prior year. The EBITDA margin came to 18.9%, an increase of 2.2 p.p. against the comparison period.

Americas

Gross operating profit (EBITDA) amounted to €18,967 thousand in the first half of 2016 (with an EBITDA margin of 18.7%) versus €18,922 thousand in the same period of the prior year (and an EBITDA margin of 19.7%), an increase of €45 thousand (+0.2%) with the EBITDA margin falling 1.0% as a result of the increased marketing investments made in the period to accelerate future growth. These investments, up more than 50% compared to the first half of 2015, are attributable primarily to the costs incurred to support the new Miracle Ear TV campaign launched in July. The impact of exchange differences was marginal (€9 thousand).

In the second quarter alone gross operating profit (EBITDA) amounted to €9,485 thousand, a drop of €467 thousand (-4.7%) with respect to the second quarter of the prior year. The EBITDA margin fell 1.6 p.p. against the comparison period to 18.4%. Net of the exchange differences which had a negative impact of €218 thousand, EBITDA was down by €249 thousand (-2.5%).

Asia Pacific

Gross operating profit (EBITDA) amounted to €23,193 thousand in the first half of 2016 (with an EBITDA margin of 30.5%) versus €23,107 thousand in the same period of the prior year (and an EBITDA margin of 31.4%), an increase of €86 thousand (+0.4%) with the EBITDA margin falling 0.9 p.p. This decline is attributable entirely to exchange differences which had a negative impact of €1,693 thousand. Net of the exchange differences, EBITDA rose €1,779 thousand (+7.7%) as a result, primarily, of the continuous growth of the business in Australia.

In the second quarter alone gross operating profit (EBITDA) amounted to €13,844 thousand, an increase of €414 thousand (+3.1%) with respect to the second quarter of the prior year. The EBITDA margin fell 0.3 p.p. against the comparison period to 33.2%. Net of the exchange differences which had a negative impact of €983 thousand, EBITDA was up by €1,397 thousand (+10.4%).

Corporate

The net cost of Corporate functions (Corporate bodies, general management, business development, procurement, treasury, legal affairs, human resources, IT systems, global marketing and internal audit) which do not qualify as operating segments under IFRS 8 amounted to €14,462 thousand in the first half of 2016 (2.7% of the revenue generated by the Group's sales and services) versus €15,974 thousand in the same period of the prior year (3.2% of the revenue generated by Group's sales and services).

The result for the period reflects the non-recurring costs of €2,502 thousand linked to advisory fees and expenses related to an acquisition process which was not completed. Non-recurring costs of €6,792 thousand were recorded in the same period 2015 connected to the transition in the Group's leadership.

Looking at recurring items alone, the cost of centralized functions for the first half amounted to €11,960 thousand (2.2% of the revenue generated by Group's sales and services), an increase of €2,778 thousand (+30.3%) against the comparison period. In the second quarter alone Corporate costs amounted to €6,396 thousand (2.2% of the revenue generated by Group's sales and services), an increase of €1,414 thousand (+28.4%) with respect to the comparison period.

Operating profit (EBIT)

(€ thousands)	First Half 2016			First Half 2015		
	Recurring	Non recurring	Total	Recurring	Non recurring	Total
Operating profit (EBIT)	**62,202**	**(2,502)**	**59,700**	**53,056**	**(6,792)**	**46,264**

(€ thousands)	Second Quarter 2016			Second Quarter 2015		
	Recurring	Non recurring	Total	Recurring	Non recurring	Total
Operating profit (EBIT)	**40,835**	**(2,502)**	**38,333**	**35,367**	**(6,792)**	**28,575**

Operating profit (EBIT) amounted to €59,700 thousand in the first half of 2016 versus €46,264 thousand in the same period of the prior year, an increase of €13,436 thousand (+29.0%), with the EBIT margin rising 1.8 p.p. against the 9.2% posted in first half 2015 to 11.0%.

In the second quarter alone operating profit (EBIT) amounted to €38,333 thousand, an increase of €9,758 thousand (+34.1%) with respect to the second quarter of the prior year. The EBIT margin rose 2.6 p.p. against the comparison period to 13.2%.

The result for the period reflects the non-recurring costs of €2,502 thousand linked to advisory fees and expenses related to an acquisition process which was not completed. Non-recurring costs of €6,792 thousand were recorded in the same period 2015 connected to the transition in the Group's leadership.
Net of this effect and the €1,023 thousand in negative exchange differences, the increase against the comparison period reaches €10,169 thousand (+19.2%) for the first half and €6,299 thousand (+17.8%) for the second quarter alone. This change is largely in line with the change in EBITDA described above.

The recurring EBIT margin came to 11.4% (+0.8 p.p. against the comparison period) and to 14.1% in the second quarter alone (+0.9 p.p. against the comparison period).

The following table shows the breakdown of EBIT by segment:

(€ thousands)	First Half 2016	EBIT Margin	First Half 2015	EBIT Margin	Change	Change %
EMEA	41,651	11.4%	29,976	9.1%	11,675	38.9%
Americas	16,800	16.6%	16,537	17.2%	263	1.6%
Asia Pacific	17,668	23.2%	17,335	23.6%	333	1.9%
Corporate (*)	(16,419)	-3.0%	(17,584)	-3.5%	1,165	6.6%
Total	**59,700**	**11.0%**	**46,264**	**9.2%**	**13,436**	**29.0%**

(€ thousands)	Second Quarter 2016	EBIT Margin	Second Quarter 2015	EBIT Margin	Change	Change %
EMEA	28,881	14.7%	21,924	12.2%	6,957	31.7%
Americas	8,417	16.3%	8,689	17.5%	(272)	-3.1%
Asia Pacific	11,007	26.4%	10,573	26.4%	434	4.1%
Corporate (*)	(9,972)	-3.4%	(12,611)	-4.7%	2,639	20.9%
Total	**38,333**	**13.2%**	**28,575**	**10.6%**	**9,758**	**34.1%**

(*) The impact of the centralized costs is calculated as a percentage of the Group's total sales.

The following table shows the breakdown of EBIT by segment with reference to the recurring transactions:

(€ thousands)	First Half 2016	EBIT Margin	First Half 2015	EBIT Margin	Change	Change %
EMEA	41,651	11.4%	29,976	9.1%	11,675	38.9%
Americas	16,800	16.6%	16,537	17.2%	263	1.6%
Asia Pacific	17,668	23.2%	17,335	23.6%	333	1.9%
Corporate (*)	(13,917)	-2.6%	(10,792)	-2.2%	(3,125)	-29.0%
Total	**62,202**	**11.4%**	**53,056**	**10.6%**	**9,146**	**17.2%**

(€ thousands)	Second Quarter 2016	EBIT Margin	Second Quarter 2015	EBIT Margin	Change	Change %
EMEA	28,881	14.7%	21,924	12.2%	6,957	31.7%
Americas	8,417	16.3%	8,689	17.5%	(272)	-3.1%
Asia Pacific	11,007	26.4%	10,573	26.4%	434	4.1%
Corporate (*)	(7,470)	-2.6%	(5,819)	-2.2%	(1,651)	-28.4%
Total	**40,835**	**14.1%**	**35,367**	**13.2%**	**5,468**	**15.5%**

(*) The impact of the centralized costs is calculated as a percentage of the Group's total sales.

Europe, Middle-East and Africa

Operating profit (EBIT) amounted to €41,651 thousand in the first half of 2016 (with an EBIT margin of 11.4%) versus €29,976 thousand in the same period of the prior year (and an EBIT margin of 9.1%), an increase of €11,675 thousand (+38.9%) and a rise of 2.3 p.p. in the EBIT margin. Exchange differences had a positive impact of €148 thousand.

In the second quarter alone EBIT amounted to €28,881 thousand, an increase of €6,957 thousand (+31.7%) against the second quarter of the prior year. The EBIT margin rose 2.5 p.p. against the comparison period to 14.7%. Exchange differences had a positive impact of €60 thousand.

Americas

Operating profit (EBIT) amounted to €16,800 thousand in the first half of 2016 (with an EBIT margin of 16.6%) versus €16,537 thousand in the same period of the prior year (and an EBIT margin of 17.2%), an increase of €263 thousand (+1.6%) in absolute terms while the EBIT margin was down 0.6 p.p. Net of the exchange differences which had a positive impact of €103 thousand, EBIT was up €160 thousand (+1.0%).

In the second quarter alone EBIT amounted to €8,417 thousand, a drop of €272 thousand (-3.1%) against the second quarter of the prior year. The EBIT margin came to 16.3%; a decline against the comparison period of 1.2 p.p. Net of the exchange differences which had a negative impact of €108 thousand, EBIT was down by €164 thousand (-1.9%).

Asia Pacific

Operating profit (EBIT) amounted to €17,668 thousand in the first half of 2016 (with an EBIT margin of 23.2%) versus €17,335 thousand in the same period of the prior year (and an EBIT margin of 23.6%), an increase of €333 thousand (+1.9%) and a decrease of 0.4 p.p. in the EBIT margin. The result reflects the exchange differences which had a negative impact of €1,271 thousand, net of which EBIT came to €1,604 thousand (+9.3%) and the EBIT margin rose 1.3 p.p.

In the second quarter alone EBIT amounted to €11,007 thousand, an increase of €434 thousand (+4.1%) against the second quarter of the prior year. The EBIT margin came to 26.4%, unchanged with respect to the comparison period. Net of the exchange differences which had a negative impact of €781 thousand, EBIT rose €1,215 thousand (+11.5%) and the EBIT margin was up 1.9 p.p.

Corporate

The net costs of Corporate functions at the EBIT level amounted to €16,419 thousand in the first half of 2016 (3.0% of revenue generated by Group’s sales and services) versus €17,584 thousand in the same period of the prior year (3.5% of revenue generated by Group’s sales and services).

The result for the period reflects the non-recurring costs of €2,502 thousand linked to advisory fees and expenses related to an acquisition process which was not completed. Non-recurring costs of €6,792 thousand were recorded in the same period 2015 connected to the transition in the Group’s leadership.

Looking at recurring items alone, the cost of centralized functions for the first half amounted to €13,917 thousand (2.6% of the revenue generated by Group’s sales and services), an increase of €3,125 thousand (+29.0%) against the comparison period. In the second quarter alone Corporate costs amounted to €7,470 thousand (2.6% of the revenue generated by Group’s sales and services), an increase of €1,651 thousand (+28.4%) with respect to the comparison period.

Profit before tax

(€ thousands)	First Half 2016			First Half 2015		
	Recurring	Non recurring	Total	Recurring	Non recurring	Total
Profit before tax	**52,869**	**(2,502)**	**50,367**	**42,162**	**(9,732)**	**32,430**

(€ thousands)	Second Quarter 2016			Second Quarter 2015		
	Recurring	Non recurring	Total	Recurring	Non recurring	Total
Profit before tax	**36,130**	**(2,502)**	**33,628**	**29,745**	**(5,467)**	**24,278**

Profit before tax in the first six months of 2016 came to €50,367 thousand (with a gross profit margin of 9.3%) versus €32,430 thousand (and a gross profit margin of 6.5%) recorded in the same period of the prior year, increasing €17,937 thousand (+55.3%).

When looking at this figure it is important to bear in mind that the period under examination was impacted by non-recurring costs of €2,502 thousand linked to advisory fees and expenses related to an acquisition process which was not completed, while in the comparison period non-recurring costs totaled €9,732 thousand (explained for €6,792 thousand by the costs connected to the transition in the Group's leadership, for €4,265 thousand by the make whole payment made as a result of the advance repayment of the USD 70 million private placement 2006-2016 and for €1,325 thousand for the income recognized in New Zealand following the acquisition of 100% of Dilworth Hearing Ltd based on the provisions of IFRS 3R relating to step up acquisitions).

Net of these non-recurring items, profit before tax came to €10,707 thousand (+25.4%). In addition to the increase in EBIT described above and the lower exchange costs, the profit before tax also benefitted from a decrease in interest payable as a result of the advance repayment of the last tranche of the private placement 2006-2016.

In the second quarter alone the profit before tax reached €33,628 thousand, an increase of €9,350 thousand against the second quarter of the prior year (€6,385 thousand relates to recurring operations alone).

Net profit attributable to the Group

(€ thousands)	First Half 2016			First Half 2015		
	Recurring	Non recurring	Total	Recurring	Non recurring	Total
Net profit attributable to the Group	**31,343**	**(1,716)**	**29,627**	**24,527**	**(5,978)**	**18,549**

(€ thousands)	Second Quarter 2016			Second Quarter 2015		
	Recurring	Non recurring	Total	Recurring	Non recurring	Total
Net profit attributable to the Group	**22,770**	**(1,716)**	**21,054**	**18,351**	**(3,334)**	**15,017**

The Group's net profit amounted to €29,627 thousand in the first six months of 2016 (with a profit margin of 5.4%), versus €18,549 thousand in first half 2015 (and a profit margin of 3.7%). Net of the non-recurring items described above, net profit rose €6,816 thousand (+27.8%) against the comparison period to €31,343 thousand (with a profit margin of 5.8%).

Net of the losses recorded by subsidiaries for which, in accordance with the principle of prudence, deferred tax assets are not recognized, as well as earnings posted for which no taxes were paid due to carried forward tax losses, the tax rate would have reached 35.2% versus 34.5% in first half 2015 calculated, again, net of the losses posted by the subsidiaries.

In the second quarter alone the Group's net profit amounted to €21,054 thousand, an increase of €6,037 thousand (+40.2%) against the comparison period. Net of the non-recurring items described above, the increase came to €4,419 thousand (+24.1%).

BALANCE SHEET REVIEW

Consolidated balance sheet by geographical area

(€ thousands)	30/06/2016				
	EMEA	**Americas**	**Asia Pacific**	**Elim.**	**Total**
Goodwill	259,107	73,380	246,854	-	579,341
Non-competition agreements, trademarks, customer lists and lease rights	37,223	2,922	56,749	-	96,894
Software, licences, other intangible fixed assets, fixed assets in progress and advances	26,185	11,869	6,552	-	44,606
Tangible assets	84,329	3,344	15,520	-	103,193
Financial fixed assets	2,337	37,297	-	-	39,634
Other non-current financial assets	4,034	23	346	-	4,403
Non-current assets	**413,215**	**128,835**	**326,021**	**-**	**868,071**
Inventories	28,517	351	2,298	-	31,166
Trade receivables	75,501	28,985	9,264	(2,431)	111,319
Other receivables	30,036	9,536	1,302	(7)	40,867
Current assets (A)	**134,054**	**38,872**	**12,864**	**(2,438)**	**183,352**
Operating assets	**547,269**	**167,707**	**338,885**	**(2,438)**	**1,051,423**
Trade payables	(62,709)	(33,574)	(12,053)	2,431	(105,905)
Other payables	(104,719)	(2,633)	(16,357)	7	(123,702)
Provisions for risks and charges (current portion)	(1,436)	-	-	-	(1,436)
Current liabilities (B)	**(168,864)**	**(36,207)**	**(28,410)**	**2,438**	**(231,043)**
Net working capital (A) - (B)	**(34,810)**	**2,665**	**(15,546)**	**-**	**(47,691)**
Derivative instruments	(5,996)	-	-	-	(5,996)
Deferred tax assets	37,499	535	2,665	-	40,699
Deferred tax liabilities	(16,224)	(23,737)	(16,163)	-	(56,124)
Provisions for risks and charges (non-current portion)	(25,243)	(22,970)	(866)	-	(49,079)
Liabilities for employees' benefits (non-current portion)	(16,248)	(167)	(2,195)	-	(18,610)
Loan fees	1,705	-	119	-	1,824
Other non-current payables	(2,516)	(13)	(493)	-	(3,022)
NET INVESTED CAPITAL	**351,382**	**85,148**	**293,542**	**-**	**730,072**
Group net equity					515,735
Minority interests					536
Total net equity					**516,271**
Net medium and long-term financial indebtedness					377,193
Net short-term financial indebtedness					(163,392)
Total net financial indebtedness					**213,801**
OWN FUNDS AND NET FINANCIAL INDEBTEDNESS					**730,072**

(€ thousands)	31/12/2015				
	EMEA	Americas	Asia Pacific	Elim.	Total
Goodwill	250,714	74,125	247,311	-	572,150
Non-competition agreements, trademarks, customer lists and lease rights	35,188	3,173	59,754	-	98,115
Software, licences, other intangible fixed assets, fixed assets in progress and advances	25,894	11,383	6,021	-	43,298
Tangible assets	83,666	3,466	15,543	-	102,675
Financial fixed assets	2,256	40,070	-	-	42,326
Other non-current financial assets	3,879	21	336	-	4,236
Non-current assets	**401,597**	**132,238**	**328,965**	**-**	**862,800**
Inventories	26,983	262	1,711	-	28,956
Trade receivables	77,945	30,327	5,943	(2,488)	111,727
Other receivables	25,146	7,996	934	(8)	34,068
Current assets (A)	**130,074**	**38,585**	**8,588**	**(2,496)**	**174,751**
Operating assets	**531,671**	**170,823**	**337,553**	**(2,496)**	**1,037,551**
Trade payables	(67,532)	(37,219)	(11,080)	2,488	(113,343)
Other payables	(108,077)	(3,634)	(19,729)	8	(131,432)
Provisions for risks and charges (current portion)	(1,378)	-	-	-	(1,378)
Current liabilities (B)	**(176,987)**	**(40,853)**	**(30,809)**	**2,496**	**(246,153)**
Net working capital (A) - (B)	**(46,913)**	**(2,268)**	**(22,221)**	**-**	**(71,402)**
Derivative instruments	(6,988)	-	-	-	(6,988)
Deferred tax assets	37,160	1,117	2,466	-	40,743
Deferred tax liabilities	(15,223)	(23,564)	(16,908)	-	(55,695)
Provisions for risks and charges (non-current portion)	(23,760)	(23,817)	(830)	-	(48,407)
Liabilities for employees’ benefits (non-current portion)	(13,806)	(175)	(1,591)	-	(15,572)
Loan fees	2,023	-	174	-	2,197
Other non-current payables	(2,216)	(15)	(369)	-	(2,600)
NET INVESTED CAPITAL	**331,874**	**83,516**	**289,686**	**-**	**705,076**
Group net equity					499,471
Minority interests					694
Total net equity					**500,165**
Net medium and long-term financial indebtedness					382,542
Net short-term financial indebtedness					(177,631)
Total net financial indebtedness					**204,911**
OWN FUNDS AND NET FINANCIAL INDEBTEDNESS					**705,076**

Non-current assets

Non-current assets amounted to €868,071 thousand at 30 June 2016 versus €862,800 thousand at 31 December 2015, with a net increase of €5,271 thousand. The changes of the period are mainly related to: (i) operative investments for €21,236 thousand; (ii) increases due to acquisitions equal to €17,706 thousand; (iii) depreciation, amortization and impairment for €25,789 thousand; (iv) decreases for unfavourable foreign exchange rates fluctuations for €5,707 thousand and (v) other decreases equal to 2,175 thousand.

The following table shows the breakdown of non-current assets by geographical region:

(€ thousands)		30/06/2016	31/12/2015	Change
	Goodwill	259,107	250,714	8,393
	Non-competition agreements, trademarks, customer lists and lease rights	37,223	35,188	2,035
	Software, licences, other intangible fixed assets, fixed assets in progress and advances	26,185	25,894	291
	Tangible assets	84,329	83,666	663
	Financial fixed assets	2,337	2,256	81
	Other non-current financial assets	4,034	3,879	155
EMEA	**Non-current assets**	**413,215**	**401,597**	**11,618**
	Goodwill	73,380	74,125	(745)
	Non-competition agreements, trademarks, customer lists and lease rights	2,922	3,173	(251)
	Software, licences, other intangible fixed assets, fixed assets in progress and advances	11,869	11,383	486
	Tangible assets	3,344	3,466	(122)
	Financial fixed assets	37,297	40,070	(2,773)
	Other non-current financial assets	23	21	2
Americas	**Non-current assets**	**128,835**	**132,238**	**(3,403)**
	Goodwill	246,854	247,311	(457)
	Non-competition agreements, trademarks, customer lists and lease rights	56,749	59,754	(3,005)
	Software, licences, other intangible fixed assets, fixed assets in progress and advances	6,552	6,021	531
	Tangible assets	15,520	15,543	(23)
	Financial fixed assets	-	-	-
	Other non-current financial assets	346	336	10
Asia Pacific	**Non-current assets**	**326,021**	**328,965**	**(2,944)**

Europe, Middle-East and Africa

Non-current assets amounted to €413,215 thousand at 30 June 2016 versus €401,597 thousand at 31 December 2015, an increase of €11,618 thousand explained:

- for €12,306 thousand, by investments in plant, property and equipment, relating primarily to the opening of stores and renewal of existing ones as part of the continuing introduction of the new concept store;
- for €3,761 thousand, by investments in intangible assets, relating primarily to back-office systems and the implementation of new store and sales support systems;
- for €16,895 thousand, by acquisitions;
- for €18,098 thousand, by amortization, depreciation and impairment;
- for €3,246 thousand, by other net decreases relating primarily to exchange differences.

Americas

Non-current assets came to €128,835 thousand at 30 June 2016 versus €132,238 thousand at 31 December 2015, a decrease of €3,403 thousand explained:

- for €428 thousand, by investments in plant, property and equipment;
- for €1,835 thousand, by investments in intangible assets relating primarily to the implementation of front-office systems and the website, renewal of the headquarters, relocation of proprietary stores and joint investment plans entered into with the franchisees for the renewal and relocation of stores;
- for €811 thousand by acquisitions made in the period;
- for €2,166 thousand, by amortization and depreciation;
- for €2,048 thousand, by exchange losses;
- for €2,263 thousand, other decreases relating primarily to decreases in long-term receivables and the reclassification of short-term portions net of new loans granted.

Asia Pacific

Non-current assets came to €326,021 thousand at 30 June 2016 versus €328,965 thousand at 31 December 2015, a decrease of €2,944 thousand explained:

- for €2,011 thousand, by investments in plant, property and equipment, relating primarily to the opening, restructuring and relocation of some stores;
- for €895 thousand, by investments in intangible assets, relating primarily to the implementation of a new front-office system in Australia;
- for €5,525 thousand, by amortization and depreciation;
- for €325 thousand, by other net decreases, relating primarily to exchange differences.

Net invested capital

Net invested capital came to €730,072 thousand al 30 June 2016 versus €705,076 thousand at 31 December 2015, an increase of €24,996 thousand linked to the increase in both non-current assets described above and working capital, partially offset by an increase in long-term liabilities relating primarily to employee benefits.

The following table shows the breakdown of net invested capital by geographical area.

(€ thousands)	30/06/2016	31/12/2015	Change
EMEA	351,382	331,874	19,508
Americas	85,148	83,516	1,632
Asia Pacific	293,542	289,686	3,856
Total	**730,072**	**705,076**	**24,996**

Europe, Middle-East and Africa

Net invested capital came to €351,382 thousand at 30 June 2016, an increase of €19,508 thousand against 31 December 2015. The increase in non-current assets described above was accompanied by an increase in working capital which was partially offset by partially offset by an increase in long-term liabilities relating primarily to employee benefits.

Factoring without recourse in the period involved trade receivables with a face value of €23,324 thousand (€22,873 thousand in the first half of the prior year) and VAT credits with a face value of €10,250 thousand (€8,375 thousand in the first half of the prior year).

Americas

Net invested capital came to €85,148 thousand at 30 June 2016, an increase of €1,632 thousand against the amount recorded at 31 December 2015. The drop in non-current assets described above was more than offset by an increase in working capital.

Asia Pacific

Net invested capital came to €293,542 thousand at 30 June 2016, an increase of €3,856 thousand against the amount recorded at 31 December 2015. The decline in non-current assets described above was more than offset by the increase in working capital.

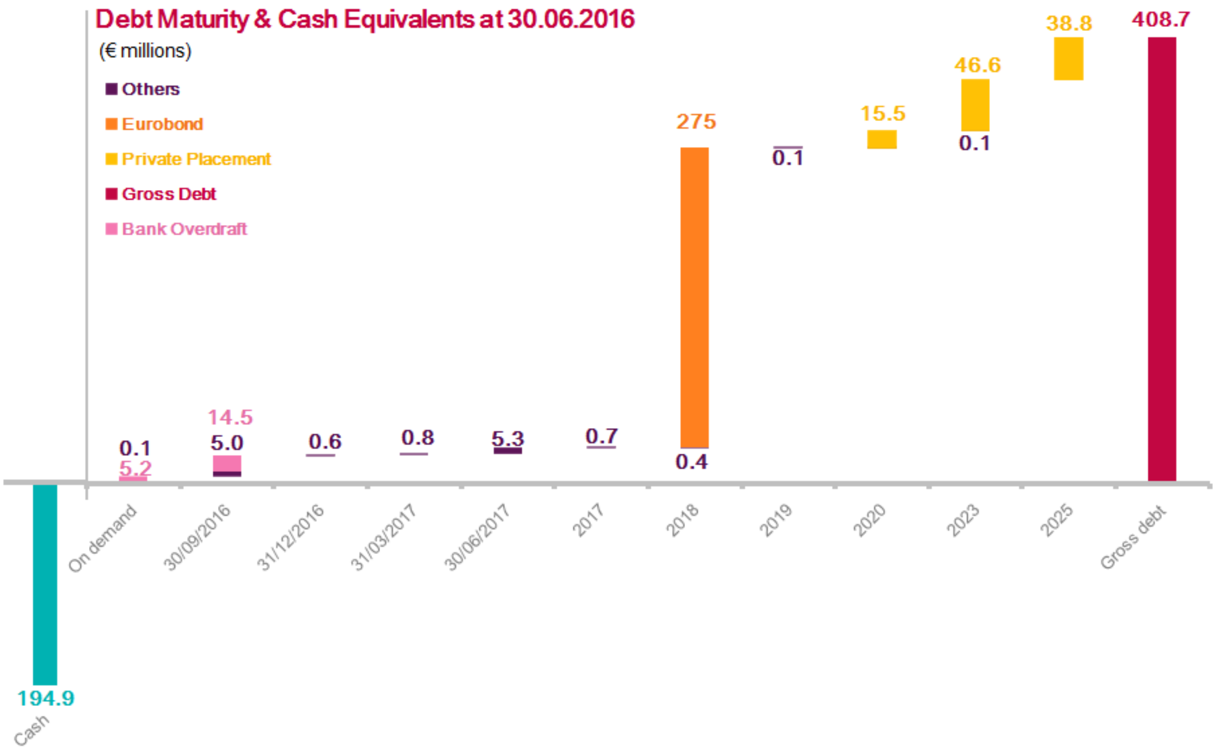
Net financial indebtedness

(€ thousands)	30/06/2016	31/12/2015	Change
Net medium and long-term financial indebtedness	377,193	382,542	(5,349)
Net short-term financial indebtedness	31,464	19,083	12,381
Cash and cash equivalents	(194,856)	(196,714)	1,858
Net financial indebtedness	**213,801**	**204,911**	**8,890**
Group net equity	515,735	499,471	16,264
Minority interests	536	694	(158)
Net Equity	**516,271**	**500,165**	**16,106**
Financial indebtedness/Group net equity	**0.41**	**0.41**	
Financial indebtedness/net equity	**0.41**	**0.41**	

Net financial indebtedness amounted to €213,801 thousand at 30 June 2016, an increase of €8,890 thousand with respect to 31 December 2015, but down by €43,230 thousand against the €257,031 thousand recorded at 30 June 2015.

Free cash flow was positive in the half for some €19,954 thousand despite the seasonality that characterizes the first few months of the year. The increase in debt is the direct consequence of the acquisitions made in the period (€15,465 thousand), the payment of dividends in the second quarter (€9,427 thousand), the purchase of treasury shares which amounted to €6,315 thousand net of the proceeds from the exercise of stock options and the €2,502 thousand in non-recurring costs linked to advisory fees and expenses related to an acquisition process which was not completed, as well as restructuring costs relating to 2015. Cash flow from operations was basically in line with the first half of the prior year (€24,061 thousand), net of the non-recurring cost of €4,265 thousand relating to the make whole amount paid as a result of the advance repayment of the private placement 2006-2016, but after absorbing investments in property, plant and equipment and intangible assets which were €2,670 thousand higher compared to the prior half.

At 30 June 2016 the Group's total financial indebtedness amounted to €213,801 thousand against cash and cash equivalents totaling €194,856 thousand. Long-term debt amounted to €377,193 thousand, €455 thousand of which relating to long-term deferred payments for acquisitions. Short-term debt amounted to €31,464 thousand, €14,497 thousand of which explained by the accrued interest payable on the Eurobond and the private placement and €10,299 thousand of which relating to the best estimate of the deferred payments for acquisitions. Excluding these items, as shown in the chart below, debt is primarily long term (falling due beginning in 2018). Cash and cash equivalents, which amount to €195 million, along with the unused portion of credit lines granted of €109 million, ensure the flexibility needed to take advantage of any opportunities to consolidate and develop the business that might materialize.



Interest payable on financial indebtedness amounted to €9,072 thousand at 30 June 2016, versus €15,072 thousand at 30 June 2015 which, however, was impacted by the €4,265 thousand make whole payment made as a result of the advance repayment of the USD 70 million private placement 2006-2016.

Interest receivable on bank deposits came to €307 thousand at 30 June 2016, versus €441 thousand at 30 June 2015.

Covenants

The USD 130 million private placement 2013-2025 (equal to €100.9 million including the fair value of the currency hedges which set the Euro/USD exchange rate at 1.2885) is subject to the following covenants:

- ratio of Group net debt/equity must not exceed 1.5;
- ratio of Group net debt/EBITDA in the last 4 quarters (determined based solely on recurring operations and figures which have been restated in the event the Group's structure has changed significantly) must not exceed 3.5.

In the event of relevant acquisitions, the above ratios may be increased to 2.0 and 4.0, respectively, for a period of not more than 12 months, 2 times over the life of the loan.

At 30 June 2016 these ratios were as follows:

	Value
Net financial indebtedness/Group net equity	0.41
Net financial indebtedness/EBITDA for the last 4 quarters	1.17

In accordance with standard international practices, the private placement is subject to other covenants, which limit the issue of guarantees, certain sale and lease back transactions, as well as other extraordinary transactions.

Neither the €275 million Eurobond maturing in 2018 issued in July 2013 nor the remaining €0.5 million of long term debt, including the short term portions, are subject to covenants.

The ratio of net debt/net invested capital at 30 June 2016 was 29.28% (29.06% at 31 December 2015).

The reasons for the changes in net debt are detailed in the next section on the statement of cash flows.

CASH FLOW

The reclassified statement of cash flows shows the change in net financial indebtedness from the beginning to the end of the period.

Pursuant to IAS 7 the financial statements include a statement of cash flows that shows the change in cash and cash equivalents from the beginning to the end of the period.

(€ thousands)	First Half 2016	First Half 2015
OPERATING ACTIVITIES		
Net profit (loss) attributable to the Group	29,627	18,549
Minority interests	105	(123)
Amortization, depreciation and write-downs:		
- Intangible fixed assets	*12,406*	*12,106*
- Tangible fixed assets	*13,383*	*13,428*
- Goodwill	*-*	*-*
Total amortization, depreciation and write-downs	25,789	25,534
Provisions	9,680	15,253
(Gains) losses from sale of fixed assets	8	78
Group's share of the result of associated companies	(182)	43
Financial income and charges	9,515	13,790
Current and deferred income taxes	20,635	14,004
Change in assets and liabilities:		
- Utilization of provisions	*(3,772)*	*(3,268)*
- (Increase) decrease in inventories	*(1,452)*	*(810)*
- Decrease (increase) in trade receivables	*137*	*(3,485)*
- Increase (decrease) in trade payables	*(6,519)*	*2,379*
- Changes in other receivables and other payables	*(13,059)*	*(10,631)*
Total change in assets and liabilities	(24,665)	(15,815)
Dividends received	-	9
Net interest charges	(8,767)	(13,769)
Taxes paid	(20,934)	(20,567)
Cash flow generated from (absorbed) by operating activities	**40,811**	**36,986**
INVESTING ACTIVITIES:		
Purchase of intangible fixed assets	(6,492)	(4,553)
Purchase of tangible fixed assets	(14,744)	(14,013)
Consideration from sale of tangible fixed assets and businesses	379	1,376
Cash flow generated from (absorbed) by investing activities	**(20,857)**	**(17,190)**
Cash flow generated from operating and investing activities (Free cash flow)	**19,954**	**19,796**
Business combinations (*)	(15,465)	(20,592)
(Purchase) sale of other investments, securities and reductions of earn-outs	18	4,337
Cash flow generated from acquisitions	**(15,447)**	**(16,255)**
Cash flow generated from (absorbed) by investing activities	**(36,304)**	**(33,445)**

(€ thousands)	First Half 2016	First Half 2015
FINANCING ACTIVITIES:		
Changes in hedging derivatives	-	-
Fees paid on medium/long-term financing	-	-
Other non-current assets	892	(1,811)
Distributed dividends	(9,427)	(9,356)
Treasury shares	(7,511)	(2,681)
Capital increases (reduction)/third parties contributions in subsidiaries / dividends paid to third parties by the subsidiaries	1,196	3,286
Cash flow generated from (absorbed) by financing activities	**(14,850)**	**(10,562)**
Changes in net financial indebtedness	**(10,343)**	**(7,021)**
Net financial indebtedness at the beginning of the period	(204,911)	(248,417)
Effect of disposal of assets on net financial indebtness	-	-
Effect of exchange rate fluctuations on net financial indebtedness	1,453	(1,593)
Changes in net indebtedness	(10,343)	(7,021)
Net financial indebtedness at the end of the period	**(213,801)**	**(257,031)**

(*) The item refers to the net cash flow absorbed by the acquisition of businesses and equity investments.

The change in net debt of €8,890 thousand is explained by:

(i) Investing activities:
- capital expenditure on tangible and intangible assets of €21,236 thousand relating primarily to the opening, renewal and repositioning of stores based on the concept store, new back-office systems and the implementation of new store and sales support systems ;
- acquisitions amounting to €15,465 thousand, including the impact of the acquired companies debt;
- net proceeds from the disposal of other assets, equity investments, and securities amounting to €379 thousand.

(ii) Operating activities:
- interest payable on financial indebtedness and other net financial charges of €8,767 thousand;
- payment of taxes amounting to €20,935 thousand;
- cash flow generated by operations of €70,513 thousand.

(iii) Financing activities:
- payment of €9,427 thousand in dividends to shareholders;
- net proceeds from capital increases following the exercise of stock options of €1,474 thousand;
- payment of €278 thousand in dividends to minorities by subsidiaries;
- purchase of treasury shares amounting to €7,511 thousand;
- decrease in other non-current assets of €892 thousand.

(iv) Exchange gains of €1,453 thousand.

The non-recurring transactions described above in the section about the change in net financial debt had a negative impact on the cash flow generated during the period of €2,919 thousand in the first half of 2016 versus a negative €4,265 thousand in the same period of the prior year:

(€ thousands)	First Half 2016	First Half 2015
Restructuring charges paid in FY 2015 and 2016	(501)	
Advisory fees and expenses related to an acquisition process which was not completed	(2,418)	
Make whole payment made following advance repayment of the 2006-2016 private placement		(4,265)
Cash flow generated (absorbed) by operating activities	**(2,919)**	**(4,265)**
Cash flow generated from (absorbed) by investing activities		
Free Cash Flow	**(2,919)**	**(4,265)**
Cash flow generated from acquisitions		
Total cash flow generated by non recurring transactions	**(2, 919)**	**(4,265)**

ACQUISITION OF COMPANIES AND BUSINESSES

In the first half of 2016 the activities linked to the valuation of a sizeable acquisition which was in the end not made, caused a delay in the closing of a series of other acquisitions which the Group is working on in order to increase regional coverage in certain markets. The majority of these acquisitions were finalized in July 2016 as described in the section on subsequent events.

A series of small regional chains were acquired In the half for a total of 52 points of sale and contact points.

More in detail:
- 20 points of sale were acquired in France;
- 14 points of sale were acquired in Germany;
- 5 points of sale were acquired in Belgium;
- 2 points of sale were acquired in Spain;
- 2 points of sale were acquired in Israel;
- 1 point of sale was acquired in Turkey;
- 7 points of sale belonging to the Miracle Ear network in Colorado were acquired in the United States which will rejoin the network once they are adequately reorganized;
- 1 point of sale was acquired in Canada.

The total cash out came to €15,465 thousand, including the debt consolidated and the best estimate of the earn-out linked to sales and profitability targets payable over the next few years.

TREASURY SHARES

Implementation of the buyback program approved during the Shareholders' Meetings held on 21 April 2015 and on 18 April 2016 continued in the period.

The purpose of the program is to increase treasury shares in order to service stock-based incentive plans, as well as ensure the availability of treasury shares to use as a form of payment for acquisitions. As resolved by the shareholders, the treasury shares may be purchased on one or more occasions on a revolving basis for up to a total number of treasury shares, which together with the treasury shares already held and in accordance with the law, amounts to 10% of the company's share capital. The purchase price of the shares may not be 10% higher or lower than the stock price registered at the close of the trading session prior to each single purchase.

In 2016 935,000 shares were purchased under this program at an average price of €8.034.

A total of 798,792 of the performance stock grant rights were exercised in the period, as a result of which the Company transferred the same number of treasury shares to the beneficiaries.

At 30 June 2016 the treasury shares held amounted to 6,399,958 or 2.847% of the Company's share capital.

Information relating to the treasury shares held purchased in 2005, 2006, 2007, 2014, 2015, 2016, as well as transferred in 2016, is provided below.

	N. of shares	Average purchase price (Euro) FV of transferred rights (Euro)	Total amount (€ thousands)
Held at 31 December 2015	**6,263,750**	**6.345**	**39,740**
Purchased	935,000	8.034	7,511
Transfers due to exercise of Performance Stock grants	(798,792)	4.112	(3,290)
Total at 30 June 2016	**6,399,958**		**43,961**

SUBSEQUENT EVENTS AFTER 30 JUNE 2016

The main events that took place after the end of the period are described below.

In July 2016 execution of the buyback program approved during the Shareholders' Meeting held on 18 April 2016 continued and between the end of the half and the date of this report a total of 209,000 shares were purchased at an average price of €8.463.

After the close of the first half, Amplifon announced the acquisition of two high–quality hearing aid retail chains for a total of 86 shops in Germany: Focus Hören AG and Die Hörmeister GmbH. Since January 2016, Amplifon has, therefore, acquired 105 stores in Germany for total cash out of around Euro 50 million. These transactions perfectly fit the Company's strategy aimed at strengthening Amplifon's position in core markets with high growth potential, such as Germany, increasing the number of shops in the country from 260 to 365.
External growth also continued in other countries in July: 3 points of sale were, in fact, purchased in France and 1 in Switzerland.

OUTLOOK

For the rest of 2016 the Group expects the positive trend in sales and profitability to continue thanks to solid organic growth and the continuous network expansion. With regard to the different geographies, the Group expects solid sales growth and profitability improvement in Europe thanks to network expansion, both via acquisitions (France and Germany) and new openings (the Iberian Peninsula), and the benefits derived from marketing and communication investments. The expectations for Americas are also positive thanks to the new marketing initiatives (including the launch of the new Miracle Ear TV campaign) supported by higher investments. Lastly, in Asia Pacific the Group expects stable organic growth, above market performance, and will continue to focus on operating efficiency in order to maintain its current profitability levels. The Group, therefore, remains confident about its ability to execute on its strategic growth plan and achieve the previously announced targets.

Disclaimer

This report contains forward looking statements ("Outlook") relating to future events and the Amplifon Group's operating, economic and financial results. These forecasts, by definition, contain elements of risk and uncertainty, insofar as they are linked to the occurrence of future events and developments. The actual results may be very different with respect to the original forecast due to a number of factors, the majority of which are out of the Group's control

CONTINGENT LIABILITIES AND UNCERTAINTIES

In Spain, the owner of three stores leased to Amplifon and regularly returned in 2014 when the lease expired, filed suit against Amplifon complaining about the state of the property when it was returned and other alleged breaches. Amplifon believes that the court will find in its favor. In any case, any damage award would not exceed few hundreds of thousand Euros.

Currently the Group is not subject to any other particular risks or uncertainties.

CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS AT 30 JUNE 2016

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(€ thousands)		30/06/2016	31/12/2015	Change
ASSETS				
Non-current assets				
Goodwill	**Note 5**	579,341	572,150	7,191
Intangible fixed assets with finite useful life	**Note 6**	141,500	141,413	87
Tangible fixed assets	**Note 7**	103,193	102,675	518
Investments valued at equity		1,517	1,433	84
Financial assets measured at fair value through profit or loss		23	29	(6)
Long- term hedging instruments		10,208	11,526	(1,318)
Deferred tax assets		40,699	40,743	(44)
Other assets		42,496	45,100	(2,604)
Total non-current assets		**918,977**	**915,069**	**3,908**
Current assets				
Inventories		31,166	28,956	2,210
Trade receivables		111,319	111,727	(408)
Other receivables		40,867	34,068	6,799
Hedging instruments		-	451	(451)
Cash and cash equivalents		194,856	196,714	(1,858)
Total current assets		**378,208**	**371,916**	**6,292**
TOTAL ASSETS		**1,297,185**	**1,286,985**	**10,200**

(€ thousands)		30/06/2016	31/12/2015	Change
LIABILITIES				
Net Equity				
Share capital	Note 8	4,517	4,510	7
Share premium account		199,856	197,774	2,082
Treasury shares		(43,961)	(39,740)	(4,221)
Other reserves		664	2,587	(1,923)
Profit (loss) carried forward		325,032	287,535	37,497
Profit (loss) for the period		29,627	46,805	(17,178)
Group net equity		**515,735**	**499,471**	**16,264**
Minority interests		**536**	**694**	**(158)**
Total net equity		**516,271**	**500,165**	**16,106**
Non-current liabilities				
Medium/long-term financial liabilities	Note 10	391,856	394,152	(2,296)
Provisions for risks and charges		49,079	48,407	672
Liabilities for employees' benefits		18,610	15,571	3,039
Deferred tax liabilities		56,124	55,695	429
Payables for business acquisitions		455	5,450	(4,995)
Other long-term debt		3,022	2,600	422
Total non-current liabilities		**519,146**	**521,875**	**(2,729)**
Current liabilities				
Trade payables		105,905	113,343	(7,438)
Payables for business acquisitions		10,299	4,581	5,718
Other payables		122,981	130,407	(7,426)
Hedging instruments		231	6	225
Provisions for risks and charges		1,436	1,378	58
Liabilities for employees' benefits		721	1,025	(304)
Short-term financial liabilities	Note 10	20,195	14,205	5,990
Total current liabilities		**261,768**	**264,945**	**(3,177)**
TOTAL LIABILITIES		**1,297,185**	**1,286,985**	**10,200**

CONSOLIDATED INCOME STATEMENT

(€ thousands)		First Half 2016			First Half 2015			
		Recurring	Non Recurring	Total	Recurring	Non Recurring	Total	Change
Revenues from sales and services		544,211	-	544,211	500,279	-	500,279	43,932
Operating costs		(455,709)	-	(455,709)	(422,661)	(6,792)	(429,453)	(26,256)
Other income and costs		(511)	(2,502)	(3,013)	972	-	972	(3,985)
Gross operating profit (EBITDA)		**87,991**	**(2,502)**	**85,489**	**78,590**	**(6,792)**	**71,798**	**13,691**
Amortisation, depreciation and impairment								
Amortisation of intangible fixed assets	**Note 6**	(12,402)	-	(12,402)	(12,022)	-	(12,022)	(380)
Depreciation of tangible fixed assets	**Note 7**	(13,120)	-	(13,120)	(13,266)	-	(13,266)	146
Impairment and impairment reversals of non-current assets		(267)	-	(267)	(246)	-	(246)	(21)
		(25,789)	**-**	**(25,789)**	**(25,534)**	**-**	**(25,534)**	**(255)**
Operating result		**62,202**	**(2,502)**	**59,700**	**53,056**	**(6,792)**	**46,264**	**13,436**
Financial income, charges and value adjustments to financial assets								
Group's share of the result of associated companies valued at equity		182	-	182	(43)	-	(43)	225
Other income and charges, impairment and revaluations of financial assets		8	-	8	205	1,325	1,530	(1,522)
Interest income and charges		(8,766)	-	(8,766)	(10,366)	(4,265)	(14,631)	5,865
Other financial income and charges		(566)	-	(566)	(515)	-	(515)	(51)
Exchange gains and losses		(1,367)	-	(1,367)	3,526	-	3,526	(4,893)
Gain (loss) on assets measured at fair value		1,176	-	1,176	(3,701)	-	(3,701)	4,877
		(9,333)	**-**	**(9,333)**	**(10,894)**	**(2,940)**	**(13,834)**	**4,501**
Profit (loss) before tax		**52,869**	**(2,502)**	**50,367**	**42,162**	**(9,732)**	**32,430**	**17,937**
Current and deferred income tax	**Note 14**							
Current tax		(21,578)	786	(20,792)	(17,937)	2,253	(15,684)	(5,108)
Deferred tax		157	-	157	179	1,501	1,680	(1,523)
		(21,421)	**786**	**(20,635)**	**(17,758)**	**3,754**	**(14,004)**	**(6,631)**
Total net profit (loss)		**31,448**	**(1,716)**	**29,732**	**24,404**	**(5,978)**	**18,426**	**11,306**
Net profit (loss) attributable to Minority interests		105	-	105	(123)	-	(123)	228
Net profit (loss) attributable to the Group		**31,343**	**(1,716)**	**29,627**	**24,527**	**(5,978)**	**18,549**	**11,078**

Income (loss) and earnings per share (€ per share)	**Note 12**	**First Half 2016**	**First Half 2015**
Earnings per share			
- base		0.13518	0.08534
- diluted		0.13160	0.08263

STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME

(€ thousands)	First Half 2016	First Half 2015
Net income (loss) for the period	**29,732**	**18,426**
Other comprehensive income (loss) that will not be reclassified subsequently to profit or loss:		
Re-measurement of defined benefit plans	(2,022)	(994)
Tax effect on components of other comprehensive income that will not be reclassified subsequently to profit or loss	380	172
Total other comprehensive income (loss) that will not be reclassified subsequently to profit or loss after the tax effect (A)	**(1,642)**	**(822)**
Other comprehensive income that will be reclassified subsequently to profit or loss:		
Gains/(losses) on cash flow hedging instruments	994	2,615
Gains/(losses) on exchange differences from translation of financial statements of foreign entities	(2,301)	14,059
Tax effect on components of other comprehensive income that will be reclassified subsequently to profit or loss	(273)	(662)
Total other comprehensive income (loss) that will be reclassified subsequently to profit or loss after the tax effect (B)	**(1,580)**	**16,012**
Total other comprehensive income (loss) (A)+(B)	**(3,222)**	**15,190**
Comprehensive income (loss) for the period	**26,510**	**33,616**
Attributable to the Group	26,436	33,766
Attributable to Minority interests	74	(150)

STATEMENT OF CHANGES IN CONSOLIDATED NET EQUITY

(€ thousands)	Share capital	Share premium account	Legal reserve	Other reserves	Treasury shares reserve	Stock option and stock grant reserve
Balance at 1 January 2015	**4,492**	**191,902**	**934**	**3,607**	**(46,547)**	**21,761**
Appropriation of FY 2014 result						
Share capital increase	13	3,273				
Treasury shares					(2,681)	
Dividend distribution						
Implicit cost of stock options and stock grants						5,435
Other changes		1,245		29	2,532	(3,806)
- Hedge accounting						
- Actuarial gains (losses)						
- Translation difference						
- Result for HY 2015						
Total comprehensive income (loss) for the period						
Balance at 30 June 2015	**4,505**	**196,420**	**934**	**3,636**	**(46,696)**	**23,390**

(€ thousands)	Share capital	Share premium account	Legal reserve	Other reserves	Treasury shares reserve	Stock option and stock grant reserve
Balance at 1 January 2016	**4,510**	**197,774**	**934**	**3,636**	**(39,740)**	**21,835**
Appropriation of FY 2015 result						
Share capital increase	7	1,467				
Treasury shares					(7,511)	
Dividend distribution						
Implicit cost of stock options and stock grants						5,343
Other changes		615			3,290	(4,075)
- Hedge accounting						
- Actuarial gains (losses)						
- Translation difference						
- Result for HY 2016						
Total comprehensive income (loss) for the period						
Balance at 30 June 2016	**4,517**	**199,856**	**934**	**3,636**	**(43,961)**	**23,103**

Cash flow hedge reserve	Actuarial gains and (losses)	Profit (loss) carried forward	Translation difference	Profit (loss) for the period	Total Shareholders' equity	Minority interests	Total net equity
(7,421)	**(4,567)**	**255,410**	**(23,881)**	**46,475**	**442,165**	**1,057**	**443,222**
		46,475		(46,475)	-		-
					3,286		**3,286**
					(2,681)		**(2,681)**
		(9,356)			**(9,356)**		**(9,356)**
					5,435		**5,435**
		(139)			**(139)**	2	**(137)**
1,953					***1,953***		***1,953***
	(822)				***(822)***		***(822)***
			14,086		***14,086***	*(27)*	***14,059***
				18,549	***18,549***	*(123)*	***18,426***
1,953	(822)		14,086	18,549	**33,766**	(150)	**33,616**
(5,468)	**(5,389)**	**292,390**	**(9,795)**	**18,549**	**472,476**	**909**	**473,385**

Cash flow hedge reserve	Actuarial gains and (losses)	Profit (loss) carried forward	Translation difference	Profit (loss) for the period	Total Shareholders' equity	Minority interests	Total net equity
(5,096)	**(4,404)**	**287,535**	**(14,318)**	**46,805**	**499,471**	**694**	**500,165**
		46,805		(46,805)	-		-
					1,474		**1,474**
					(7,511)		**(7,511)**
		(9,427)			**(9,427)**		**(9,427)**
					5,343		**5,343**
		119			**(51)**	(232)	**(283)**
721					***721***		***721***
	(1,642)				***(1,642)***		***(1,642)***
			(2,270)		***(2,270)***	*(31)*	***(2,301)***
				29,627	***29,627***	*105*	***29,732***
721	(1,642)		(2,270)	29,627	**26,436**	74	**26,510**
(4,375)	**(6,046)**	**325,032**	**(16,588)**	**29,627**	**515,735**	**536**	**516,271**

CONSOLIDATED CASH FLOW STATEMENT

(€ thousands)	First Half 2016	First Half 2015
OPERATING ACTIVITIES		
Net profit (loss)	29,732	18,426
Amortization, depreciation and write-downs:		
- intangible fixed assets	12,406	12,106
- tangible fixed assets	13,383	13,428
- goodwill		
Provisions	9,680	15,253
(Gains) losses from sale of fixed assets	8	78
Group's share of the result of associated companies	(182)	43
Financial income and charges	9,515	13,790
Current, deferred tax assets and liabilities	20,635	14,004
Cash flow from operating activities before change in working capital	***95,177***	***87,128***
Utilization of provisions	(3,772)	(3,268)
(Increase) decrease in inventories	(1,452)	(809)
Decrease (increase) in trade receivables	137	(3,485)
Increase (decrease) in trade payables	(6,519)	2,378
Changes in other receivables and other payables	(13,059)	(10,631)
Total change in assets and liabilities	***(24,665)***	***(15,815)***
Dividends received	-	9
Interest received (paid)	(2,091)	(9,178)
Taxes paid	(20,934)	(20,567)
Cash flow generated from (absorbed by) operating activities (A)	**47,487**	**41,577**
INVESTING ACTIVITIES:		
Purchase of intangible fixed assets	(6,492)	(4,553)
Purchase of tangible fixed assets	(14,744)	(14,013)
Consideration from sale of tangible fixed assets	379	1,376
Cash flow generated* from *(absorbed by) operating investing activities (B)	**(20,857)**	**(17,190)**
Purchase of subsidiaries and business units	(16,467)	(21,270)
Increase (decrease) in payables through business acquisition	717	922
(Purchase) sale of other investments, securities and reductions of *earn out*	18	4,337
Cash flow generated from (absorbed by) acquisition activities (C)	**(15,732)**	**(16,011)**
Cash flow generated from (absorbed by) investing activities (B+C)	**(36,589)**	**(33,201)**
FINANCING ACTIVITIES:		
Increase (decrease) in financial payables	836	(57,153)
(Increase) decrease in financial receivables	154	2,515
Derivatives instruments and other non-current assets	-	-
Commissions paid for medium/long-term financing	-	-
Other non-current assets and liabilities	892	(1,811)
Treasury shares	(7,511)	(2,681)
Dividends distributed	(9,427)	(9,356)
Capital increases and minority shareholders' contributions and dividends paid to third parties by subsidiaries	1,196	3,286
Cash flow generated from (absorbed by) financing activities (D)	**(13,860)**	**(65,200)**
Net increase in cash and cash equivalents (A+B+C+D)	**(2,962)**	**(56,824)**

(€ thousands)	First Half 2016	First Half 2015
Cash and cash equivalents at beginning of period	196,714	211,124
Effect of discontinued operations on cash & cash equivalents	-	-
Effect of exchange rate fluctuations on cash & cash equivalents	102	2,364
Liquid assets acquired	1,002	678
Cash and cash equivalents flows	(2,962)	(56,824)
Cash and cash equivalents at the end of period	**194,856**	**157,342**

Related-party transactions relate to rentals of the main office and certain stores, to recharges of maintenance costs and general services of the above-mentioned buildings and to commercial transactions, personnel costs and loans. They are detailed in Note 13. The impact of these transactions on the Group's cash flows is not material.

SUPPLEMENTARY INFORMATION TO CONSOLIDATED CASH FLOW STATEMENT

Below is reported the detail of the net cash flow absorbed by acquisitions:

(€ thousands)	First Half 2016	First Half 2015
- Goodwill	10,773	15,600
- Customer lists	5,377	8,245
- Trademarks and non-competition agreements	-	-
- Other intangible fixed assets	732	129
- Tangible fixed assets	781	915
- Financial fixed assets	-	-
- Current assets	2,877	2,503
- Provisions for risks and charges	(577)	(1,252)
- Current liabilities	(2,736)	(4,219)
- Other non-current assets and liabilities	(1,202)	(1,390)
- Minority interests	-	(130)
Total investments	**16,025**	**20,401**
Net financial debt acquired	442	869
Total business combinations	**16,467**	**21,270**
(Increase) decrease in payables for businesses combinations	(717)	(922)
(Purchase) sale of other investments, securities and reductions of earn-out	(18)	(4,337)
Cash flow absorbed by (generated from) acquisitions	**15,732**	**16,011**
(Cash and cash equivalents acquired)	(1,002)	(678)
Net cash flow absorbed by (generated from) acquisitions	**14,730**	**15,333**

EXPLANATORY NOTES

1. General Information

The Amplifon Group is global leader in the distribution of Hearing Aid systems and in their fitting and customization to meet the needs of hearing impaired patients.

The parent company, Amplifon S.p.A. is based in Milan, in Via Ripamonti 133. The Group is controlled directly by Ampliter N.V. and indirectly by Amplifin S.p.A., owned by Susan Carol Holland, with 100% of the shares, whilst Anna Maria Formiggini Holland retains usufruct.

The consolidated financial statements at 30 June 2016 have been prepared in accordance with International Accounting Standards and the implementation regulations set out in Article 9 of legislative decree no 38 of 28 February 2005. These standards include the IAS and IFRS issued by the International Accounting Standard Board, as well as the SIC and IFRIC interpretations issued by the International Financial Reporting Interpretations Committee, which were endorsed in accordance with the procedure set out in Article 6 of Regulation (EC) no. 1606 of 19 July 2002 by 30 June 2016. International Accounting Standards endorsed after that date and before the preparation of these financial statements are adopted in the preparation of the consolidated financial statements only if early adoption is allowed by the Endorsing Regulation and the accounting standard itself and the Group has elected to do so. The condensed consolidated interim financial statements have been prepared in accordance with the provisions of IAS 34 “Interim Financial Reporting”.

The condensed consolidated interim financial statements at 30 June 2016 do not include all the additional information required by the financial statements, and must be read together with the financial statements of the Group at 31 December 2015.

The valuation criteria adopted in the preparation of the condensed consolidated interim financial statements as at 30 June 2016 did not change from those of the consolidated accounts as at 31 December 2015.

The publication of the condensed consolidated interim financial statements of the Amplifon Group at 30 June 2016 was authorized by a resolution of the Board of Directors of 27 July 2016 which approved their distribution to the public.

2. Accounting policies

2.1. Presentation of financial statements

The condensed consolidated interim financial statements at 30 June 2016 have been prepared in accordance with the historical cost convention with the exception of derivative financial instruments, certain financial investments measured at fair value and assets and liabilities hedged by a fair value hedge, as more fully explained hereafter, as well as on the going concern assumption.

The following table lists the international accounting standards and the interpretations approved by IASB and endorsed to be adopted in Europe and applied for the first time in the financial year under review.

Description	Endorsement date	Publication in O.J.E.C	Effective date	Effective date for Amplifon
Amendments to IAS 27: equity method in separate financial statements	18 Dec ‘15	23 Dec ‘15	Financial years beginning on or after 1 Jan ’16	1 Jan ‘16
Amendments to IAS 1- disclosure initiative	18 Dec ‘15	19 Dec ‘15	Financial years beginning on or after 1 Jan ’16	1 Jan ‘16
Annual Improvements to IFRSs 2012–2014 Cycle	15 Dec ‘15	16 Dec ‘15	Financial years beginning on or after 1 Jan ’16	1 Jan ‘16
Amendments to IAS 16 and IAS 38: clarification of acceptable methods of depreciation and amortization	2 Dec ‘15	3 Dec ‘15	Financial years beginning on or after 1 Jan ’16	1 Jan ‘16
Amendments to IFRS 11: accounting for acquisitions of interests in Joint Operations	24 Nov ‘15	25 Nov ‘15	Financial years beginning on or after 1 Jan ’16	1 Jan ‘16
Amendments to IAS 16 and IAS 41: bearer plants	23 Nov ‘15	24 Nov ‘15	Financial years beginning on or after 1 Jan ’16	1 Jan ‘16
Defined benefit plans: employee contributions (amendments to IAS 19)	17 Dec ‘14	9 Jan ‘15	Financial years beginning on or after 1 Feb ’15	1 Jan ‘16
Annual improvements to IFRSs 2010-2012	17 Dec ‘14	9 Jan ‘15	Financial years beginning on or after 1 Feb ’15	1 Jan ‘16

The adoption of these principles does not significantly affect the valuation of assets, liabilities, costs and revenues of the Group.

With respect to the presentation of the financial statements, the following should be noted:
- statement of financial position: the Group distinguishes between current and non-current assets and liabilities;
- income statement: the Group classifies costs by nature, as such classification is deemed to be more representative of the mainly commercial and distribution activities carried out by the Group;
- statement of comprehensive income (loss): this includes the net result of the period and the effects of changes in exchange rates, the cash flow hedge reserve and actuarial gains

and losses that are recognised directly in net equity; those items are disclosed on the basis of whether they will potentially be reclassified subsequently to profit or loss;

- statement of changes in net equity: the Group includes all changes in net equity, including those arising from transactions with the shareholders (dividend distributions, increases in share capital);
- cash flow statement: this is prepared using the indirect method for defining cash flows deriving from operating activities.

2.2. Use of estimates in preparing the financial statements

Preparation of the financial statements schedules and explanatory notes required the use of estimates and assumptions in respect of the following items:

- provisions for impairment, calculated on the basis of the asset's estimated realisable value;
- provisions for risks and charges, calculated on the basis of a reasonable estimate of the amount of the potential liability, not least in relation to any claim made by the counterparty;
- provisions for obsolescence, in order to adjust the carrying value of inventory to reflect realisable value;
- provisions for employee benefits, recognised on the basis of the actuarial valuations made;
- amortisation and depreciation, recognised on the basis of the estimated remaining useful life and recoverable amount;
- income tax, which is recognised on the basis of the best estimate of the expected tax rate for the full year;
- IRSs and currency swaps (instruments not traded on regulated markets), marked to market at the reporting date based on the yield curve and exchange rate fluctuations and subject to credit/debit valuation adjustments, which are supported by market quotations.

Estimates are periodically reviewed and any adjustments due to changes in the circumstances which determined such estimates or additional information are recognised in the income statement. The use of reasonable estimates is an essential part of the preparation of the financial statements and does not affect their overall reliability.

The Group tests goodwill for impairment at least once a year. This requires an estimation of the value in use of the cash-generating unit to which the goodwill pertains. This calculation requires estimating of future cash flows and the after-tax discount rate reflecting market conditions at the date of the valuation.

2.3. Future accounting principles and interpretations

Below are the International Financial Reporting Standards, interpretations, amendments to existing standards and interpretations, or specific provisions contained in the standards and interpretations approved by the IASB which on 25 July 2016 had not yet been endorsed for adoption in Europe.

Description	Effective date
IFRS 9: financial Instruments (issued on 24 July 2014)	Financial years beginning on or after 1 Jan '18
IFRS 15 revenue from contracts with customers (issued on 28 May 2014) and related Amendment (Issued on 11 September 2015), formalising the deferral of the effective date by one year to 2018	Financial years beginning on or after 1 Jan '18
Clarifications to IFRS 15 Revenue from Contracts with Customers (issued on 12 April 2016)	Financial years beginning on or after 1 Jan '18
IFRS 14 regulatory deferral accounts (issued on 30 January 2014)	To be defined
Amendments to IFRS 10 and IAS 28: sale or contribution of assets between an Investor and its associate or joint venture (issued on 11 September 2014)	To be defined
Amendments to IFRS 10, IFRS 12 and IAS 28: investment entities: applying the consolidation exception (issued on 18 December 2014)	Financial years beginning on or after 1 Jan '16
IFRS 16 Leases (Issued on 13 January 2016)	Financial years beginning on or after 1 Jan '19
Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealized Losses (Issued on 19 January 2016)	Financial years beginning on or after 1 Jan '17
Amendments to IAS 7: Disclosure Initiative (issued on 29 January 2016)	Financial years beginning on or after 1 Jan '17
Amendments to IFRS 2: Classification and Measurement of Share based Payment Transactions (issued on 20 June 2016)	Financial years beginning on or after 1 Jan '18

The review project of the accounting principle concerning financial instruments was completed with the publication of the complete version of IFRS 9 "Financial Instruments". The new requirements of the principles: (i) modify the classification and evaluation model of financial assets; (ii) introduce the concept of expected credit losses, among the variables to be considered in the valuation and impairment of financial assets; (iii) modify the requirements concerning the hedge accounting. The requirements are effective starting from fiscal years that begin on or after the 1 January 2018.

Based on IFRS 15 "Revenue from contracts with customers", the company must recognize revenue when the control of the goods or services is transferred to the customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The new standard introduces a five step model to be used to analyze and recognize revenue in relation to the timing and the amount. It is foreseeable that the new standard could result in a change in the timing of revenue recognition (earlier or later with respect to current standards), as well as the use of new methods (for example, the recognition of revenue at a specific point in time versus over time or vice versa). The new standard calls for additional information about the nature, amount, timing and uncertainty of the revenue streams and cash flows generated by contracts with customers. IFRS 15 will be effective for annual periods beginning on or after 1 January 2017 and may be applied in advance. The standard, as defined in an amendment to the principle issued on September 11, 2015, must be applied for annual periods beginning on or after 1 January 2018 and earlier application permitted. In April 2016, alongside the changes to IFRS 15, the IASB clarified some sections that were unclear and introduced some modifications to reduce the complexity of the standard's first application.

With the publication of the new accounting standard IFRS 16 "Leases", the IASB replaces the accounting rules provided by IAS 17. The new accounting standard requires that all leases should be recognized in the balance sheet as assets and liabilities are they "financial", whether "operative".

With regard to IFRS 9, IFRS 15 and IFRS 16 described above, the Amplifon Group is continuing the activities aimed at the identification and quantification of the impacts on the consolidated financial statements. With regard to other standards and interpretations detailed above, it is not expected that the adoption will significantly affect the valuation of assets, liabilities, costs and revenues of the Group.

3. Financial risk management

The condensed consolidated interim financial statements at 30 June 2016 do not include all the additional information on financial risk management that is required in annual financial statements, therefore reference is made to the financial statements of the Group at 31 December 2015 for a detailed analysis of financial risk management.

3.1 Fair value hierarchy levels and financial instruments measurement techniques

At 30 June 2016, the Amplifon Group held the following financial instruments measured at fair value:

- hedging derivatives: these are instruments not listed in official markets; entered into for the purpose of hedging interest-rate and/or currency risk. The fair value of these instruments is determined by the dedicated department using valuation models based on market-derived inputs such as forward interest-rate curve, exchange rates, etc. (source: Bloomberg). The measurement technique adopted is the discounted cash flow approach. Own risk and counterparty risk (credit/debit value adjustments) were taken into account when calculating fair value. These credit/debit value adjustments were determined based on market information such as the value of CDSs (Credit Default Swaps) in order to determine the counterparty risk of individual banks and the yield to maturity of the Eurobond when determining Amplifon’s risk.

The following table shows the fair value measurement on the basis of a hierarchy reflecting the level of significance of the data used for the valuation.

This hierarchy consists of the following levels:

1. quoted (unadjusted) prices in active markets for identical assets and liabilities;
2. input data other than the above quoted prices, but which can be observed directly or indirectly in the market;
3. input data on assets or liabilities not based on observable market data.

	30/06/2016				31/12/2015			
(€ thousands)	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets								
Financial assets at fair value through profit and loss	23			**23**	29			**29**
Hedging instruments								
- Long-term		10,208		**10,208**		11,526		**11,526**
- Short-term						451		**451**
Liabilities								
Hedging instruments								
- Long-term								
- Short-term		(231)		**(231)**		(6)		**(6)**

4. Segment information

In accordance with IFRS 8 “Operating Segments”, the schedules relative to each operating segment are shown below.

The Amplifon Group’s business (distribution and personalization of hearing solutions) is organized in three specific geographical areas which comprise the Group’s operating segments: Europe, Middle East and Africa - EMEA - (Italy, France, The Netherlands, Germany, the United Kingdom, Ireland, Spain, Portugal, Switzerland, Belgium, Luxemburg, Hungary, Egypt, Turkey, Poland and Israel), America (USA, Canada and Brazil) and Asia-Pacific (Australia, New Zealand and India).

The Group also operates via Corporate functions (Corporate bodies, general management, business development, procurement, treasury, legal affairs, human resources, IT systems, global marketing and internal audit) which do not qualify as operating segments under IFRS 8.

These areas of responsibility, which coincide with the geographical areas (the Corporate functions are recognized under EMEA), represent the organizational structure used by management to run the Group’s operations. The reports periodically analyzed by the Chief Executive Officer and Top Management are divided up accordingly, by geographical area.

Performances are monitored and measured for each operating segment/geographical area, through operating profit including amortization and depreciation (EBIT), along with the portion of the results of equity investments in associated companies valued using the equity method. Financial expenses are not monitored insofar as they are based on Corporate decisions regarding the financing of each region (own funds versus borrowings) and, consequently, neither are taxes. Items in the statement of financial position are not analyzed by managerial segment, but are measured and monitored on an overall Group level. The income statement and statement of financial position are prepared using the same methods and accounting standards used to draw up the consolidated financial statements.

Statement of Financial Position as at 30 June 2016

(€ thousands)	EMEA	AMERICAS	ASIA PACIFIC	ELIM.	CONSOLIDATED
ASSETS					
Non-current assets					
Goodwill	259,107	73,380	246,854	-	579,341
Intangible fixed assets with finite useful life	63,408	14,791	63,301	-	141,500
Tangible fixed assets	84,329	3,344	15,520	-	103,193
Investments valued at equity	1,517	-	-	-	1,517
Financial assets measured at fair value through profit and loss	23	-	-	-	23
Hedging instruments	10,208	-	-	-	10,208
Deferred tax assets	37,499	535	2,665	-	40,699
Other assets	4,830	37,320	346	-	42,496
Total non-current assets					**918,977**
Current assets					
Inventories	28,517	351	2,298	-	31,166
Receivables	105,537	38,521	10,566	(2,438)	152,186
Hedging instruments	-	-	-	-	-
Cash and cash equivalents					194,856
Total current assets					**378,208**
TOTAL ASSETS					**1,297,185**
LIABILITIES					
Net Equity					**516,271**
Non-current liabilities					
Medium/long-term financial liabilities					391,856
Provisions for risks and charges	25,243	22,970	866	-	49,079
Liabilities for employees' benefits	16,248	167	2,195	-	18,610
Deferred tax liabilities	16,224	23,737	16,163	-	56,124
Payables for business acquisitions	455	-	-	-	455
Other long-term debt	2,516	13	493	-	3,022
Total non-current liabilities					**519,146**
Current liabilities					
Trade payables	62,709	33,574	12,053	(2,431)	105,905
Payables for business acquisitions	10,111	188	-	-	10,299
Other payables	104,114	2,517	16,357	(7)	122,981
Hedging instruments	231	-	-	-	231
Provisions for risks and charges	1,436	-	-	-	1,436
Liabilities for employees' benefits	605	116	-	-	721
Short-term financial liabilities					20,195
Total current liabilities					**261,768**
TOTAL LIABILITIES					**1,297,185**

Statement of Financial Position as at 31 December 2015

(€ thousands)	EMEA	AMERICAS	ASIA PACIFIC	ELIM.	CONSOLIDATED
ASSETS					
Non-current assets					
Goodwill	250,714	74,125	247,311	-	572,150
Intangible fixed assets with finite useful life	61,082	14,556	65,775	-	141,413
Tangible fixed assets	83,666	3,466	15,543	-	102,675
Investments valued at equity	1,433	-	-	-	1,433
Financial assets measured at fair value through profit and loss	29	-	-	-	29
Hedging instruments	11,526	-	-	-	11,526
Deferred tax assets	37,160	1,117	2,466	-	40,743
Other assets	4,673	40,091	336	-	45,100
Total non-current assets					**915,069**
Current assets					
Inventories	26,983	262	1,711	-	28,956
Receivables	103,091	38,323	6,877	(2,496)	145,795
Hedging instruments	451	-	-	-	451
Cash and cash equivalents					196,714
Total current assets					**371,916**
TOTAL ASSETS					**1,286,985**
LIABILITIES					
Net Equity					**500,165**
Non-current liabilities					
Medium/long-term financial liabilities					394,152
Provisions for risks and charges	23,760	23,817	830	-	48,407
Liabilities for employees' benefits	13,806	175	1,590	-	15,571
Hedging instruments	-	-	-	-	-
Deferred tax liabilities	15,223	23,564	16,908	-	55,695
Payables for business acquisitions	5,384	66	-	-	5,450
Other long-term debt	2,216	15	369	-	2,600
Total non-current liabilities					**521,875**
Current liabilities					
Trade payables	67,532	37,219	11,080	(2,488)	113,343
Payables for business acquisitions	4,515	66	-	-	4,581
Other payables	107,140	3,546	19,729	(8)	130,407
Hedging instruments	6	-	-	-	6
Provisions for risks and charges	1,378	-	-	-	1,378
Liabilities for employees' benefits	937	88	-	-	1,025
Short-term financial liabilities					14,205
Total current liabilities					**264,945**
TOTAL LIABILITIES					**1,286,985**

Income Statement – First Half 2016

(€ thousands)	EMEA	AMERICAS	ASIA PACIFIC	CORPORATE	ELIM.	CONSOLIDATED
Revenues from sales and services	366,229	101,471	76,077	434	-	544,211
Operating costs	(308,010)	(82,547)	(52,802)	(12,350)	-	(455,709)
Other income and costs	(428)	43	(82)	(2,546)	-	(3,013)
Gross operating profit (EBITDA)	**57,791**	**18,967**	**23,193**	**(14,462)**	**-**	**85,489**
Amortisation, depreciation and impairment						
Amortisation	(5,352)	(1,767)	(3,518)	(1,765)	-	(12,402)
Depreciation	(10,563)	(400)	(1,965)	(192)	-	(13,120)
Impairment and impairment reversals of non-current assets	(225)	-	(42)	-	-	(267)
	(16,140)	**(2,167)**	**(5,525)**	**(1,957)**	**-**	**(25,789)**
Operating result	**41,651**	**16,800**	**17,668**	**(16,419)**	**-**	**59,700**
Financial income, charges and value adjustments to financial assets						
Group's share of the result of associated companies valued at equity	182	-	-	-	-	182
Other income and charges, impairment and revaluations of financial assets						8
Interest income and charges						(8,766)
Other financial income and charges						(566)
Exchange gains and losses						(1,367)
Gain (loss) on assets measured at fair value						1,176
						(9,333)
Net profit (loss) before tax						**50,367**
Current and deferred income tax						
Current income tax						(20,792)
Deferred tax						157
						(20,635)
Total net profit (loss)						**29,732**
Minority interests						105
Net profit (loss) attributable to the Group						**29,627**

For the purposes of reporting on economic data by geographic area, please note that the Corporate structures are included in EMEA.

Income Statement – First Half 2015 (*)

(€ thousands)	EMEA	AMERICAS	ASIA PACIFIC	CORPORATE	ELIM.	CONSOLIDATED
Revenues from sales and services	330,635	95,973	73,566	105	-	500,279
Operating costs	(285,630)	(77,346)	(50,357)	(16,120)	-	(429,453)
Other income and costs	738	295	(102)	41	-	972
Gross operating profit (EBITDA)	**45,743**	**18,922**	**23,107**	**(15,974)**	-	**71,798**
Amortisation, depreciation and impairment						
Amortisation	(5,169)	(1,929)	(3,580)	(1,344)	-	(12,022)
Depreciation	(10,439)	(387)	(2,174)	(266)	-	(13,266)
Impairment and impairment reversals of non-current assets	(159)	(69)	(18)	-	-	(246)
	(15,767)	**(2,385)**	**(5,772)**	**(1,610)**	-	**(25,534)**
Operating result	**29,976**	**16,537**	**17,335**	**(17,584)**	-	**46,264**
Financial income, charges and value adjustments to financial assets						
Group's share of the result of associated companies valued at equity	(120)	-	77	-	-	(43)
Other income and charges, impairment and revaluations of financial assets						1,530
Interest income and charges						(14,631)
Other financial income and charges						(515)
Exchange gains and losses						3,526
Gain (loss) on assets measured at fair value						(3,701)
						(13,834)
Net profit (loss) before tax						**32,430**
Current and deferred income tax						
Current income tax						(15,684)
Deferred tax						1,680
						(14,004)
Total net profit (loss)						**18,426**
Minority interests						(123)
Net profit (loss) attributable to the Group						**18,549**

(*) The figures for First Half 2015, in line with the specific managerial responsibilities and as a result of the change in the reports periodically analyzed by the Chief Executive Officer and the Group's Top Management, were reclassified in order to show the Corporate overhead previously charged to EMEA separately.

5. Acquisitions and goodwill

During the first half of 2016 the Group continued its external growth and finalized a number of acquisitions of small regional chains with the aim of increasing the coverage. In detail 44 points of sale were purchased in the EMEA region and 8 in the Americas.

The total investment amounted to €15,465 thousands, including debt consolidated and the best estimate of the earn-out linked to sales and profitability targets payable over the next few years.

A summary of the book values and fair values of assets and liabilities, deriving from the provisional allocation of the purchase price paid in business combinations is provided in the following table.

(€ thousands)	EMEA	Americas	Asia Pacific	Total
Cost of acquisitions of the period	**15,149**	**853**	**-**	**16,002**
Assets and liabilities acquired – Book value				
Current assets	1,812	63	-	**1,875**
Current liabilities	(2,249)	(45)	-	**(2,294)**
Net working capital	**(437)**	**18**	-	**(419)**
Other intangible and tangible assets	1,142	371	-	**1,513**
Provisions for risks and charges	(577)	-	-	**(577)**
Other non-current assets and liabilities	(79)	-	-	**(79)**
Non-current assets and liabilities	**486**	**371**	**-**	**857**
Net invested capital	**49**	**389**	-	**438**
Minority interests	-	-	-	-
Net financial position	**514**	**22**	**-**	**536**
NET EQUITY ACQUIRED - BOOK VALUE	**563**	**411**	**-**	**974**
DIFFERENCE TO BE ALLOCATED	**14,586**	**442**	-	**15,028**
ALLOCATIONS				
Customer lists	5,377	-	-	**5,377**
Deferred tax assets	581	-	-	**581**
Deferred tax liabilities	(1,702)	-	-	**(1,702)**
Total allocations	**4,255**	-	-	**4,255**
TOTAL GOODWILL	**10,331**	**442**	-	**10,773**

Changes in goodwill and the amounts recorded for this, following acquisitions completed in the period, are provided in the following table, divided by country.

(€ thousands)	Net carrying value at 31/12/2015	Business combinations	Disposals	Impairment	Other net changes	Net carrying value at 30/06/2016
Italy	540	-	-	-	-	540
France	63,902	3,877	-	-	(27)	67,752
Iberian Peninsula	23,975	-	-	-	-	23,975
Hungary	1,025	-	-	-	(1)	1,024
Switzerland	13,226	-	-	-	(39)	13,187
The Netherlands	32,781	-	-	-	-	32,781
Belgium and Luxembourg	9,444	955	-	-	-	10,399
Germany	84,215	5,379	-	-	-	89,594
Poland	217	-	-	-	-	217
United Kingdom and Ireland	16,693	-	-	-	(1,870)	14,823
Turkey	1,049	11	-	-	-	1,060
Israel	3,647	109	-	-	(1)	3,755
USA and Canada	74,125	442	-	-	(1,187)	73,380
Australia and New Zealand	247,311	-	-	-	(457)	246,854
Goodwill	**572,150**	**10,773**	**-**	**-**	**(3,582)**	**579,341**

The item “Business combinations” contains the provisional allocation to goodwill of the portion of the purchase price not directly attributable to the fair value of the assets and liabilities, but which reflects the expectations of obtaining a positive contribution in terms of free cash flow for an indefinite period.

The item “Other net changes” refers mainly to exchange losses.

6. Intangible fixed assets

The following table shows the changes in intangible fixed assets:

(€ thousands)	Historical cost at 31/12/2015	Accumulated amortisation and write-downs at 31/12/2015	Net book value at 31/12/2015	Historical cost at 30/06/2016	Accumulated amortisation and write-downs at 30/06/2016	Net book value at 30/06/2016
Software	77,302	(54,375)	22,927	80,831	(57,702)	23,129
Licenses	9,992	(8,365)	1,627	10,254	(8,704)	1,550
Non-competition agreements	3,684	(3,684)	-	4,503	(3,764)	739
Customer lists	178,612	(100,357)	78,255	181,781	(104,311)	77,470
Trademarks and concessions	31,946	(12,644)	19,302	32,215	(14,104)	18,111
Other	18,884	(5,814)	13,070	19,998	(6,315)	13,683
Fixed assets in progress and advances	6,232	-	6,232	6,818	-	6,818
Total	**326,652**	**(185,239)**	**141,413**	**336,400**	**(194,900)**	**141,500**

(€ thousands)	Net book value at 31/12/2015	Investments	Disposals	Amortisation	Business combinations	Impairment	Other net changes	Net book value at 30/06/2016
Software	22,927	1,432	(1)	(3,737)	1	-	2,507	23,129
Licenses	1,627	132	-	(371)	2	-	160	1,550
Non-competition agreements	-	887	-	(148)	-	-	-	739
Customer lists	78,255	36	-	(6,156)	5,377	-	(42)	77,470
Trademarks and concessions	19,302	-	-	(1,309)	-	-	118	18,111
Other	13,070	803	(185)	(680)	416	(5)	264	13,683
Fixed assets in progress and advances	6,232	3,202	(64)	-	313	-	(2,865)	6,818
Total	**141,413**	**6,492**	**(250)**	**(12,401)**	**6,109**	**(5)**	**142**	**141,500**

Changes in “business combinations” refer to the provisional purchase price allocation of the acquisitions performed in the period.

The increases of the period in intangible fixed assets are mainly due to the investments in back-office systems and to new implementations on front office and sale support systems.

The item “other net changes” is mainly due to exchange rate fluctuations occurred during the period and to the allocation of the fixed assets in progress and advances completed in the period to the related fixed assets lines.

7. Tangible fixed assets

The following table shows the changes in tangible fixed assets:

(€ thousands)	Historical cost at 31/12/2015	Accumulated amortisation and write-downs at 31/12/2015	Net book value at 31/12/2015	Historical cost at 30/06/2016	Accumulated amortisation and write-downs at 30/06/2016	Net book value at 30/06/2016
Land	162	-	162	162	-	162
Buildings, constructions and leasehold improvements	115,835	(75,551)	40,284	120,277	(79,648)	40,629
Plant and machines	33,685	(25,976)	7,709	36,487	(27,791)	8,696
Industrial and commercial equipment	40,648	(27,039)	13,609	46,416	(31,007)	15,409
Motor vehicles	6,588	(3,410)	3,178	6,092	(3,484)	2,608
Computers and office machinery	35,507	(28,043)	7,464	36,943	(29,601)	7,342
Furniture and fittings	74,639	(49,391)	25,248	77,528	(52,209)	25,319
Other tangible fixed assets	4,148	(3,032)	1,116	486	(354)	132
Fixed assets in progress and advances	3,905	-	3,905	2,896	-	2,896
Total	**315,117**	**(212,442)**	**102,675**	**327,287**	**(224,094)**	**103,193**

(€ thousands)	Net book value at 31/12/2015	Investments	Disposals	Amortisation	Business combinations	Impairment	Other net changes	Net book value at 30/06/2016
Land	162	-	-	-	-	-	-	162
Buildings, constructions and leasehold improvements	40,284	4,864	10	(4,963)	105	(89)	418	40,629
Plant and machines	7,709	1,525	(24)	(1,092)	445	(24)	157	8,696
Industrial and commercial equipment	13,609	1,677	(5)	(1,641)	84	(54)	1,739	15,409
Motor vehicles	3,178	312	(71)	(565)	1	-	(247)	2,608
Computers and office machinery	7,464	1,208	(19)	(1,687)	25	(47)	398	7,342
Furniture and fittings	25,248	2,887	(17)	(3,132)	115	(48)	266	25,319
Other tangible fixed assets	1,116	68	-	(41)	6	-	(1,017)	132
Fixed assets in progress and advances	3,905	2,203	(31)	-	-	-	(3,181)	2,896
Total	**102,675**	**14,744**	**(157)**	**(13,121)**	**781**	**(262)**	**(1,467)**	**103,193**

The investments of the period refer primarily to the enlargement of the network with the opening of shops and to the existing shops' renewal program on the basis of the concept store. This program includes expenditure on opening, renovating and in some cases relocating stores under the Group's strategy of increasing customer focus and increasing operative efficiency.

Changes in "business combinations" refer to the provisional purchase price allocation of the acquisitions performed in the period.

Other net changes were mainly due to exchange rate fluctuations during the period and to the allocation of the fixed assets in progress and advances completed in the period to the related other fixed assets lines.

8. Share capital

At 30 June 2016 the fully paid in and subscribed share capital consisted of 225,861,802 ordinary shares with a par value of €0.02.

At 31 December 2015 share capital was made up of 225,497,697 shares. The increase recorded in the period is due to the exercise of 364,105 stock options, equivalent to 0.01% of the share capital.

During the period, continued the share buy-back program started following the resolution of the Shareholders Meetings held on 21 April 2015 and 18 April 2016 when the Assembly authorized (after revoking the current shares buy-back plan due to expire in October 2016) a new plan of shares buy-back and disposal, pursuant the dispositions of articles 2357 and 2357-ter of the Italian Civil Code and of Legislative Decree n. 58 of 24 February 1998, effective for a period of 18 months starting from 18 April 2016.

The program has the purpose to increase treasury shares in order to service stock-based incentive plans and, if necessary, to ensure the availability of treasury shares to use as a form of payment for acquisitions. As resolved by the shareholders, the treasury shares may be purchased on one or more occasions on a revolving basis for up to a total number of new shares, which together with the treasury shares already held and in accordance with the law, amounts to 10% of the company’s share capital. The purchase price of the shares may not be 10% higher or lower than the stock price registered at the close of the trading session prior to each single purchase.

As part of this program during the first half of 2016, 935,000 shares have been purchased at an average price of €8.034.

During the period have been exercised 798,792 performance stock grants rights. The Company transferred to the beneficiaries an equivalent number of treasury shares.

The total amount of treasury shares held at 30 June 2016 equals 6,399,958 or 2.85% of the Company’s share capital.

Information relating to the treasury Shares held by the Company purchased in 2005, 2006, 2007, 2014, 2015 and 2016 as well as transferred in 2016, is provided below.

	N. of shares	Average purchase price (Euro) / FV of transferred rights (Euro)	Total amount (€ thousands)
Held at 31 December 2015	**6,263,750**	**6.345**	**39,740**
Purchases	935,000	8.034	7,511
Transfers due to exercise of Performance Stock grants	(798,792)	4.112	(3,290)
Total at 30 June 2016	**6,399,958**		**43,961**

9. Net financial position

In accordance with the requirements of the Consob communication dated 28 July 2006 and in compliance with the CESR (now ESMA) Recommendation of 10 February 2005 "Recommendations for the consistent implementation of the European Commission's Regulation on Prospectuses", the Group's net financial position at 30 June 2016, was as follows:

(€ thousands)	30/06/2016	31/12/2015	Change
Liquid funds	(194,856)	(196,714)	1,858
Payables for business acquisitions	10,299	4,581	5,718
Other short term loans- third parties (including current portion)	747	967	(220)
Other financial payables	20,187	13,978	6,209
Non hedge accounting derivative instruments	231	(443)	674
Short-term financial position	**(163,392)**	**(177,631)**	**14,239**
Private placement 2013-2025	117,096	119,408	(2,312)
Eurobond 2013-2018	275,000	275,000	-
Finance lease obligations	710	1,130	(420)
Other medium/long-term debt	136	70	66
Hedging derivatives	(16,204)	(18,516)	2,312
Medium/long-term acquisition payables	455	5,450	(4,995)
Net medium and long-term indebtedness	**377,193**	**382,542**	**(5,349)**
Net financial indebtedness	**213,801**	**204,911**	**8,890**

In order to reconcile the above items with the statutory statement of financial position, the breakdown of the following items is provided.

Long-term loans, the private placement 2013-2025, the Eurobond and finance lease obligations are shown in the statutory statement of financial position:

a. under the caption "Medium/long-term financial liabilities" for the long-term portion.

(€ thousands)	30/06/2016
Private placement 2013-2025	117,096
Eurobond 2013-2018	275,000
Finance lease obligations	710
Other medium/long-term debt	136
Loan, private placement 2013-2025 and Eurobond 2013-2018 fees	(1,086)
Medium/long-term financial liabilities	**391,856**

b. under the caption “short term financial liabilities” for the current portion.

(€ thousands)	30/06/2016
Short term debt	19,140
Current portion of finance lease obligations	1,047
Other short term financial liabilities	**20,187**
Other short term debt (including current portion of other long- term debt)	747
Loan, private placement 2013-2025 and Eurobond fees	(739)
Short-term financial liabilities	**20,195**

All the other items in the net financial indebtedness table correspond to items in the statement of financial position schedule.

The **long/medium term portion of the net financial position** reached €377,193 thousand at 30 June 2016 versus €382,542 thousand at 31 December 2015. The change of €5,349 thousand is strictly related to the reclassification to the short term of debts for acquisitions due within a year.

The **short-term net financial position** has registered a negative variation of €14,239 thousand from a positive value of €177,631 thousand at 31 December 2015 to an always positive value of €163,392 thousand at 30 June 2016. The change of the period is explained by €6,653 thousand related to accrued interest expenses on the Eurobond and the private placement and by €5,718 thousands related to the reclassification to short term of payables for deferred payments on acquisitions explained in the previous paragraph.

10. Financial liabilities

Financial liabilities break down as follows:

(€ thousands)	30/06/2016	31/12/2015	Change
Private placement 2013-2025	117,096	119,408	(2,312)
Eurobond 2013-2018	275,000	275,000	-
Long-term financing liabilities	**392,096**	**394,408**	**(2,312)**
Loan, private placement 2013-2025 and Eurobond 2013-2018 fees	(1,086)	(1,456)	370
Other medium long term debt	136	70	66
Finance lease obligations	710	1,130	(420)
Total medium/long-term financial liabilities	**391,856**	**394,152**	**(2,296)**
Short term debt:	20,195	14,205	5,990
- of which loan, private placement 2013-2025 and Eurobond 2013-2018 fees	(739)	(740)	1
- of which current-portion of lease obligations	1,047	1,201	(154)
Total short-term financial liabilities	**20,195**	**14,205**	**5,990**
Total financial debt	**412,051**	**408,357**	**3,694**

Main long-term financial liabilities are detailed below.

- Eurobond 2013-2018
  A €275 million 5-year bond loan reserved for non-American institutional investors and listed on the Luxembourg Stock Exchange's Euro MTF market issued on 16 July 2013.

Issue Date	Debtor	Maturity	Face Value (/000)	Fair value (/000)	Nominal interest rate Euro
16-Jul-13	Amplifon S.p.A.	16-Jul-18	275,000	295,641	4.875%
	Total in Euro		**275,000**	**295,641**	**4.875%**

- Private placement 2013-2025
  A USD 130 million private placement issued in the USA by Amplifon USA.

Issue Date	Issuer	Maturity	Currency	Face Value (/000)	Fair value (/000)	Nominal interest rate (*)	Euro Interest rate after hedging (**)
30-May-13	Amplifon USA	31-Jul-20	USD	7,000	7,936	3.85%	3.39%
30-May13	Amplifon USA	31-Jul-23	USD	8,000	9,940	4.46%	3.90%
31-Jul-13	Amplifon USA	31-Jul-20	USD	13,000	14,766	3.90%	3.42%
31-Jul-13	Amplifon USA	31-Jul-23	USD	52,000	64,796	4.51%	3.90%-3.94%
31-Jul-13	Amplifon USA	31-Jul-25	USD	50,000	65,342	4.66%	4.00%-4.05%
	Total			**130,000**	**162,780**		

(*)The rate applied if the Group's net debt/ EBITDA ratio is less than 2.75x. Above this level a step-up of 25 bps will be applied. When the ratio exceeds 3.25x but is less than or equal to 3.5x. an additional step-up of 25 bps will kick-in. If the ratio exceeds 3.50x an additional step-up of 75 bps will be applied.
(**)The hedging instruments that determine the interest rate as detailed above, are also fixing the exchange rate at 1.2885, the total equivalent of the bond resulting in €100,892 thousands.

The following table shows a breakdown of long-term debt by maturity:

(€ thousands)

Debtor / Repayments	Nominal amount / Maturity date	Average rate 2016 /360	Amount at 31/12/2015	Exchange rate effect	Repayments as at 30/06/2016	New loans	Business combinations	Amount at 30/06/2016	Short-term portion	Medium and LT portion
Eurobond / Bullet 16/7/2018	**EUR 275,000** / 16/07/2018	4.88%	**275,000**	**-**	-	-	-	**275,000**	-	275,000
Private placement 2013-2025 Amplifon USA (*) / Instalments at 31/1 and 31/7 from 31/1/2014	**USD 7,000** / 31/07/2020	3.85%	**6,430**	**(125)**	-	-	-	**6,305**	-	6,305
Private placement 2013-2025 Amplifon USA (*) / Instalments at 31/1 and 31/7 from 31/1/2014	**USD 8,000** / 31/07/2023	4.46%	**7,348**	**(142)**	-	-	-	**7,206**	-	7,206
Private placement 2013-2025 Amplifon USA (*) / Instalments at 31/1 and 31/7 from 31/1/2014	**USD 13,000** / 31/07/2020	3.90%	**11,941**	**(231)**	-	-	-	**11,710**	-	11,710
Private placement 2013-2025 Amplifon USA (*) / Instalments at 31/1 and 31/7 from 31/1/2014	**USD 52,000** / 31/07/2023	4.51%	**47,763**	**(925)**	-	-	-	**46,838**	-	46,838
Private placement 2013-2025 Amplifon USA (*) / Instalments at 31/1 and 31/7 from 31/1/2014	**USD 50,000** / 31/07/2025	4.66%	**45,926**	**(889)**	-	-	-	**45,037**	-	45,037
TOTAL LONG TERM DEBT			**394,408**	**(2,312)**	**-**	-	-	**392,096**	-	**392,096**
Other			480	50	(41)	60	-	**549**	413	136
TOTAL			**394,888**	**(2,262)**	**(41)**	**60**	**-**	**392,645**	**413**	**392,232**

(*) Considering the effect of the interest rate and currency hedges the total Euro equivalent of the private placement 2013-2025 is €100,892 thousand.

As highlighted in the table almost all Group's financial debt is long term, with the first significant reimbursement due in 2018.

The following table shows the maturities of medium/long-term debt at 30 June 2016 based on contractual obligations:

(€ thousands)	Private placement 2013-2025 (*)	Eurobond 2013-2018	Other	Total
			136	**136**
2018		275,000		**275,000**
2020	15,522			**15,522**
2023	46,566			**46,566**
2025	38,804			**38,804**
Total	**100,892**	**275,000**	**136**	**376,028**

(*) Amounts related to the private placement are reported at the hedging exchange rate.

Covenant:

The USD 130 million private placement 2013-2025 (equal to €100.9 million including the fair value of the currency hedges which set the Euro/USD exchange rate at 1.2885) is subject to the following covenants:

- the ratio of Group net financial indebtedness to Group shareholders' equity must not exceed 1.5;
- the ratio of net financial indebtedness to EBITDA in the last four quarters (determined based solely on recurring business and restated if the Group's structure should change significantly) must not exceed 3.5.

In the event of relevant acquisitions, the above ratios may be increased to 2.0 and 4.0, respectively, for a period of not more than 12 months, 2 times over the life of the loan.

At 30 June 2016 these ratios were as follows:

	Value
Net financial indebtedness/Group net equity	0.41
Net financial indebtedness/EBITDA for the last 4 quarters	1.17

With reference to the private placement other covenants are in place as normal international practice. They place limits on the ability to issue guarantees and entering into sale and lease back transactions or extraordinary transactions.

The €275 million Eurobond, due in 2018 and issued in July 2013, is not subject to any covenants nor is the remaining €0.5 million in long term debt, including the short term portion.

11. Non recurring significant events

The result of the period was affected by the following non recurring events:

(€ thousands)		First Half 2016	First Half 2015
Operating costs	Advisory fees and expenses related to an acquisition process which was not completed	(2,502)	-
Operating costs	Transition of the leadership of the Group	-	(6,792)
Interest income and charges	Private placement 2006-2016 advanced repayment	-	(4,265)
Other income and charges, impairment and revaluations of financial assets	Income due to Dilworth Hearing Ltd step up acquisition	-	1,325
Operating result		**(2,502)**	**(9,732)**
Current tax	Fiscal impact of above mentioned items	786	2,253
Deferred tax	Fiscal impact of above mentioned items	-	1,501
Total		**(1,716)**	**(5,978)**

12. Earnings per share

Basic EPS

Basic earnings per share is obtained by dividing the net profit for the year pertaining to the ordinary shareholders of the parent company by the weighted average number of shares outstanding in the year, considering purchases and disposals of own shares as cancellations and issues of shares.

Earnings per share are determined as follows:

Earnings per share from operating activities	First Half 2016	First Half 2015
Net profit (loss) pertaining to ordinary shareholders (€ thousand)	29,627	18,549
Average number of shares outstanding in the year	219,160,664	217,355,921
Average earnings per share (€ per share)	0.13518	0.08534

Diluted earnings per share

Diluted earnings per share is obtained by dividing the net income for the year pertaining to ordinary shareholders of the Parent company by the weighted-average number of shares outstanding during the year adjusted by the diluting effects of potential shares. In the calculation of shares outstanding, purchases and sales of treasury shares are considered as cancellation or issue of shares.

The 'potential ordinary share' categories refer to the possible conversion of Group employees' stock options and stock grants. The computation of the average number of outstanding potential shares is based on the average fair value of shares for the period; stock options and stock grants are excluded from the calculation since they have anti-diluting effects.

Weighted average diluted number of shares outstanding	First Half 2016	First Half 2015
Average number of shares outstanding in the year	219,160,664	217,355,921
Weighted average of potential and diluting ordinary shares	5,975,494	7,114,915
Weighted average of shares potentially subject to options in the period	225,136,158	224,470,837

The diluted earnings per share were determined as follows:

Diluted earnings per share	First Half 2016	First Half 2015
Net profit pertaining to ordinary shareholders (€ thousand)	29,627	18,549
Average number of shares outstanding in the period	225,136,158	224,470,837
Average diluted earnings per share (€)	0.13160	0.08263

13. Transactions with parent companies and related parties

The Parent company, Amplifon S.p.A. is based in Milan, in Via Ripamonti 133. The Group is directly controlled by Ampliter N.V. and indirectly by Amplifin S.p.A., owned by Susan Carol Holland, with 100% of the shares, whilst Anna Maria Formiggini Holland retains usufruct.

The transactions with related parties, including intercompany transactions do not qualify as atypical or unusual, and fall within the Group's normal course of business and are conducted at arm's-length as dictated by the nature of the goods and services provided.

The following table details transactions with related parties.

	30/06/2016						First Half 2016		
	Trade receivables	Trade payables	Other receivables	Financial liabilities	Financial payables	Tax payables	Revenues from sales and services	Operating costs	Interest income and charges
Amplifin S.p.A.	88					2,399		(884)	
Total - Parent Company	**88**					**2,399**		**(884)**	
Comfoor BV (The Netherlands)	1	198					6	(1,486)	
Comfoor GmbH (Germany)		4						(22)	
Medtechnica Ortophone Shaked Ltd (Israel)	115		5				118		
Ruti Levinson Institute Ltd (Israel)	320						220	(20)	
Afik - Test Diagnosis & Hearing Aids Ltd (Israel)	178	3					144		
Total - Related parties	**615**	**205**	**5**	**-**	**-**	**-**	**487**	**(1,528)**	**-**
Bardissi Import (Egypt)		56			102			(583)	
Meders (Turkey)		1,391			30			(1,230)	(3)
Nevo (Israel)	57								
Ortophone (Israel)		4						(171)	
Moti Bahar (Israel)								(262)	
Asher Efrati (Israel)								(224)	
Arigcom (Israel)								(37)	
Tera (Israel)			143						4
Frederico Abrahao (Brazil)				136	282				(20)
Other			21						
Total - Other related parties	**57**	**1,451**	**164**	**136**	**413**	**-**	**-**	**(2,507)**	**(19)**
Total - Related parties	**760**	**1,656**	**169**	**136**	**413**	**2,399**	**487**	**(4,920)**	**(19)**
Total as per financial statements	**111,319**	**105,905**	**42,496**	**391,856**	**20,195**	**122,981**	**544,211**	**(455,709)**	**(8,766)**
% of financial statement totals	**0.68%**	**1.56%**	**0.40%**	**0.03%**	**2.04%**	**1.95%**	**0.09%**	**1.08%**	**0.22%**

The trade receivables, revenue from sales and services and other income with related parties refer primarily to:

- the recovery of maintenance costs and condominium fees and the recharge of personnel costs to Amplifin S.p.A.;
- trade receivables payable by associates (mainly in Israel) which act as resellers and to which the Group supplies hearing aids.

The trade payables and operating costs refer primarily to:

- commercial transactions with Comfoor BV and Comfoor GmbH, joint ventures from which hearing protection devices are purchased and then distributed in Group stores;
- commercial transactions involving the purchase of hearing aids, other products and services in Turkey and Egypt with, respectively, Meders and Bardissi Import (both companies that belong to their minority shareholders). These companies distribute hearing aids in their respective countries and the purchase conditions applied, defined in the Group's framework agreement, are in line with market conditions;
- existing agreements with the parent company Amplifin S.p.A. for:
    - the lease of the property in Milan at Via Ripamonti No. 133, the registered office and Corporate headquarters of Amplifon S.p.A. and ancillary services including routine property maintenance, cafeteria, office cleaning, porters and security;
    - the rental of retail store space;
- the recharge of personnel costs to the Israeli subsidiary by the minority shareholders Moti Bahar and Asher Efrati, as well as rents, administrative and commercial services by Ortophone (Israel).

The tax payables refer to the IRES (Corporate income tax) payable by Amplifon S.p.A. to the parent company as a result of the tax consolidation agreement entered into for the three year period 2014-2016.

Financial transactions refer primarily to loans granted to Group companies in Turkey, Egypt and Brazil by their respective minority shareholders and a long-term receivable payable by an affiliate in Israel.

14. Current and deferred income taxes

Tax rate for the period amounts to 41.1 %. Net of losses from subsidiaries for which according to the principle of prudence deferred tax assets are not recognized and profits on which taxes are not paid because of prior tax not recorded in the financial statements due to carried forward tax losses, the tax rate would amount to 35.2% compared to 34.5% in the first semester of 2015 determined again without taking into account the losses in those subsidiaries.

15. Performance Stock Grant

On 18 April 2016, following the proposal of the Board of Directors and heard the opinion of the Remuneration and Appointment Committee, the Shareholders' Meeting discussed and approved the modifications to the share plan for the period 2014-2021. The purpose of the modification is to align the Plan to a new provision introduced in France as the result of Law n. 2015-990 dated August 6^{th}, 2015 (the "Macron Law").
The amendment allows the beneficiaries and the Company to take advantage of a more favorable fiscal and social contribution regime.
The provisions that, in line with the Macron law, have been amended, regard in particular:

a. the elimination of an exercise period of 2.5 years;
b. the introduction of specific "closed periods" during which the employees cannot sell the shares obtained in relation to the incentive plan.

All the key characteristics of the Plan, among which the number of available rights, the timing and conditions for the rights' maturation remain unchanged.

The amendment affects only French beneficiaries and does not have any retroactive effects on previous awards to French beneficiaries.

On 27 April 2016, the Board of Directors approved the amendments to the Rules of the performance stock grant plan 2014-2021 in execution of what resolved by the Shareholders' Meeting described above and resolved to assign, following guidance from the Remuneration and Appointment Committee, pursuant article 84 bis, paragraph 5 of Consob Regulation n. 11971/99 and following modifications, an additional performance stock grant cycle (for the period 2016-2018).

Stock Grant of 27 April 2016

The unitary fair value of the stock grant assigned in the period is equal to €7.55, with regard to the award subject to the general rules and to €6.96 with regard to the plan for the French beneficiaries.

The assumptions adopted in the calculation of the fair value are the following.

	Award according to general rules	Award for French beneficiaries
Model used	Binomial (Cox-Ross-Rubinstein method)	
Price at grant date	6.88 €	
Threshold	5 €	
Exercise Price	0.00	
Volatility (6 years)	31.91% (6 years)	21.33% (3 years)
Risk free interest rate	0.267%	0.0%
Maturity (in years)	3.5	
Vesting Date	3 months after the date of approval from the Board of the project of Consolidated Financial Statement as of 31.12.17 (i.e. June 2018)	
Expected Dividend Yield	0.75%	

The figurative cost of this award cycle recorded in the income statement at 30 June 2016 amounted to €654 thousand.

16. Translation of foreign companies’ financial statements

The exchange rates used to translate into Euro non-Italian subsidiaries' financial statements are as follows:

	30 June 2016		2015	30 June 2015	
	Average	As at 30 June	31 December	Average	As at 30 June
Australian dollar	1.522	1.493	1.490	1.426	1.455
Canadian dollar	1.484	1.438	1.512	1.377	1.384
New Zealand dollar	1.648	1.562	1.592	1.506	1.655
US dollar	1.116	1.110	1.089	1.116	1.119
Hungarian florin	312.714	317.060	315.980	307.506	314.930
Swiss franc	1.096	1.087	1.084	1.057	1.041
Egyptian lira	9.448	9.851	8.520	8.436	8.534
Turkish lira	3.259	3.206	3.177	2.863	2.995
New Israeli sheqel	4.307	4.276	4.248	4.364	4.221
Brazilian real	4.130	3.590	4.312	3.310	3.470
Indian rupee	75.002	74.960	72.022	70.124	71.187
British pound	0.779	0.827	0.734	0.732	0.711
Polish zloty	4.369	4.436	4.264	4.141	4.191

17. Subsequent events

The main events that took place after the end of the period are described below.

In July 2016 execution of the buyback program approved during the Shareholders' Meeting held on 18 April 2016 continued and between the end of the half and the date of this report a total of 209,000 shares were purchased at an average price of €8.463.

After the close of the first half, Amplifon announced the acquisition of two high–quality hearing aid retail chains for a total of 86 shops in Germany: Focus Hören AG and Die Hörmeister GmbH. Since January 2016, Amplifon has, therefore, acquired 105 stores in Germany for total cash out of around Euro 50 million. These transactions perfectly fit the Company's strategy aimed at strengthening Amplifon's position in core markets with high growth potential, such as Germany, increasing the number of shops in the country from 260 to 365.
External growth also continued in other countries in July: 3 points of sale were, in fact, purchased in France and 1 in Switzerland.

Milan, 27 July 2016

On behalf of the Board of Directors
CEO
Enrico Vita

Annexes

Consolidation Area

As required by §§ 38 and 39 of Law 127/91 and § 126 of Consob's resolution 11971 dated 14 May 1999, as amended by resolution 12475 dated 6 April 2000, the following is the list of companies included in the consolidation area of Amplifon S.p.A. at 30 June 2016.

Parent company:

Company name	Head office	Currency	Share Capital
Amplifon S.p.A.	Milan (Italy)	EUR	4,517,236

Subsidiaries consolidated using the line-by-line method:

Company name	Head office	Direct/ Indirect ownership	Currency	Share Capital	% held at 30/06/2016
Amplifon Groupe France SA	Arcueil (France)	D	EUR	48,550,898	100.0%
SCI Eliot Leslie	Lyon (France)	I	EUR	610	100.0%
Audiolandes SAS	Saint Vincent du Tyrosse (France)	I	EUR	5,000	100.0%
SBA Sarl	Aulnay Sous Bois (France)	I	EUR	20,000	100.0%
CAB SAS	Bondy (France)	I	EUR	450,000	100.0%
Audition Privat Auray Sarl	Auray (France)	I	EUR	40,000	100.0%
Audition Privat Gandon SAS	Vannes (France)	I	EUR	182,939	100.0%
Lugot Audition Sarl	Alni (France)	I	EUR	5,000	100.0%
Laboratoire d'Acoustique Médicale SAS	Le Mans (France)	I	EUR	90,000	100.0%
Audition Conseil Tarnos SARL	Tarnos (France)	I	EUR	5,000	100.0%
Amplifon Iberica SA	Barcelona (Spain)	D	EUR	26,578,809	100.0%
Fundación Amplifon Iberica	Madrid (Spain)	I	EUR	30,000	100.0%
Amplifon Portugal SA	Lisboa (Portugal)	I	EUR	720,187	100.0%
Amplifon Magyarország Kft	Budapest (Hungary)	D	HUF	3,500,000	100.0%
Amplibus Magyarország Kft	Budaörs (Hungary)	I	HUF	3,000,000	100.0%
Amplifon AG	Baar (Switzerland)	D	CHF	1,000,000	100.0%
Hearing Supplies SA	Lugano (Switzerland)	I	CHF	100,000	100.0%
Amplifon Nederland BV	Doesburg (The Netherlands)	D	EUR	74,212,052	100.0%
Auditech BV	Doesburg (The Netherlands)	I	EUR	22,500	100.0%
Electro Medical Instruments BV	Doesburg (The Netherlands)	I	EUR	16,650	100.0%
Beter Horen BV	Doesburg (The Netherlands)	I	EUR	18,000	100.0%
Amplifon Customer Care Service BV	Elst (The Netherlands)	I	EUR	18,000	100.0%
Amplifon Belgium NV	Bruxelles (Belgium)	D	EUR	495,800	100.0%
Audics BVBA	Turnhout (Belgium)	I	EUR	18,600	100.0%

Company name	Head office	Direct/ Indirect ownership	Currency	Share Capital	% held at 30/06/2016
Amplifon Luxemburg Sarl	Luxemburg (Luxembourg)	I	EUR	50,000	100.0%
Amplifon Deutschland GmbH	Hamburg (Germany)	D	EUR	6,026,000	100.0%
Amplifon München GmbH	München (Germany)	I	EUR	1,245,000	100.0%
Amplifon Bayern GmbH	München (Germany)	I	EUR	30,000	100.0%
Sanomed GmbH	Hamburg (Germany)	I	EUR	25,000	100.0%
Amplifon Poland Sp.z o.o.	Lodz (Poland)	D	PLN	3,341,700	100.0%
Amplifon UK Ltd	Manchester (United Kingdom)	D	GBP	69,100,000	100.0%
Amplifon Ltd	Manchester (United Kingdom)	I	GBP	1,800,000	100.0%
Ultra Finance Ltd	Manchester (United Kingdom)	I	GBP	75	100.0%
Amplifon Ireland Ltd	Wexford (Ireland)	I	EUR	1,000	100.0%
Amplifon Cell	Ta' Xbiex (Malta)	D	EUR	1,000,125	100.0%
Makstone İşitme Ürünleri Perakende Satış A.Ş.	Istanbul (Turkey)	D	TRY	300,000	51.0%
Medtechnica Ortophone Ltd (*)	Tel Aviv (Israel)	D	ILS	1,000	60.0%
Bon Ton Hearing & Speech Ltd	Sderot (Israel)	I	ILS	100	60.0%
Kolan Ashdod Speech & Hearing Inst. Ltd	Ashdod (Israel)	I	ILS	100	60.0%
Matan Rishon Ltd	Rishon LeZion (Israel)	I	ILS	200	60.0%
Amplifon Middle East SAE	Cairo (Egypt)	D	EGP	3,000,000	51.0%
Miracle Ear Inc.	St. Paul – MN (USA)	I	USD	5	100.0%
Elite Hearing, LLC	Minneapolis – MN (USA)	I	USD	1,000	100.0%
Miracle Ear Canada Ltd.	Vancouver (Canada)	I	CAD	11,000,200	100.0%
Audiomedica Hearing Clinic Inc.	Calgary (Canada)	I	CAD	100	100.0%
Amplifon USA Inc.	Dover – DE (USA)	D	USD	52,500,010	100.0%
Amplifon Hearing Health Care, Inc.	St. Paul – MN (USA)	I	USD	10	100.0%
Ampifon IPA, LLC	New York – NY (USA)	I	USD	1,000	100.0%
Amplifon South America Holding LTDA	São Paulo (Brazil)	D	BRL	3,636,348	100.0%
Direito de Ouvir Amplifon Brasil SA	Franca (Brazil)	I	BRL	4,126,463	51.0%
Amplifon Australia Holding Pty Ltd	Sydney (Australia)	D	AUD	392,000,000	100.0%
ACN 119430018 Pty Ltd (in liquidazione)	Sydney (Australia)	I	AUD	0	100.0%
National Hearing Centres Pty Ltd	Sydney (Australia)	I	AUD	100	100.0%
National Hearing Centres Unit Trust	Sydney (Australia)	I	AUD	0	100.0%
Amplifon NZ Ltd	Takapuna (New Zealand)	I	NZD	130,411,317	100.0%
Bay Audiology Ltd	Takapuna (New Zealand)	I	NZD	0	100.0%
Dilworth Hearing Ltd	Auckland (New Zealand)	I	NZD	0	100.0%
Amplifon India Pvt Ltd	New Delhi (India)	I	INR	750,000,000	100.0%
NHanCe Hearing Care LLP (in liquidazione) (**)	New Delhi (India)	I	INR	1,000,000	0.0%

(*) Medtechnica Ortophone Ltd and its subsidiaries despite being owned by Amplifon at 60%, is consolidated 100% without exposure of non-controlling interest due to the put-call option to be exercised in 2017 and related to the purchase of the remaining 40%.
(**) Consolidated entity subject to de facto control by the Amplifon Group.

Companies valued using the equity method:

Company name	Head office	Direct/ Indirect ownership	Currency	Share Capital	% held at 30/06/2016
Audiogram Audifonos SL	Palma de Mallorca (Spain)	I	EUR	3,006	49.0%
Comfoor BV	Doesburg (The Netherlands)	I	EUR	18,000	50.0%
Comfoor GmbH	Emmerich am Rhein (Germany)	I	EUR	25,000	50.0%
Medtechnica Ortophone Shaked Ltd	Tel Aviv (Israel)	I	ILS	1,001	30.0%
Ruti Levinson Institute Ltd	Ramat HaSharon (Israel)	I	ILS	105	12.0%
Afik - Test Diagnosis & Hearing Aids Ltd	Jerusalem (Israel)	I	ILS	100	12.0%
Lakeside Specialist Centre Ltd	Mairangi Bay (New Zealand)	I	NZD	0	50.0%

Declaration of the Executive Responsible for Corporate Accounting Information pursuant to Article 154-bis of Legislative Decree 58/1998 (Testo Unico della Finanza)

We, the undersigned, Enrico Vita, CEO and Ugo Giorcelli, Executive Responsible for Corporate Accounting Information for Amplifon S.p.A., taking into account the provisions of § 154-*bis*, paragraphs 3 and 4 of Law 24 February 1998 n. 58, certify:

- the adequacy, by reference to the characteristics of the business and
- the effective application of the administrative and accounting procedures for the preparation of the condensed interim consolidated financial statements during the course of the first half of 2016.

We also certify that the condensed interim consolidated financial statements at 30 June 2016:

- have been prepared in accordance with the international accounting standards recognized in the European Union under the EC regulation 1606/2002 of the European Parliament and of the Council of 19 July 2002, and in particular of IAS – 34 Interim Financial reporting, as well as the provisions which implement art. 9 of the legislative decree 38/2005;
- correspond to the underlying accounting entries and records;
- provides a true and fair view of the performance and financial position of the issuer and of all of the companies included in the consolidation.

The report on operations contains a reliable analysis of references to significant events that occurred in the first six months of the year and their impact on the Condensed interim consolidated financial statements, together with a description of the principal risks and uncertainties for the remaining six months of the year. The report on operations also includes a reliable analysis of the information on significant transactions with related parties.

Milan, 27 July 2016

CEO

Enrico Vita

Executive Responsible for Corporate Accounting Information

Ugo Giorcelli

REVIEW REPORT ON CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

To the Shareholders of
Amplifon SpA

Foreword

We have reviewed the accompanying consolidated condensed interim financial statements of Amplifon SpA and its subsidiaries (the Amplifon Group) as of 30 June 2016, comprising the statement of financial position, income statement, statement of comprehensive income, statement of changes in net equity, cash flow statement and related explanatory notes. The directors of Amplifon SpA are responsible for the preparation of the consolidated condensed interim financial statements in accordance with the international accounting standard applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on these consolidated condensed interim financial statements based on our review.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated condensed interim financial statements of the Amplifon Group as of 30 June 2016 are not prepared, in all material respects, in accordance with the international accounting standard applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Milan, 29 July 2016

PricewaterhouseCoopers SpA

Signed by
Ettore Corno
(Partner)

This report has been translated into English from the Italian original solely for the convenience of international readers