



## **Half-year Financial Report at 30 June 2016 (First half of FY2016)**

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

This document contains a faithful translation in English of the original report in Italian "*Relazione finanziaria semestrale al 30 giugno 2016*".

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

The Italian version of the *Relazione finanziaria semestrale al 30 giugno 2016* shall prevail upon the English version.

### **Fiera Milano SpA**

Registered office: Piazzale Carlo Magno, 1 - 20149 Milan  
Operational and administrative office: SS del Sempione, 28 - 20017 Rho (Milan)  
Share Capital: Euro 42,445,141.00 fully paid up.  
Companies Register, Tax Reference and VAT no. 13194800150  
Economic Administrative Register 1623812

Rho (Milan), 29 July 2016

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# Corporate Bodies and Independent Auditor

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## BOARD OF DIRECTORS

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

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

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

## CONTROL AND RISK COMMITTEE

Joyce Victoria Bigio  
Renato Borghi  
Vincenza Patrizia Rutigliano

## REMUNERATION COMMITTEE

Attilio Fontana  
Romeo Robiglio  
Licia Ronzulli

## BOARD OF STATUTORY AUDITORS 231/01

Federica Nolli	Chairman
Antonio Guastoni	Statutory Auditor
Carmine Pallino	Statutory Auditor
Francesca Maria D'Alessandro	Substitute Auditor
Alessandro Carlo Galli	Substitute Auditor

## SUPERVISORY BOARD under Decree Law

Pier Andrea Chevallard  
Ugo Lecis  
Federica Nolli  
Andrea Pizzoli

**MANAGER RESPONSIBLE FOR PREPARING THE  
COMPANY'S FINANCIAL STATEMENTS LAW 262/2005**  
Flaminio Oggioni

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

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

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

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

## INDEPENDENT AUDITOR

EY SpA

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

## Business model

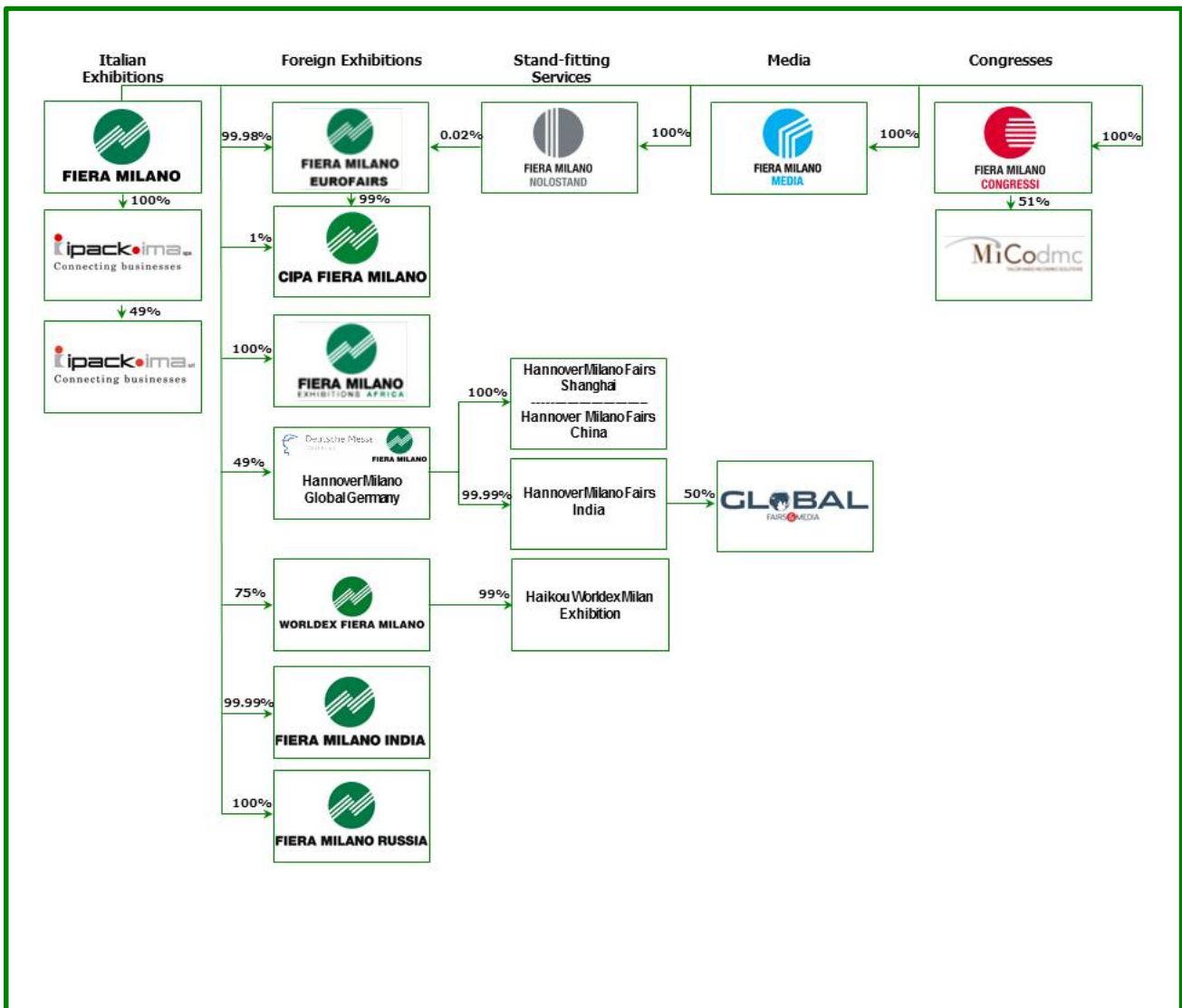
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The Fiera Milano Group is involved in all the characteristic phases of the exhibition and congress sector and is one of the leading international integrated companies in this sector.

Its operating segments are:

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

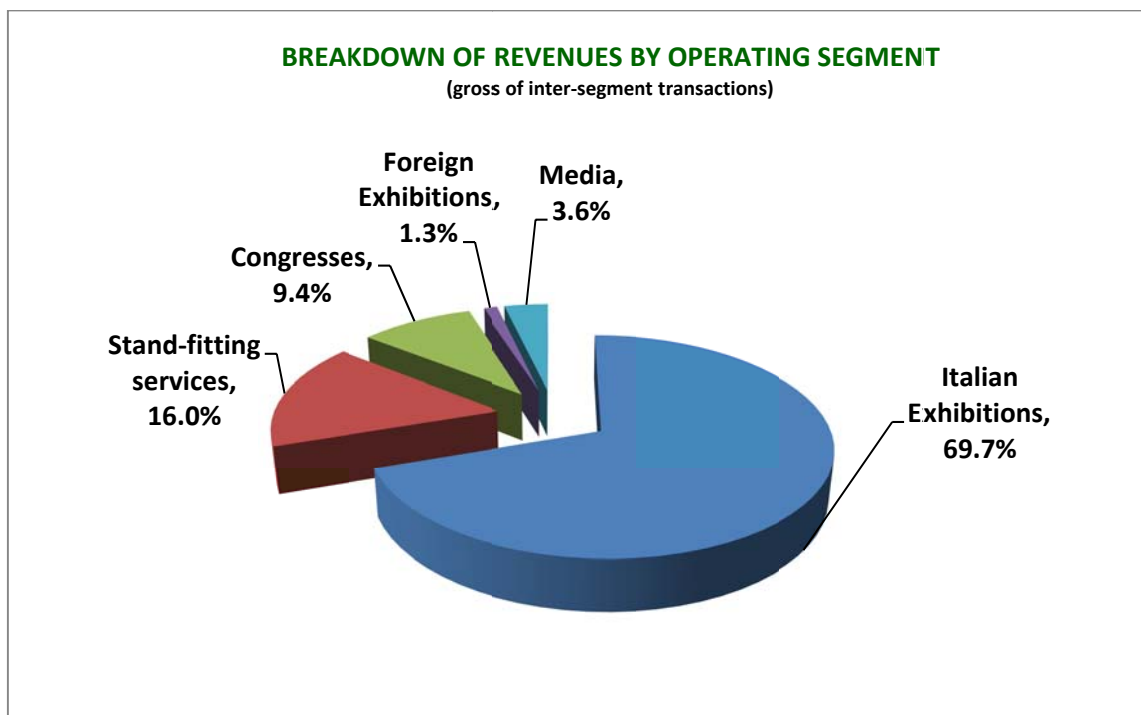
# Group structure



# Highlights of the first semester 2016

## PERFORMANCE

**Consolidated revenues:** Euro 139 million.



## BUSINESS

**Number of exhibitions held:**  
41, of which 13 abroad.

**Number of exhibitors:**  
17,475, of which 3,160 abroad.

## EXHIBITION SPACE

**Net exhibition space occupied:**  
926,385 square metres  
of which 119,050 square metres abroad.

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

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

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

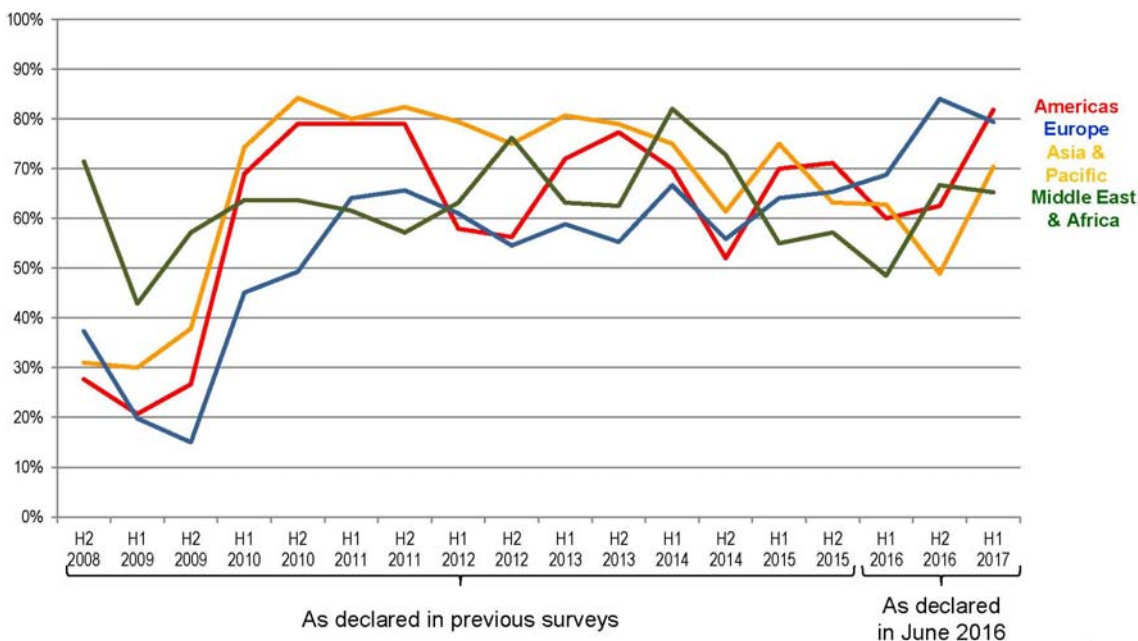
## Reference sector background

In June 2016, UFI (the Global Association of the Exhibition Industry) compiled the seventeenth *Global Exhibition Barometer*; since 2009 this research has provided the most updated information on the trend and outlook of the exhibition sector as perceived by its members. The most recent survey reflects the views of 262 participants in 56 countries. The *Global Exhibition Barometer* surveyed expectations for revenues for the two semesters of 2016 and for the first semester 2017 compared to the revenues of the same periods of the preceding year.

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

- In North America, between seven and nine respondents out of ten believed that revenues would rise in the three periods under review;
- In Europe, in particular in the United Kingdom and in Italy, there is expected to be a more gradual increase in revenues. In Germany, less than one in every two respondents expected an increase in the first semester of 2017 while in Russia on average less than one in every two respondents expected higher revenues in all three of the periods under review;
- In the Asia/Pacific region, the Middle East and Africa, the majority of those surveyed were uncertain about the trend in revenues in the first semester 2017 while the majority were optimistic about 2016 revenues;
- In Central and South America, the majority of those surveyed expected a decrease in revenues in 2016 but were more optimistic about the first semester 2017.

### % of companies declaring an increase in turnover when compared to their projections for the same period the year before (regardless of possible biennial effects)



# Interim report on operations

## Summary of results and significant events in the semester

The table below gives the key figures of the Group for the semester under review and the comparative data for the same period of the previous financial year, as well as those for the financial year to 31 December 2015.

Full year at 31/12/15	<b>Fiera Milano Group Summary of key figures</b> (Amounts in € '000)	1st Half at 30/06/16	1st Half at 30/06/15 restated
<b>337,339</b>	<b>Revenues from sales and services</b>	<b>138,655</b>	<b>181,532</b>
<b>43,594</b>	<b>Gross operating result (a)</b>	<b>20,682</b>	<b>28,498</b>
<b>11,958</b>	<b>Net operating result (EBIT)</b>	<b>13,743</b>	<b>12,774</b>
<b>2,427</b>	<b>Net profit/(loss) (continuing operations)</b>	<b>8,397</b>	<b>5,136</b>
<b>(1,998)</b>	<b>Net profit/(loss) (discontinued operations)</b>	<b>-</b>	<b>(1,988)</b>
<b>429</b>	<b>Net profit/(loss):</b>	<b>8,397</b>	<b>3,148</b>
<b>1,014</b>	<b>- Attributable to the shareholders of the controlling entity</b>	<b>8,564</b>	<b>3,946</b>
<b>(585)</b>	<b>- Attributable to non-controlling interests</b>	<b>(167)</b>	<b>(798)</b>
<b>32,065</b>	<b>Cash flow for the Group and non-controlling interests (b)</b>	<b>15,336</b>	<b>18,872</b>
<b>97,694</b>	<b>Net capital employed (c)</b>	<b>126,367</b>	<b>116,995</b>
	<b>covered by:</b>		
<b>84,572</b>	<b>Equity attributable to the Group</b>	<b>92,199</b>	<b>22,288</b>
<b>696</b>	<b>Equity attributable to non-controlling interests</b>	<b>351</b>	<b>340</b>
<b>12,426</b>	<b>Net financial debt/(cash)</b>	<b>33,817</b>	<b>94,367</b>
<b>7,817</b>	<b>Investments (continuing operations and assets held for sale)</b>	<b>3,455</b>	<b>2,650</b>
<b>783</b>	<b>Employees (no. of permanent employees at the end of period)</b>	<b>714</b>	<b>804</b>

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

Some figures in the Interim Condensed Consolidated Financial Statements at 30 June 2015 have been restated for the different classification of the use of risk provisions.

The first semester 2016 trend in revenues and gross operating profit was positive despite lower results than in the same semester of 2015 as the latter benefited from a more favourable exhibition calendar and included the revenues from the contracts linked to Expo 2015. In the semester under review, there was a record performance from the Salone Internazionale del Mobile and the calendar included the biennial exhibition Mostra Convegno Expocomfort.

Although the gross operating margin was lower than in the first half of 2015 due to the aforementioned less favourable exhibition calendar, it benefited from a significant decrease in operating expenses mainly from the reorganisations implemented in the previous financial year. The net profit was higher than in the first semester of 2015.

On 23 March 2016, the Parent Company paid Euro 1.400 million to acquire the trademark of Promotion Trade Exhibition (PTE), an annual international exhibition for promotional articles, business gifts and technology to personalise such items. This transaction strengthens the portfolio of proprietary exhibitions, which is one of the strategic aims of the Group. This exhibition will now be directly organised by Fiera Milano and not hosted in its exhibition site and organised by a third-party



as in the past. The exhibition will be included in the Lifestyle division and, in the medium-term, will be held alongside HOMI.

On 6 May 2016, Fiera Milano and Veronafiore signed an agreement for a single annual international fair dedicated to the fruit and vegetable sector. The agreement unites Fruit Innovation held in Milan and Fruit&Veg System held in Verona; the new exhibition will be held in even-numbered years in Verona, when the emphasis will be on upstream activities and technology used in agriculture, and in uneven-numbered years in Milan when the emphasis will be finished products. The first edition of the fruit and vegetable exhibition, Fruit&Veg Innovation, will be held in Milan from 8-11 May 2017 in conjunction with Tuttofood. The new exhibition will complete the Group offer in the growing area of organic and vegan products already well represented in Milan.

The agreement with Veronafiore also covers joint initiatives in the wine sector as part of Tuttofood, which, from 2017, will include an area organised by Veronafiore: under the agreement between Fiera Milano and Veronafiore, which is governed by a non-compete clause, Veronafiore will organise an event to be called Wine Discovery.

On 24 June 2016, the Parent Company announced that it had started a buy-back of shares using the mandate given it by the Shareholders' Meeting of 28 April 2016. By implementing the buy-back, Fiera Milano SpA intends to increase the number of treasury shares held to service the 2017-2023 Stock Option Plan and to stabilise the share price performance. At 30 June 2016, 6,000 treasury shares had been acquired at an average price of Euro 1.57 per share.

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

- On 3 March 2016, Fiera Milano SpA acquired 1% of Cipa Fiera Milano Publicações e Eventos Ltda from Eurofairs International Consultoria e Participações Ltda for an amount equal to Euro 2,000.
- The Ordinary Shareholders' Meeting of the Parent Company was held on 28 April 2016 and approved the Financial Statements at 31 December 2015, the proposal to cover the losses for the year of Euro 1,456,383.56 by using the share premium reserve, to cover the residual losses of Euro 19,712,224.63 from the previous financial year by using the share premium reserve, and to reconstitute the legal reserve under Article 2340, paragraph 2 of the Italian Civil Code for an amount of Euro 8,489,028.20 by using the share premium reserve. The Shareholders' Meeting also approved Section One of the Report on Remuneration under Article 123-ter of Legislative Decree 58/98. It also approved the 2017-2023 Stock Option Plan, prepared under Article 114-bis of Legislative Decree 58/98, and the mandate to acquire and dispose of treasury shares.
- On 14 June 2016, Fiera Milano SpA approved a debt/equity swap of the Euro 2.893 million credit it held from Eurofairs International Consultoria e Participações Ltda.
- On 30 June 2016, Fiera Milano SpA waived the Euro 0.560 million credit from the financing given to Limited Liability Company Fiera Milano thereby strengthening the financial position of the company.

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

The table below shows the **Consolidated Income Statement** with detailed figures for the first semester 2016.

Full year at 31/12/15		Consolidated Income Statement (Amounts in €'000)		1st Half at 30/06/16		1st Half at 30/06/15 restated	
					%		%
<b>337,339</b>	<b>100</b>	<b>Revenues from sales and services</b>	<b>138,655</b>	<b>100</b>	<b>181,532</b>	<b>100</b>	
4,859	1.4	Cost of materials	1,289	0.9	3,932	2.2	
165,870	49.2	Cost of services	68,103	49.1	87,438	48.2	
61,419	18.2	Costs for use of third party assets	24,928	18.0	31,034	17.1	
61,675	18.3	Personnel expenses	23,155	16.7	30,518	16.8	
5,753	1.7	Other operating expenses	2,487	1.8	2,718	1.5	
<b>299,576</b>	<b>88.8</b>	<b>Total operating costs</b>	<b>119,962</b>	<b>86.5</b>	<b>155,640</b>	<b>85.7</b>	
3,003	0.9	Other income	1,631	1.2	1,434	0.8	
2,828	0.8	Result of equity-accounted companies	358	0.3	1,172	0.6	
<b>43,594</b>	<b>12.9</b>	<b>Gross operating result</b>	<b>20,682</b>	<b>14.9</b>	<b>28,498</b>	<b>15.7</b>	
12,315	3.7	Depreciation and amortisation	4,075	2.9	6,468	3.6	
8,179	2.4	Allowance for doubtful accounts and other provisions	965	0.7	1,259	0.7	
11,142	3.3	Adjustments to asset values	1,899	1.4	7,997	4.4	
<b>11,958</b>	<b>3.5</b>	<b>Net operating result (EBIT)</b>	<b>13,743</b>	<b>9.9</b>	<b>12,774</b>	<b>7.0</b>	
(3,520)	-1.0	Financial income/(expenses)	(86)	-0.1	(2,150)	-1.2	
<b>8,438</b>	<b>2.5</b>	<b>Profit/(loss) before income tax</b>	<b>13,657</b>	<b>9.8</b>	<b>10,624</b>	<b>5.9</b>	
6,011	1.8	Income tax	5,260	3.8	5,488	3.0	
<b>2,427</b>	<b>0.7</b>	<b>Profit/(loss) for the period from continuing operations</b>	<b>8,397</b>	<b>6.1</b>	<b>5,136</b>	<b>2.8</b>	
<b>(1,998)</b>	<b>-0.6</b>	<b>Profit/(loss) for the period from discontinued operations</b>	-	-	<b>(1,988)</b>	<b>-1.1</b>	
<b>429</b>	<b>0.1</b>	<b>Profit/(loss):</b>	<b>8,397</b>	<b>6.1</b>	<b>3,148</b>	<b>1.7</b>	
<b>1,014</b>	<b>0.3</b>	<b>- attributable to the shareholders of the controlling entity</b>	<b>8,564</b>	<b>6.2</b>	<b>3,946</b>	<b>2.2</b>	
<b>(585)</b>	<b>-0.2</b>	<b>- attributable to non-controlling interests</b>	<b>(167)</b>	<b>-0.1</b>	<b>(798)</b>	<b>-0.4</b>	
<b>32,065</b>	<b>9.5</b>	<b>Cash flow for the Group and non-controlling interests</b>	<b>15,336</b>	<b>11.1</b>	<b>18,872</b>	<b>10.4</b>	

Some figures in the Interim Condensed Consolidated Financial Statements at 30 June 2015 have been restated for the different classification of the use of risk provisions.

**Revenues from sales and services** totalled Euro 138.655 million, a decrease of approximately 24% compared to the figure for the same semester of the previous financial year (Euro 181.532 million). The lower revenues reflected the less favourable exhibition calendar: the same semester of 2015 included the directly organised biennial exhibition Tuttofood and the hosted exhibition Made Expo, the triennial exhibitions Ipack-Ima and Plast, as well as revenues from the contracts linked to Expo 2015. The performance of the directly organised annual exhibitions HOMI and BIT also contributed to the decrease. However, this was, in part, compensated by the presence of the biennial exhibition

Mostra Convegno Expocomfort in the semester under review and by the increase in some exhibitions hosted in the Rho exhibition site, which included the Salone del Mobile.

The performance shows the following variations:

- **Annual exhibitions organised by the Group in Italy** (-3,455 square metres): the decrease was mainly due to HOMI I Semester (-3,415 square metres).
- **Annual exhibitions organised by third parties in Italy** (+18,610 square metres): the increase was mainly due to Esposizione Internazionale Canina (+15,000 square metres) and to Lineapelle I Semester (+2,070 square metres).
- **Congresses with related exhibition areas:** these had a decrease in rented space of 7,380 square metres.
- **Biennial exhibitions organised by the Group in Italy** (-128,360 square metres): the decrease was mainly attributable to the absence of the biennial exhibitions, Tuttofood (-74,885 square metres) and Transpotec & Logitec (-53,475 square metres), held in uneven-numbered years.
- **Biennial exhibitions organised by third-parties in Italy** (+82,160 square metres): the increase mainly reflected the presence of biennial exhibitions held in even-numbered years, Mostra Convegno Expocomfort (+118,395 square metres), Eurocucina (+35,260 square metres), Xylexpo (+29,240 square metres), Salone del Bagno (+19,390 square metres) and Venditalia (+9,145 square metres). However, the increase was, in part, offset by the absence in the first semester 2016 of the biennial exhibitions held in uneven-numbered years Made Expo (-57,005 square metres), Euroluce (-38,765 square metres), Made in Steel (-12,260 square metres), and Salone Ufficio (-12,505 square metres).
- **Multi-annual exhibitions organised by third-parties in Italy** (-152,725 square metres): the decrease was mainly due to the absence of the triennial exhibitions Plast (-54,615 square metres) and Ipack-Ima (-52,270 square metres) and of the itinerant event, the World Dog Show (-31,305 square metres).
- **Annual exhibitions organised by the Group abroad** (-5,630 square metres): the decrease mainly reflected the absence of the Turkish exhibitions following the divestment of Interteks (-8,810 square metres) but also the absence of Reatech, FisioTech (-5,545 square metres) in Brazil. The decrease was, in part, compensated by the presence of Industrial Automotion Shenzhen (+9,000 square metres) organised in joint venture with Deutsche Messe AG.
- **Biennial exhibitions organised abroad by the Group** (-14,120 square metres): the decrease was mainly due to the absence in the semester under review of the biennial exhibitions held in uneven-numbered years WoodMac China (-9,565 square metres) and Metal+Metallurgy (-3,770 square metres), which are both organised in China in joint venture with Deutsche Messe AG.

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

Fiera Milano Group Summary operating figures	1st Half 2016		1st Half 2015		Change	
	Total	Organised by the Group	Total	Organised by the Group	Total	Organised by the Group
	<b>Number of exhibitions:</b>	<b>41</b>	<b>19</b>	<b>59</b>	<b>29</b>	<b>(18)</b>
<b>Italy</b>	<b>28</b>	<b>6</b>	<b>38</b>	<b>8</b>	<b>(10)</b>	<b>(2)</b>
. annual	23	6	25	6	(2)	-
. biennial	5	-	7	2	(2)	(2)
. multi-annual	-	-	6	-	(6)	-
<b>Foreign countries</b>	<b>13</b>	<b>13</b>	<b>21</b>	<b>21</b>	<b>(8)</b>	<b>(8)</b>
. annual	13	13	18	18	(5)	(5)
. biennial	-	-	3	3	(3)	(3)
. multi-annual	-	-	-	-	-	-
<b>Number of congresses with related exhibition space - Italy</b>	<b>23</b>	<b>-</b>	<b>21</b>	<b>-</b>	<b>2</b>	<b>-</b>
<b>Net sq.metres of exhibition space:</b>	<b>926,385</b>	<b>233,315</b>	<b>1,137,285</b>	<b>384,880</b>	<b>(210,900)</b>	<b>(151,565)</b>
<b>Italy</b>	<b>807,335</b>	<b>114,265</b>	<b>998,485</b>	<b>246,080</b>	<b>(191,150)</b>	<b>(131,815)</b>
. annual (a)	591,305	114,265	583,530	117,720	7,775	(3,455)
. biennial	216,030	-	262,230	128,360	(46,200)	(128,360)
. multi-annual	-	-	152,725	-	(152,725)	-
(a) of which congresses with related exhibition space	29,930	-	37,310	-	(7,380)	-
<b>Foreign countries</b>	<b>119,050</b>	<b>119,050</b>	<b>138,800</b>	<b>138,800</b>	<b>(19,750)</b>	<b>(19,750)</b>
. annual	119,050	119,050	124,680	124,680	(5,630)	(5,630)
. biennial	-	-	14,120	14,120	(14,120)	(14,120)
. multi-annual	-	-	-	-	-	-
<b>Number of exhibitors:</b>	<b>17,475</b>	<b>5,440</b>	<b>20,815</b>	<b>7,465</b>	<b>(3,340)</b>	<b>(2,025)</b>
<b>Italy</b>	<b>14,315</b>	<b>2,280</b>	<b>17,205</b>	<b>3,855</b>	<b>(2,890)</b>	<b>(1,575)</b>
. annual (b)	11,795	2,280	11,320	2,300	475	(20)
. biennial	2,520	-	3,530	1,555	(1,010)	(1,555)
. multi-annual	-	-	2,355	-	(2,355)	-
(b) of which congresses with related exhibition space	1,535	-	1,445	-	90	-
<b>Foreign countries</b>	<b>3,160</b>	<b>3,160</b>	<b>3,610</b>	<b>3,610</b>	<b>(450)</b>	<b>(450)</b>
. annual	3,160	3,160	3,400	3,400	(240)	(240)
. biennial	-	-	210	210	(210)	(210)
. multi-annual	-	-	-	-	-	-

The **Gross operating profit** for the semester was Euro 20.682 million compared to a figure of Euro 28.498 million in the same period of the previous financial year. This was a decrease in gross operating profit of Euro 7.816 million that was mainly connected to the trend in revenues. This was, in part, compensated by lower operating expenses and, in particular, the lower rent for the **fieramilano** exhibition site due to the absence of the variable component of the rent payable only in 2015 because of the presence of Expo 2015, lower personnel expenses from the reorganisation started at the end of 2015, and a decrease in redundancy incentives and the variable part of remuneration paid by the Parent Company.

The **Net operating profit (EBIT)** was Euro 13.743 million, compared to Euro 12.774 million in the first semester of 2015. The increase in net operating profit reflected lower impairment charges. The impairment charges taken in first semester 2016 were Euro 1.391 million for the exhibition trademark of the South African subsidiary and Euro 0.508 million for the Food & Beverage publication of the subsidiary Fiera Milano Media. These businesses were subject to particularly negative circumstances in the semester under review that led to a downgrade in their expected

results and growth prospects. The figure for the first semester 2015 included impairment charges on goodwill and trademarks totalling Euro 7.997 million.

The net operating profit included lower depreciation and amortisation in the first semester 2016 as the depreciation and amortisation of some asset groups in the Parent Company was completed and there were lower depreciation and amortisation charges for improvements made to the MiCo Congress Centre by Fiera Milano Congressi following the extension of the rental agreement to 2023.

The **Profit before income tax** for the semester was Euro 13.657 million compared to Euro 10.624 million in the first semester of 2015 and reflected the increase in net operating profit and lower financial expenses in the Parent Company due to lower debt.

The **Net profit** for the first-half of 2016 was Euro 8.397 million of which Euro 8.564 million was attributable to the **Shareholders of the controlling entity** (Euro 3.946 million in the first semester 2015) and a loss of Euro 0.167 million attributable to **non-controlling interests** (a loss of Euro 0.798 million in the first semester of 2015).

The **profit for the period from continuing operations** was Euro 8.397 million compared to Euro 5.136 million in the first semester 2015.

The **profit for the period from discontinued operations** was zero compared to a loss of Euro 1.988 million in the first semester of 2015. The same period of the previous financial year included the results of the subsequently divested Turkish subsidiary Interteks.

**Total cash flow** (calculated as the net result plus amortisation and depreciation, provisions and adjustments to asset values) was Euro 15.336 million in the semester under review compared to Euro 18.872 million in the same semester of the previous financial year.

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

<b>Reclassified Consolidated Statement of Financial Position</b> (Amounts in €'000)			
	<b>30/06/16</b>	<b>31/12/15</b>	<b>Change</b>
Goodwill and intangible assets with an indefinite useful life	101,607	104,945	(3,338)
Intangible assets with a finite useful life	28,359	29,408	(1,049)
Tangible fixed assets	14,286	14,755	(469)
Other non-current assets	30,326	33,194	(2,868)
<b>A Non-current assets</b>	<b>174,578</b>	<b>182,302</b>	<b>(7,724)</b>
Inventory and contracts in progress	3,861	1,884	1,977
Trade and other receivables	58,834	63,932	(5,098)
Other assets	-	-	-
<b>B Current assets</b>	<b>62,695</b>	<b>65,816</b>	<b>(3,121)</b>
Trade payables	41,521	49,267	(7,746)
Payments received on account	27,658	34,880	(7,222)
Tax liabilities	3,483	5,168	(1,685)
Provisions for risks and charges and other current liabilities	19,518	41,385	(21,867)
<b>C Current liabilities</b>	<b>92,180</b>	<b>130,700</b>	<b>(38,520)</b>
<b>D Net working capital (B - C)</b>	<b>(29,485)</b>	<b>(64,884)</b>	<b>35,399</b>
<b>E Gross capital employed (A + D)</b>	<b>145,093</b>	<b>117,418</b>	<b>27,675</b>
Employee benefit provisions	9,299	10,672	(1,373)
Provisions for risks and charges and other non-current liabilities	9,427	9,052	375
<b>F Non-current liabilities</b>	<b>18,726</b>	<b>19,724</b>	<b>(998)</b>
<b>G NET CAPITAL EMPLOYED continuing operations (E - F)</b>	<b>126,367</b>	<b>97,694</b>	<b>28,673</b>
<b>H NET CAPITAL EMPLOYED assets held for sale</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL NET CAPITAL EMPLOYED (G + H)</b>	<b>126,367</b>	<b>97,694</b>	<b>28,673</b>
covered by:			
Equity attributable to the Group	92,199	84,572	7,627
Equity attributable to non-controlling interests	351	696	(345)
<b>I Total equity</b>	<b>92,550</b>	<b>85,268</b>	<b>7,282</b>
Cash & cash equivalents	(14,870)	(56,092)	41,222
Current financial (assets)/liabilities	23,174	55,502	(32,328)
Non-current financial (assets)/liabilities	25,513	13,016	12,497
<b>Net financial position continuing operations</b>	<b>33,817</b>	<b>12,426</b>	<b>21,391</b>
<b>Net financial position assets held for sale</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>L Net financial position (TOTAL)</b>	<b>33,817</b>	<b>12,426</b>	<b>21,391</b>
<b>EQUITY AND NET FINANCIAL POSITION (I + L)</b>	<b>126,367</b>	<b>97,694</b>	<b>28,673</b>

At 30 June 2016, **non-current assets** totalled Euro 174.578 million compared to Euro 182.302 million at 31 December 2015. The Euro 7.724 million decrease was the net figure of investments totalling 3.455 million, adjustments to asset values of Euro 1.899 million, depreciation and amortisation of Euro 4.075 million, a decrease in tax assets for deferred taxes of Euro 3.024 million, Euro 2.581 million of lower valuations of equity accounted investments, a positive exchange rate difference of Euro 0.575 million and other movements that gave rise to a negative figure of Euro 0.175 million.

**Net working capital** went from a negative figure of Euro 64.884 million at 31 December 2015 to a negative figure of Euro 29.485 million at 30 June 2016. The change of Euro 35.399 million in this figure reflected:

- (a) a decrease in **current assets** of Euro 3.121 million due to:
- a Euro 5.098 million decrease in trade and other receivables due primarily to receivables in the Parent Company;
  - a Euro 1.977 million increase in inventories and work in progress for deferred costs for exhibitions;
- (b) a decrease in **current liabilities** of Euro 38.520 million mainly due to:
- a decrease of Euro 21.867 million in provisions for risks and charges and other current liabilities, mainly reflecting lower payables to exhibition organisers, lower payables to employees following payment of the variable remuneration, and the absence of the additional component of rent paid to Fondazione Fiera Milano for the **fieramilano** exhibition site that was payable only in 2015;
  - a decrease of Euro 7.222 million in payments on account that was the net amount of prepayments invoiced to clients for exhibitions to be held in the next quarters (in particular, the Micam Autunno) and a decrease in invoices for exhibitions held in the first semester 2016 (in particular, HOMI I Semester);
  - a Euro 7.746 million decrease in trade payables due to the lower business volumes caused by the less favourable exhibition calendar.

**Group equity** was Euro 92.199 million at 30 June 2016, compared to Euro 84.572 million at 31 December 2015, an increase of Euro 7.627 million due to: an increase in the net result for the period of Euro 8.564 million, a decrease in other items of comprehensive income of Euro 0.375 million, negative exchange rate differences of Euro 0.553 million, and a decrease of Euro 0.009 million for the acquisition of treasury shares.

**Non-controlling interests** at 30 June 2016 were Euro 0.351 million compared to Euro 0.696 million at 31 December 2015, a decrease of Euro 0.345 million, of which a negative figure of Euro 0.167 million was the result for the period under review, Euro 0.152 million reflected negative exchange rate differences, and a decrease of Euro 0.026 million for the payment of dividends.

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

<b>31/12/15</b>	<b>Group Net Financial Position</b> (Amounts in € '000)	<b>30/06/16</b>
56,092	A. Cash (including bank balances)	14,870
-	B. Other cash equivalents	-
-	C. Securities held for trading	-
<b>56,092</b>	<b>D. Cash and cash equivalents (A+B+C)</b>	<b>14,870</b>
-	<b>E. Current financial assets</b>	<b>5,147</b>
-	<i>- E.1 of which Current financial assets from other related parties</i>	<b>5,147</b>
23,481	F. Current bank borrowings	280
15,985	G. Current portion of non-current debt	22,851
16,036	H. Other current financial liabilities	5,190
<i>15,225</i>	<i>- H.1 of which Other current financial liabilities to the controlling shareholder</i>	<i>4,256</i>
<b>55,502</b>	<b>I. Current financial debt (F+G+H)</b>	<b>28,321</b>
<b>-590</b>	<b>J. Current net financial debt (cash) (I-E-D)</b>	<b>8,304</b>
10,922	K. Non-current bank borrowings	23,394
-	L. Debt securities in issue	-
2,094	M. Other non-current liabilities	2,119
<i>1,851</i>	<i>- M.1 of which Other non current liabilities to other related parties</i>	<i>1,927</i>
<b>13,016</b>	<b>N. Non-current financial debt (K+L+M)</b>	<b>25,513</b>
<b>12,426</b>	<b>Net financial debt/(cash) from continuing operations (J+N)</b>	<b>33,817</b>
-	<b>Net financial debt/(cash) from assets held for sale</b>	-
<b>12,426</b>	<b>O. Net financial debt/(cash)</b>	<b>33,817</b>

Net debt at 30 June 2016 was Euro 33.817 million compared to Euro 12.426 million at 31 December 2015, an increase of Euro 21.391 million.

The increase in net debt was mainly due to the trend in net working capital that reflected a decrease in other current payables following the payment of outstanding amounts to some exhibition organisers. This decrease was partly offset by the positive cash flow in the semester generated from operations and by an increase in financial receivables from the joint venture company Hannover Milano Global Germany GmbH for dividends approved but not yet paid.



## Business performance by operating segment and by geographic area

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

Summary of data by operating segment and by geographic area (Amounts in € '000)	1st Half		1st Half	
	at 30/06/16		at 30/06/15	restated
<b>Revenues from sales and services</b>				
- <b>By operating segment:</b>		%		%
. Italian Exhibitions	114,343	69.7	148,723	69.8
. Foreign Exhibitions	2,127	1.3	3,997	1.9
. Stand-fitting Services	26,283	16.0	35,216	16.5
. Media	5,908	3.6	6,746	3.2
. Congresses	15,395	9.4	18,409	8.6
<b>Total revenues gross of adjustments for inter-segment transactions</b>	<b>164,056</b>	<b>100.0</b>	<b>213,091</b>	<b>100.0</b>
. Adjustments for inter-segment transactions	(25,401)		(31,559)	
<b>Total revenues net of adjustments for inter-segment transactions</b>	<b>138,655</b>		<b>181,532</b>	
- <b>By geographic area:</b>				
. Italy	136,561	98.5	177,868	98.0
. Foreign countries	2,094	1.5	3,664	2.0
<b>Total</b>	<b>138,655</b>	<b>100.0</b>	<b>181,532</b>	<b>100.0</b>
<b>Gross operating result</b>		%		%
- <b>By operating segment:</b>		on revenues		on revenues
. Italian Exhibitions	15,623	13.7	20,937	14.1
. Foreign Exhibitions	(381)	-17.9	(1,001)	-25.0
. Stand-fitting Services	3,817	14.5	5,683	16.1
. Media	267	4.5	383	5.7
. Congresses	1,356	8.8	2,504	13.6
. Adjustments for inter-segment transactions	-		(8)	
<b>Total</b>	<b>20,682</b>	<b>14.9</b>	<b>28,498</b>	<b>15.7</b>
- <b>By geographic area:</b>				
. Italy	21,139	15.5	29,757	16.7
. Foreign countries	(457)	-21.8	(1,259)	-34.4
<b>Total</b>	<b>20,682</b>	<b>14.9</b>	<b>28,498</b>	<b>15.7</b>
<b>Net operating result (EBIT)</b>		%		%
- <b>By operating segment:</b>		on revenues		on revenues
. Italian Exhibitions	12,753	11.2	15,221	10.2
. Foreign Exhibitions	(2,240)	-105.3	(8,383)	-209.7
. Stand-fitting Services	3,072	11.7	4,829	13.7
. Media	(650)	-11.0	80	1.2
. Congresses	835	5.4	1,089	5.9
. Adjustments for inter-segment transactions	(27)		(62)	
<b>Total</b>	<b>13,743</b>	<b>9.9</b>	<b>12,774</b>	<b>7.0</b>
- <b>By geographic area:</b>				
. Italy	16,085	11.8	21,468	12.1
. Foreign countries	(2,342)	-111.8	(8,694)	-237.3
<b>Total</b>	<b>13,743</b>	<b>9.9</b>	<b>12,774</b>	<b>7.0</b>
<b>Employees</b> (no. of permanent employees at the end of the period)		%		%
- <b>By operating segment:</b>				
. Italian Exhibitions	417	58.5	436	54.2
. Foreign Exhibitions	138	19.3	187	23.3
. Stand-fitting Services	53	7.4	54	6.7
. Media	68	9.5	91	11.3
. Congresses	38	5.3	36	4.5
<b>Total</b>	<b>714</b>	<b>100.0</b>	<b>804</b>	<b>100.0</b>
- <b>By geographic area:</b>				
. Italy	576	80.7	617	76.7
. Foreign countries	138	19.3	187	23.3
<b>Total</b>	<b>714</b>	<b>100.0</b>	<b>804</b>	<b>100.0</b>

Some figures in the Interim Condensed Consolidated Financial Statements at 30 June 2015 have been restated for the different classification of the use of risk provisions.

**Revenues from sales and services** before elimination of transactions among the business segments of the Group were 164.056 million in the first semester 2016, of which 70% was generated by Italian Exhibitions, 1% by Foreign Exhibitions, 16% from Stand-fitting Services, 4% by the Media segment and 9% by the Congress segment.

- Revenues from **Italian Exhibitions** totalled Euro 114.343 million, a decrease of approximately 23% compared to the figure for the same semester of the preceding financial year (Euro 148.723 million). This decrease was mainly attributable to the less favourable exhibition calendar as the first semester 2015 included the directly organised biennial exhibition Tuttofood and the biennial hosted exhibition Made Expo, the triennial exhibitions Ipack-Ima and Plast, and the revenues from the contracts linked to Expo 2015. The performance of the directly organised annual exhibitions, HOMI and BIT, also contributed to the lower revenues. The decrease in revenues was, in part, compensated by the presence in the first semester 2016 of the biennial exhibition held in even-numbered years, Mostra Convegno Expocomfort, and by the increase experienced by some exhibitions hosted in the Rho exhibition site and, in particular, the Salone del Mobile.
- Revenues from **Foreign Exhibitions** totalled Euro 2.127 million, a decrease of 47% compared to the figure for the same semester of the preceding financial year (Euro 3.997 million). This decrease mainly reflected the absence of some exhibitions in Brazil and South Africa and a fall in demand for exhibition space, in particular, at Exposec in Brazil.
- Revenues from **Stand-fitting Services** were Euro 26.283 million, a 25% decrease on the figure for the same semester of the preceding financial year (Euro 35.216 million). The decrease was mainly due to lower volumes of stand-fitting services due to the absence of the contracts linked to Expo 2015 present in the first semester 2015. The less favourable exhibition calendar also contributed to the fall in revenues in this sector: the first semester 2015 figure included the revenues from the biennial exhibitions held in uneven-numbered years, Tuttofood and Made Expo, and from the triennial exhibition Ipack-Ima. The presence of the biennial exhibition Mostra Convegno Expocomfort, held in the semester under review partly offset this decrease.
- Revenues in the **Media** segment totalled Euro 5.908 million in the semester compared to Euro 6.746 million in the first semester 2015. The year-on-year decline in revenues was due to a fall in sponsorship and specialised print advertising revenues.
- Revenues from **Congresses** totalled Euro 15.395 million, a decrease of 16% compared to the same semester of 2015 (Euro 18.409 million). The decrease mainly reflected the less favourable trend in international congresses and conventions as the first semester 2015 included "*Cisco Live 2015*", as well as the revenues from the management of the Expo 2015 Congress Centre and Auditorium.

The breakdown by segment of the **Gross operating profit** Euro 20.682 million compared to Euro 28.498 million in the same period of 2015, was as follows:

- **Italian Exhibitions** had a gross operating profit of Euro 15.623 million compared to Euro 20.937 million in the same period of the preceding financial year. This decrease mainly reflected the aforementioned trend in revenues and the negative results of the joint-venture company Ipack-Ima Srl which were not included in the results of the first semester 2015. This was partly compensated by lower operating expenses. In particular, there was a decrease in the rental costs of the **fieramilano** exhibition site due to the absence of the one-off variable component payable in 2015 for the presence of Expo 2015, a decrease in personnel expenses following the reorganisation started at the end of 2015, and lower variable remuneration paid by the Parent Company, as well as the lower redundancy incentives stemming from the absence of the indemnity paid to the previous Chief Executive Officer when his mandate was not reconfirmed.
- **Foreign exhibitions** generated a gross operating loss of Euro 0.381 million compared to a loss of Euro 1.001 million in the same period of the preceding financial year. The decrease reflected the

fall in revenues although this was completely compensated by lower operating costs from the reorganisation implemented in Brazil the preceding financial year.

- **Stand-fitting services** had a gross operating profit of Euro 3.817 million compared to Euro 5.683 million in the same semester of 2015. The decrease reflects the trend in revenues.
- **Media** had a gross operating profit of Euro 0.267 million compared to Euro 0.383 million in the same semester of 2015. The decrease was due to aforementioned trend in revenues which was partly compensated by a decrease in personnel expenses following the corporate reorganisation started in December 2015.
- **Congresses** had a gross operating profit of Euro 1.356 million compared to Euro 2.504 million in the same semester of 2015. The decrease was mainly attributable to the trend in revenues partly compensated by an increase in other income from insurance indemnities.

The **Net operating profit (EBIT)** of the five operating segments totalled Euro 13.743 million compared to Euro 12.774 million in the first semester of 2015. The EBIT reflected the gross operating profit but also the lower impairment charges taken.

The breakdown by geographic area in the first semester shows revenues from foreign activities of Euro 2.094 million compared to Euro 3.664 million in the same semester of 2015. The gross operating loss was Euro 0.457 million, an improvement on the figure of the first semester 2015 (a loss of Euro 1.259 million) whilst there was a net operating loss of Euro 2.342 million compared to a net operating loss of Euro 8.694 million in the same period of the preceding financial year, an improvement of Euro 6.352 million due mainly to the higher impairment charges taken in the first semester of 2015.

Exhibitions organised by the Group occupied net exhibition space totalling 233,315 square metres, approximately 25% of the total space occupied.

During the semester under review, 28 exhibitions and 23 congresses with related exhibition space were held in the two sites of **fieramilano** and **fieramilanocity**.

Net exhibition space occupied totalled 807,335 square metres, compared to 998,485 square metres in the same period of the preceding financial year, whilst the number of exhibitors decreased from 17,205 in the first semester 2015 to 14,315 in the first semester 2016.

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

Italian exhibition portfolio						
	Net sq. metres of exhibition space			Number of exhibitors		
	1st Half to 30/06/16	1st Half to 30/06/15	1st Half to 30/06/14	1st Half to 30/06/16	1st Half to 30/06/15	1st Half to 30/06/14
<b>Annual Exhibitions:</b>						
<b>Directly organised</b>						
- Bit	13,505	15,335	13,750	380	405	280
- Chibimart estate (previous Chibidue-Chibimart)	4,445	4,020	3,310	165	125	105
- HOMI I Semester	77,785	81,200	82,210	1,285	1,305	1,275
- Miart	7,810	6,840	6,360	185	190	155
- Milano Prêt à Porter primavera	2,235	2,775	2,125	105	130	105
- SposaItalia	8,485	7,550	7,145	160	145	145
<b>Total annual exhibitions directly organised</b>	<b>114,265</b>	<b>117,720</b>	<b>114,900</b>	<b>2,280</b>	<b>2,300</b>	<b>2,065</b>
<b>Hosted</b>						
- Cartoomics	8,310	9,855	8,000	310	190	225
- Esposizione Internazionale Canina	15,000	a)	15,000	50	a)	45
- Fa' la cosa giusta	9,350	7,845	8,500	695	630	600
- Hobby Show (I semester)	1,815	3,425	5,000	90	115	110
- LineaPelle (I semester)	43,710	41,640	-	1,015	945	-
- Mido	46,260	43,645	40,700	1,075	990	910
- Mifur	12,080	13,350	16,885	150	170	190
- Milano Auto Classica	20,965	16,440	12,545	290	245	215
- Milano Unica (Spring)	18,165	18,020	18,390	390	380	400
- Mipel (March)	8,305	10,060	12,120	250	285	355
- My Plant & Garden	13,855	9,330	-	345	285	-
- Promotion Trade Exhibition	4,515	4,235	4,095	140	130	125
- Salone del Mobile/Complemento d'arredo	161,950	162,990	164,620	1,180	1,175	1,240
- Simac Tanning Tech	14,880	15,200	-	270	275	-
- Super (Spring)	1,275	1,600	-	150	180	-
- Technology Hub (3D Print)	3,250	2,500	-	155	80	-
- The Micam (Spring)	63,425	67,075	67,910	1,425	1,425	1,490
- Expo Italia Real Estate	a)	a)	5,580	a)	a)	140
- Expotraining	a)	1,290	b)	a)	75	b)
- Promotion Expo	a)	a)	3,195	a)	a)	140
- Smap Expo	a)	a)	1,300	a)	a)	25
- The Innovation Cloud	a)	a)	7,800	a)	a)	200
<b>Total annual exhibitions hosted</b>	<b>447,110</b>	<b>428,500</b>	<b>391,640</b>	<b>7,980</b>	<b>7,575</b>	<b>6,410</b>
<b>Total annual Exhibitions</b>	<b>561,375</b>	<b>546,220</b>	<b>506,540</b>	<b>10,260</b>	<b>9,875</b>	<b>8,475</b>

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	Net sq. metres of exhibition space			Number of exhibitors		
	1st Half to 30/06/16	1st Half to 30/06/15	1st Half to 30/06/14	1st Half to 30/06/16	1st Half to 30/06/15	1st Half to 30/06/14
<b>Biennial Exhibitions:</b>						
<b>Directly organised</b>						
- Transpotec & Logitec	-	53,475	-	-	210	-
- Tuttofood	-	74,885	-	-	1,345	-
<b>Total biennial exhibitions directly organised</b>	<b>-</b>	<b>128,360</b>	<b>-</b>	<b>-</b>	<b>1,555</b>	<b>-</b>
<b>Hosted</b>						
- Eurocucina	35,260	-	35,740	110	-	120
- Mostra Convegno Expocomfort	118,395	-	125,265	1,540	-	1,540
- Salone del Bagno	19,390	-	18,190	175	-	160
- Venditalia °	13,745	4,600	11,990	255	130	235
- Xylexpo	29,240	-	26,175	440	-	435
- Euroluce	-	38,765	-	-	395	-
- Farmacistapiù	-	2,790	-	-	40	-
- Fruit Innovation	-	5,945	-	-	150	-
- Made Expo	-	57,005	-	-	910	-
- Made in Steel	-	12,260	-	-	230	-
- Salone Ufficio	-	12,505	-	-	120	-
- TPA	-	-	5,930	-	-	170
<b>Total biennial exhibitions hosted</b>	<b>216,030</b>	<b>133,870</b>	<b>223,290</b>	<b>2,520</b>	<b>1,975</b>	<b>2,660</b>
<b>Total biennial exhibitions</b>	<b>216,030</b>	<b>262,230</b>	<b>223,290</b>	<b>2,520</b>	<b>3,530</b>	<b>2,660</b>
<b>Multi-annual Exhibitions:</b>						
<b>Hosted</b>						
- Converflex	-	4,790	-	-	110	-
- Intralogistica	-	2,815	-	-	75	-
- Ipack-Ima	-	52,270	-	-	855	-
- Meat Tech	-	6,930	-	-	95	-
- Plast	-	54,615	-	-	1,080	-
- World Dog Show	-	31,305	-	-	140	-
<b>Total multi-annual exhibitions hosted</b>	<b>-</b>	<b>152,725</b>	<b>-</b>	<b>-</b>	<b>2,355</b>	<b>-</b>
<b>Total multi-annual exhibitions</b>	<b>-</b>	<b>152,725</b>	<b>-</b>	<b>-</b>	<b>2,355</b>	<b>-</b>
<b>TOTAL EXHIBITIONS</b>	<b>777,405</b>	<b>961,175</b>	<b>729,830</b>	<b>12,780</b>	<b>15,760</b>	<b>11,135</b>
- Congresses with related exhibition space	29,930	37,310	14,890	1,535	1,445	955
<b>TOTAL</b>	<b>807,335</b>	<b>998,485</b>	<b>744,720</b>	<b>14,315</b>	<b>17,205</b>	<b>12,090</b>
° In 2015 an extraordinary edition of the exhibition was held						
a) The exhibition did not take place						
b) The exhibition was held in subsequent quarters						

In the first semester of 2016, 13 exhibitions were held in foreign exhibition centres and the net exhibition space occupied totalled 119,050 square metres compared to 138,800 square metres in the same period of the previous financial year. The number of exhibitors went from 3,610 in the first semester 2015 to 3,160 in the first semester 2016.

Details of exhibitions held abroad in the first semester 2016 are given in the following table (figures have been rounded so as to facilitate reading and comparison of the figures).

Foreign Exhibition portfolio						
	Net sq. metres of exhibition space			Number of exhibitors		
	1st Half to 30/06/16	1st Half to 30/06/15	1st Half to 30/06/14	1st Half to 30/06/16	1st Half to 30/06/15	1st Half to 30/06/14
<b>Annual Exhibitions:</b>						
<b>Exhibitions directly organised in China</b>						
- Chinafloor Domotex Shanghai	64,000	63,985	60,210	1,260	1,260	1,050
- China Tourism International and Commodities Fair	13,580	11,335	-	280	205	-
- GITF International Tour Guangzhou	7,730	5,180	4,715	195	215	210
- IA - FA/PA Beijing	3,830	3,520	3,865	185	205	190
- Industrial Automation Shenzhen	9,000	c)	8,035	440	c)	420
- The Micam Shanghai I Semester	a)	2,900	2,940	a)	150	155
- M3 Fair Hainan	c)	c)	7,500	c)	c)	155
<b>Total Exhibitions directly organised in China</b>	<b>98,140</b>	<b>86,920</b>	<b>87,265</b>	<b>2,360</b>	<b>2,035</b>	<b>2,180</b>
<b>Exhibitions directly organised in India</b>						
- Food Hospitality World Bangalore	1,885	2,400	1,950	150	120	70
- Food Hospitality World Mumbai	2,840	3,195	2,390	160	175	155
<b>Total Exhibitions directly organised in India</b>	<b>4,725</b>	<b>5,595</b>	<b>4,340</b>	<b>310</b>	<b>295</b>	<b>225</b>
<b>Exhibitions directly organised in South Africa</b>						
- Capetown Art Fair	1,950	1,100	850	50	40	45
- Good Food & Wine Show Capetown	3,330	2,855	3,250	165	205	195
- Food Hospitality World Capetown	a)	950	1,325	a)	70	85
<b>Total Exhibitions directly organised in South Africa</b>	<b>5,280</b>	<b>4,905</b>	<b>5,425</b>	<b>215</b>	<b>315</b>	<b>325</b>
<b>Exhibitions directly organised in USA</b>						
- Homi New York	505	800	-	30	50	-
<b>Total Exhibitions directly organised in USA</b>	<b>505</b>	<b>800</b>	<b>-</b>	<b>30</b>	<b>50</b>	<b>-</b>
<b>Exhibitions directly organised in Brazil</b>						
- Enersolar	860	c)	-	45	c)	-
- Exposec	8,100	9,760	11,355	150	170	180
- Infocomm	1,440	970	800	50	70	30
- Food Hospitality World	a)	1,375	690	a)	55	40
- Reatech, FioTech	a)	5,545	8,110	a)	185	265
- The China Products Show Brasil	a)	c)	3,000	a)	c)	130
- Fast Bahia	a)	a)	250	a)	a)	25
- Fast Goiana	a)	a)	215	a)	a)	25
- Fast Rio de Janeiro	a)	a)	180	a)	a)	20
- Fecontech	a)	a)	410	a)	a)	30
- Magnum	a)	a)	285	a)	a)	10
<b>Total Exhibitions directly organised in Brazil</b>	<b>10,400</b>	<b>17,650</b>	<b>25,295</b>	<b>245</b>	<b>480</b>	<b>755</b>
<b>Exhibitions directly organised in Turkey</b>						
- Beauty & Care Istanbul	b)	5,670	5,930	b)	140	125
- Home & Garden Istanbul	b)	1,710	3,015	b)	65	65
- Pro-Show	b)	1,430	1,870	b)	20	15
<b>Total Exhibitions directly organised in Turkey</b>	<b>-</b>	<b>8,810</b>	<b>10,815</b>	<b>-</b>	<b>225</b>	<b>205</b>
<b>Total Annual Exhibitions</b>	<b>119,050</b>	<b>124,680</b>	<b>133,140</b>	<b>3,160</b>	<b>3,400</b>	<b>3,690</b>
<b>Biennial Exhibitions:</b>						
<b>Exhibitions directly organised in China</b>						
- Metal + Metallurgy	-	3,770	-	-	85	-
- WoodMac China	-	9,565	-	-	80	-
- Aviation & Space Fair Shanghai	-	-	1,200	-	-	55
<b>Total Exhibitions directly organised in China</b>	<b>-</b>	<b>13,335</b>	<b>1,200</b>	<b>-</b>	<b>165</b>	<b>55</b>
<b>Exhibitions directly organised in Singapore</b>						
- Rehabtech Asia °	-	785	-	-	45	-
<b>Total Exhibitions directly organised in Singapore</b>	<b>-</b>	<b>785</b>	<b>-</b>	<b>-</b>	<b>45</b>	<b>-</b>
<b>Total Biennial Exhibitions</b>	<b>-</b>	<b>14,120</b>	<b>1,200</b>	<b>-</b>	<b>210</b>	<b>55</b>
<b>TOTAL EXHIBITIONS</b>	<b>119,050</b>	<b>138,800</b>	<b>134,340</b>	<b>3,160</b>	<b>3,610</b>	<b>3,745</b>
° The exhibition is a joint project with the Singaporean company Singex Exhibitions Ventures Pte Ltd						
a) The exhibition did not take place						
b) The Turkish subsidiary and related exhibitions were sold in the second semester 2015						
c) The exhibition was held/will be held in subsequent quarters						

## Information on related-party transactions

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

## Group personnel

At 30 June 2016, Group employees totalled 714. The breakdown compared to 31 December 2015 was as follows:

31/12/15			Permanent employees at the end of period (units)	30/06/16			30/06/15		
Total	Italy	Foreign countries		Total	Italy	Foreign countries	Total	Italy	Foreign countries
			<b>Fully consolidated companies:</b>						
38	35	3	Executives	33	30	3	45	38	7
687	594	93	Managers and White collar workers (including Journalists)	620	536	84	699	579	120
<b>725</b>	<b>629</b>	<b>96</b>	<b>Total</b>	<b>653</b>	<b>566</b>	<b>87</b>	<b>744</b>	<b>617</b>	<b>127</b>
			<b>Equity-accounted companies (a) :</b>						
2	-	2	Executives	4	1	3	2	-	2
56	-	56	White collar workers	57	9	48	58	-	58
<b>58</b>	<b>-</b>	<b>58</b>	<b>Total</b>	<b>61</b>	<b>10</b>	<b>51</b>	<b>60</b>	<b>-</b>	<b>60</b>
<b>783</b>	<b>629</b>	<b>154</b>	<b>TOTAL</b>	<b>714</b>	<b>576</b>	<b>138</b>	<b>804</b>	<b>617</b>	<b>187</b>
(a) the indicated data corresponds to the pro-quota of total employees									

Compared to 31 December 2015, the number of permanent employees fell by a net figure of 69 mainly due to the early retirement plan introduced by the Parent Company and the reorganisation within Fiera Milano Media implemented towards the end of 2015, the effects of which started to be manifest in the first semester of 2016.

## Risk factors affecting the Group

### Risk Management in Fiera Milano Group

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

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

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

The results of the annual analyses described above are presented to the Risk and Control Committee and to the Board of Statutory Auditors.

The main risk factors and uncertainties to which Fiera Milano Group is exposed that have emerged from the aforementioned analyses are described below, taking into account the business sector in which it operates and the characteristics of the business model it uses. A description is also given, where necessary, of the Group policies to manage and mitigate the risks described.

## **1. Risks related to external factors**

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

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

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

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

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

### **Risks connected to trends and competition in the exhibitions, publishing and congress markets**

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

The context in which Fiera Milano Group operates remains in a mature phase that is probably destined to continue in coming years and is marked by: *(i)* the continuing consolidation of some sectors of product manufacturing/distribution activities, *(ii)* changes and innovation in product categories, *(iii)* the transformation of exhibitions from “places where demand meets supply” to events that offer even greater business opportunities and, above all, *(iv)* by an ever-increasing growth in competition, also on tariffs, and *(v)* the continuous development of the Asian and Middle Eastern markets.

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

Group revenues in the publishing sector are mainly affected by market trends and by strong competition, also of a technological nature, that has been a feature of this sector in recent years. Given this context, Fiera Milano aims to maintain the high quality of its products investing in content and new technologies in order to develop an integrated B2B multimedia offer and gradually to



diversify the communication channels in which it is present whilst continuing to consolidate its relationship with its major investors through both personal and professional contacts.

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

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

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

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

Despite the high number of events, a significant part of revenues still derives from approximately ten specific events, organised both directly by subsidiaries or hosted in the **fieramilano** and **fieramilanocity** exhibition sites.

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

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

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

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

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

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

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

### **Risks connected to seasonality**

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

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

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

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

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

## **3. Compliance risks**

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

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

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

Therefore, the Group is exposed to the risk of administrative sanctions (also under the provisions of Legislative Decree 231/2001) and interruption of its business for breaches of the relevant laws, including occupational health and safety and the regulations governing remuneration and social security, made by construction companies and unauthorised sub-contractors.

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

- the use of and delivery to suppliers and exhibitors of *Technical Regulations for Exhibitions*, which contains the rules to which exhibitors and suppliers must adhere when setting up exhibitions;

- setting up meetings to raise awareness and provide training on safety issues and on matters that pertain specifically to setting up exhibitions;
- internal structures dedicated to inspecting exhibition safety, structures, and security in general;
- the application of rigorous procedures for identification and control of third parties that are not clients (i.e. organisers, exhibitors and visitors) with access to the exhibition sites;
- contractual protection.

### **Administrative liability of entities**

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

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

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

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

### **Risks connected to third-party liability**

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

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

## **4. Other risks**

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

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

The success of Group activities also depends on the degree of cooperation and the quality and efficiency of service suppliers operating within the exhibition sites. The deterioration or interruption of commercial relations with service suppliers or material changes to the prices of services, the payment terms or service supply policies could have a significant impact on the Group business.

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

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

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

The selection process carried out by the Company in 2014 to award the contract for the abovementioned services when the four-year contract expired and was due to be renewed was scrutinised by the investigating magistrates following a complaint made by the Company for its own protection in July 2014 regarding anomalies linked to the senior management of the controlling shareholder. The Public Prosecutor initially recorded the complaint as an offence of presumed bribery involving private individuals or alternatively of presumed improper inducement. In May 2015, the same investigating Prosecutor made a request that the complaint be dismissed; the Judge at the preliminary hearing ruled in December 2015 that the case could not be prosecuted.

The contract lasts for 24 months from 1 July 2015 until 30 June 2017 and the amount payable under the contract is Euro 3.775 million in the first year and Euro 3.910 million in the second year.

Currently Fiera Milano SpA has no potential liabilities.

### **Risks pertaining to the outcome of the court-appointed administration of Nolostand SpA**

As described in the section on significant events after the end of the reporting period, on 6 July 2016 the subsidiary Nolostand SpA, received notification of an Administration Order issued by the Milan Tribunal for asset protection aimed at ascertaining the existence and true extent of indications of organised crime in the contractual relationships with a supplier and some of the latter's associates. The measure is to protect the assets of Nolostand SpA from eventual infiltration and/or collusion by nominating a court-appointed administrator for a period of six months that can be extended for a further six months. Following notification of the Administration Order, the Company suspended all contacts with the relevant supplier and the Group is providing an alternative solution by dividing the business for the next exhibitions among other recognised suppliers.

In this context, it should be noted that, at 30 June 2016, Nolostand SpA had no bank debt and on the basis of information available at the date of the present Report it is believed that the effects of this provision do not provide the conditions to revoke or modify the financing or other potential liabilities of the Group. However, it cannot be excluded that the investigations and analyses carried out as part of the Nolostand SpA Administration Order may in the future affect the equity and financial situation of the Group.

## **5. Financial risks**

The disclosure required by IFRS 7 for financial assets and liabilities at Note 20 of the Notes to the Interim condensed consolidated financial statements gives details of financial risk.

## Key data of the companies of the Group

<b>Key data of the companies of the Group</b> data compliant with IAS/IFRS	<b>1st Half at 30/06/16</b> (€ '000)	<b>1st Half * at 30/06/15</b> (€ '000)
<b>Fully consolidated companies</b>		
<b>Fiera Milano SpA</b>		
Revenues from sales and services	114,343	148,723
Gross operating result	16,278	20,947
Employees	407	436
Net financial position: debt (cash)	37,518	92,833
<b>Nolostand SpA</b>		
Revenues from sales and services	26,283	35,216
Gross operating result	3,817	5,683
Employees	53	54
Net financial position: debt (cash)	(1,340)	(1,012)
<b>Fiera Milano Media SpA</b>		
Revenues from sales and services	5,908	6,746
Gross operating result	267	383
Employees	68	91
Net financial position: debt (cash)	2,015	977
<b>Fiera Milano Congressi SpA</b>		
Revenues from sales and services	14,615	18,409
Gross operating result	1,483	2,537
Employees	37	36
Net financial position: debt (cash)	(4,917)	(2,634)
<b>MiCo Dmc Srl</b>		
Revenues from sales and services	811	-
Gross operating result	(127)	(33)
Employees	1	-
Net financial position: debt (cash)	403	6
<b>Ipack-Ima SpA</b>		
Revenues from sales and services	-	-
Gross operating result	2,325	-
Employees	-	-
Net financial position: debt (cash)	(2,748)	-
<b>Eurofairs International Consultoria e Participações Ltda</b>		
Revenues from sales and services	-	-
Gross operating result	(89)	(96)
Employees	-	-
Net financial position: debt (cash)	(46)	747
<b>CIPA FM Publicações e Eventos Ltda</b>		
Revenues from sales and services	1,542	2,889
Gross operating result	(205)	(1,266)
Employees	38	46
Net financial position: debt (cash)	828	955
<b>Fiera Milano India Private Ltd</b>		
Revenues from sales and services	-	-
Gross operating result	(6)	(44)
Employees	-	-
Net financial position: debt (cash)	(89)	(116)

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Key data of the companies of the Group data compliant with IAS/IFRS principles	1st Half at 30/06/16 (€ '000)	1st Half * at 30/06/15 (€ '000)
<b>Limited Liability Company Fiera Milano</b>		
Revenues from sales and services	28	34
Gross operating result	499	(80)
Employees	1	4
Net financial position: debt (cash)	(76)	189
<b>Fiera Milano Interteks Uluslararası Fuarçılık A.Ş.**</b>		
Revenues from sales and services	-	923
Gross operating result	-	(256)
Employees	-	15
Net financial position: debt (cash)	-	784
<b>Fiera Milano Exhibitions Africa Pty Ltd</b>		
Revenues from sales and services	483	874
Gross operating result	(516)	(285)
Employees	12	18
Net financial position: debt (cash)	617	(29)
<b>Worldex (China) Exhibition &amp; Promotion Ltd</b>		
Revenues from sales and services	74	166
Gross operating result	(432)	(438)
Employees	36	44
Net financial position: debt (cash)	(679)	(673)
<b>Haikou Worldex Milan Exhibition Co. Ltd</b>		
Revenues from sales and services	-	5
Gross operating result	(43)	(18)
Employees	-	-
Net financial position: debt (cash)	(194)	(84)
<b>Equity-accounted companies</b>		
<b>Hannover Milano Global Germany GmbH</b>		
Revenues from sales and services	14,624	17,077
Gross operating result	4,703	4,308
Employees	109	129
Net financial position: debt (cash)	(17,529)	(16,319)
<b>Ipack-Ima Srl</b>		
Revenues from sales and services	-	-
Gross operating result	(1,434)	-
Employees	10	-
Net financial position: debt (cash)	1,605	-
<b>Milan International Exhibition Srl under liquidation***</b>		
Revenues from sales and services	-	-
Gross operating result	-	(10)
Employees	-	-
Net financial position: debt (cash)	-	(95)
* Some figures in the Interim Condensed Consolidated Financial Statements at 30 June 2015 have been restated for the different classification of the use of risk provisions.		
** Sold on 27 July 2015.		
*** Liquidated on 28 December 2015.		

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

### **Acquisition of treasury shares**

In July 2016, the Parent Company proceeded with the share buy-back that began in the second quarter of the year using the mandate given by the Ordinary Shareholders' Meeting of 28 April 2016. In the period subsequent to 30 June 2016 the Parent Company acquired 100,185 treasury shares at an average price of Euro 1.56 per share. At the date of the present Half-year Financial Report, the Company holds directly and indirectly 751,193 treasury shares, equal to 1.04% of the share capital.

### **Other information**

On 6 July 2016, the Milan Tax Squad notified the subsidiary NoloStand SpA of an Administration Order issued by the Milan Tribunal on 23 June 2016, under Article 34, paragraph 2 of Legislative Decree 159/2011 (anti-mafia laws and prevention measures, including new provisions covering anti-mafia documentation in accordance with Articles 1 and 2 of Legislative Decree of 13 August 2010 no. 136). Under the law the order aims to protect the assets of NoloStand SpA from any potential infiltration and/or collusion. The measure, which is a preventive measure, has been put in place for a period of six months.

Under the provisions of the tribunal decree, the Court-appointed Administrator will ensure his/her presence in the company and maintain regular contact with the directors of the company, with management and with the head of internal audit, and monitor and approve any changes in personnel, issue authorisations for contractual terminations and the stipulation of new contracts with suppliers, oversee payments to suppliers and verify the service supplied by contractors while requiring the director of the company to implement initiatives aimed at combating any potential infiltration.

The measure is effective for a given maximum amount of time which, in the case in question, is six months that may be extended for a further six months but no more in accordance with Legislative Decree 159/2011.

In this context and for the sake of completeness, it should be noted that the aforementioned provision is a cautionary measure of a provisional nature that is primarily aimed at conserving the value of the company. The Court-appointed Administrator, as a public official, is required to rectify any illegal circumstances that may be present in the business activities and his/her intervention is to protect the assets of the company taking measures, where required, to guarantee operational continuity. In other words, the function of the Court-appointed Administrator is to prevent any specific economic activity that suggests the existence of mafia activity or that could provide a means of mafia infiltration, either on a purely financial level or for greater control of the territory and market, with the inevitable consequence that this infiltration would spread to businesses and sectors that are operating within the law. The subsidiary NoloStand SpA, will continue to operate normally and carry on its regular business activities under the control and supervision of the Court-appointed Administrator and, at the same time, the management body will continue with the same powers. This also means that Fiera Milano SpA will maintain control of the company and that it will be consolidated under the appropriate accounting standards.

The Administration Order issued to NoloStand SpA aims to ascertain the existence and true extent of indications of organised crime in the contractual relationships with a supplier and some of the latter's associates.

The Fiera Milano Group will collaborate fully with the Court-appointed Administrator of NoloStand SpA also in order to continue, as part of the strategic guidelines of the Group, its ongoing business.

At this moment in time, on the basis of information available and given what has been written in the section on risk factors pertaining to the outcome of the court-appointed administration of NoloStand SpA in the Illustrative Notes, the potential impact of this provision on the equity and financial



position of the Group and on the ongoing activities of Fiera Milano and the Group as a whole has been judged as insignificant.

## **Business outlook**

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

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

The second semester 2016 will suffer from a less favourable exhibition calendar in Italy compared to the same period of the previous financial year due to the absence of some important directly organised biennial and multi-annual exhibitions but will benefit from the reorganisation implemented.

With reference to the medium-term forecast, barring unforeseen events, the Group expects an increase in gross operating profit already in 2017 as a result of the more favourable exhibition calendar and the measures implemented aimed at taking advantage of the development potential of the business and any opportunities arising from the improvement in the economic environment.

The strength of the capital and financial position following the Company's 2015 share capital increase should underpin the Group investment and development plan.

## **Interim Condensed Consolidated Financial Statements at 30 June 2016**

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

		(€ '000)	
notes	<b>Consolidated Statement of Financial Position</b>	<b>30/06/16</b>	<b>31/12/15</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
4	Property, plant and equipment	14,277	14,746
4	Leased property, plant & equipment	9	9
	Investments in non-core property	-	-
5	Goodwill and intangible assets with an indefinite useful life	101,607	104,945
5	Intangible assets with a finite useful life	28,359	29,408
2-6	Equity accounted investments	17,230	16,955
6	Other investments	29	29
	Other financial assets	-	-
6	Trade and other receivables	12,916	13,035
38	<i>of which from related parties</i>	11,993	12,125
6	Deferred tax assets	151	3,175
	<b>Total</b>	<b>174,578</b>	<b>182,302</b>
<b>Current assets</b>			
7	Trade and other receivables	58,834	63,932
38	<i>of which from related parties</i>	6,153	5,341
8-38	Inventories	3,861	1,884
	Contracts in progress	-	-
9	Current financial assets	5,147	-
38	<i>of which from related parties</i>	5,147	-
10	Cash & cash equivalents	14,870	56,092
	<b>Total</b>	<b>82,712</b>	<b>121,908</b>
<b>Assets held for sale</b>			
	Assets held for sale	-	-
	<b>Total assets</b>	<b>257,290</b>	<b>304,210</b>
<b>EQUITY AND LIABILITIES</b>			
11	<b>Equity</b>		
	Share capital	41,815	41,818
	Share premium reserve	36,016	65,679
	Revaluation reserve	-	-
	Other reserves	1,000	(6,936)
	Retained earnings	4,804	(17,003)
	Profit/(loss) for the period	8,564	1,014
	<b>Total Group equity</b>	<b>92,199</b>	<b>84,572</b>
	<b>Equity attributable to non-controlling interests</b>	<b>351</b>	<b>696</b>
	<b>Total equity</b>	<b>92,550</b>	<b>85,268</b>
<b>Non-current liabilities</b>			
	Bonds in issue	-	-
12	Bank borrowings	23,394	10,922
13-38	Other financial liabilities	2,119	2,094
14	Provision for risks and charges	4,414	3,343
15	Employee benefit provisions	9,299	10,672
18	Deferred tax liabilities	5,013	5,709
19	Other non-current liabilities	-	-
	<b>Total</b>	<b>44,239</b>	<b>32,740</b>
<b>Current liabilities</b>			
	Bonds in issue	-	-
12	Bank borrowings	23,131	39,466
16	Trade payables	41,521	49,267
17-38	Pre-payments	27,658	34,880
13	Other current financial liabilities	5,190	16,036
38	<i>of which to related parties</i>	4,256	15,225
14	Current provision for risks and charges	1,382	3,915
18	Current tax liabilities	3,483	5,168
19	Other current liabilities	18,136	37,470
38	<i>of which to related parties</i>	2,402	5,832
	<b>Total</b>	<b>120,501</b>	<b>186,202</b>
<b>Liabilities held for sale</b>			
	Liabilities held for sale	-	-
	<b>Total liabilities</b>	<b>257,290</b>	<b>304,210</b>

		(€ '000)	
notes	<b>Consolidated Statement of Comprehensive Income</b>	<b>1st Half at 30/06/16</b>	<b>1st Half at 30/06/15 restated *</b>
23-38	Revenues from sales and services	138,655	181,532
	<b>Total revenues</b>	<b>138,655</b>	<b>181,532</b>
24	Cost of materials	1,289	3,932
25-38	Cost of services	68,103	87,438
26	Cost of use of third-party assets	24,928	31,034
38	<i>of which with related parties</i>	<i>22,944</i>	<i>27,872</i>
27-38	Personnel expenses	23,155	30,518
28-38	Other operating expenses	2,487	2,718
	<b>Total operating expenses</b>	<b>119,962</b>	<b>155,640</b>
29-38	Other income	1,631	1,434
2-30	Result of equity accounted companies	358	1,172
	<b>Gross operating result</b>	<b>20,682</b>	<b>28,498</b>
31	Depreciation of property, plant and equipment	2,042	3,340
	Depreciation of property investments	-	-
31	Amortisation of intangible assets	2,033	3,128
32	Adjustments to asset values	1,899	7,997
33	Provisions for doubtful receivables and other provisions	965	1,259
	<b>Net operating result (EBIT)</b>	<b>13,743</b>	<b>12,774</b>
34-38	Financial income and similar	994	692
34-38	Financial expenses and similar	1,080	2,842
	Valuation of financial assets	-	-
	<b>Profit/(loss) before tax</b>	<b>13,657</b>	<b>10,624</b>
35	Income tax	5,260	5,488
	<b>Profit/(loss) for the period from continuing operations</b>	<b>8,397</b>	<b>5,136</b>
	<b>Profit/(loss) for the period from discontinued operations</b>	<b>-</b>	<b>(1,988)</b>
36	<b>Profit/(loss) for the period</b>	<b>8,397</b>	<b>3,148</b>
	Profit/(loss) attributable to:		
	The shareholders of the controlling entity	8,564	3,946
	Non-controlling interests	(167)	(798)
	<b>Other comprehensive income/(loss) that will not be reclassified subsequently to profit or loss</b>		
11	Revaluation of defined benefit schemes	(513)	282
	Tax effects	(138)	78
	<b>Other comprehensive income/(loss) that will be reclassified subsequently to profit or loss</b>		
11	Currency translation differences of foreign subsidiaries	(705)	(534)
	<b>Other comprehensive income/(loss) of equity accounted joint ventures that will not be reclassified subsequently to profit or loss</b>		
2	Revaluation of defined benefit schemes	(35)	-
	Tax effects	(10)	-
	<b>Other comprehensive income/(loss) of equity accounted joint ventures that will be reclassified subsequently to profit or loss</b>		
6	Currency translation differences of foreign subsidiaries	(256)	471
	<b>Total other comprehensive income/(loss) net of related tax effects</b>	<b>(1,361)</b>	<b>141</b>
	<b>Total comprehensive income/(loss) for the period</b>	<b>7,036</b>	<b>3,289</b>
	Total comprehensive income/loss for the period attributable to:		
	The shareholders of the controlling entity	7,355	4,192
	Non-controlling interests	(319)	(903)
37	<b>Earnings/(losses) per share (€)</b>		
	Basic	0.1202	0.0950
	Diluted	0.1202	0.0950

\* Some figures in the Interim Condensed Consolidated Financial Statements at 30 June 2015 have been restated for the different classification of the use of risk provisions.

		(€'000)	
notes	<b>Consolidated Statement of Cash Flows</b>	<b>1st Half at 30/06/16</b>	<b>1st Half at 30/06/15</b>
	<b>Net cash at beginning of the year</b>	<b>56,092</b>	<b>12,276</b>
	<b>Cash flow from operating activities</b>		
10	Net cash from operating activities	(16,928)	30,758
38	<i>of which from related parties</i>	<i>(27,388)</i>	<i>(27,560)</i>
	Interest paid	(679)	(1,493)
	Interest received	68	78
	Income taxes paid	(2,595)	(314)
	<b>Total from continuing operations</b>	<b>(20,134)</b>	<b>29,029</b>
	<b>Total from assets held for sale</b>	<b>-</b>	<b>(485)</b>
	<b>Cash flow from investing activities</b>		
4	Investments in tangible assets	(1,631)	(2,001)
4	Write-downs of tangible assets	70	87
5	Investments in intangible assets	(1,852)	1
5	Write-downs of intangible assets	7	-
	<b>Total from continuing operations</b>	<b>(3,406)</b>	<b>(1,913)</b>
	<b>Total from assets held for sale</b>	<b>-</b>	<b>7</b>
	<b>Cash flow from financing activities</b>		
11	Share capital and reserves	(9)	122
12-13	Non-current financial assets/liabilities	12,497	(9,765)
9-12-13	Current financial assets/liabilities	(28,864)	(11,977)
38	<i>of which from related parties</i>	<i>(16,040)</i>	<i>12,774</i>
11	Dividends paid	(26)	-
	<b>Total from continuing operations</b>	<b>(16,402)</b>	<b>(21,620)</b>
	<b>Total from assets held for sale</b>	<b>-</b>	<b>489</b>
11	Total translation differences	(1,280)	(569)
	<b>Net cash for the period from continuing operations</b>	<b>(39,942)</b>	<b>5,496</b>
	<b>Net cash for the period from assets held for sale</b>	<b>-</b>	<b>11</b>
	<b>Net cash at the end of the period from continuing operations</b>	<b>14,870</b>	<b>17,190</b>
	<b>Net cash at the end of the period from assets held for sale</b>	<b>-</b>	<b>24</b>

		(€'000)	
		<b>1st Half at 30/06/16</b>	<b>1st Half at 30/06/15 restated *</b>
	<b>Cash generated from operating activities</b>		
	Result of continuing operations	8,397	5,136
	<i>Adjustments for:</i>		
	Total comprehensive income/(loss) of equity accounted investments	(358)	(1,643)
	Depreciation and amortisation	4,075	6,472
	Provisions, write-downs and impairment	2,114	8,642
	Capital gains and losses	7	7
	Net financial income/expenses	86	2,150
	Net change in employee provisions	(1,877)	(85)
	Changes in deferred taxes	2,457	2,125
	Inventories	(1,977)	1,632
	Trade and other receivables	5,217	(49,706)
	Trade payables	(7,746)	17,919
	Pre-payments	(7,222)	21,078
	Tax payables	910	2,023
	Provisions for risks and charges and other liabilities (excluding payables to Organisers)	(17,222)	14,013
	Payables to Organisers	(3,789)	995
	<b>Total from continuing operations</b>	<b>(16,928)</b>	<b>30,758</b>

\* Some figures in the Interim Condensed Consolidated Financial Statements at 30 June 2015 have been restated for the different classification of the use of risk provisions.

## Consolidated Statement of Changes in Equity

(€'000)

note 11	Share capital	Share premium reserve	Legal reserve	Other reserves	Retained earnings	Profit/(loss) for the period	Total Group	Capital and reserves attributable to non-controlling interests	Profit/(loss) attributable to non-controlling interests	Total non-controlling interests	Total equity
<b>Balance at 31 December 2014</b>	<b>41,521</b>	<b>909</b>	<b>7,865</b>	<b>(4,478)</b>	<b>(9,828)</b>	<b>(18,955)</b>	<b>17,034</b>	<b>2,805</b>	<b>(151)</b>	<b>2,654</b>	<b>19,688</b>
Allocation of earnings at 31.12.14:	-	-	-	-	(18,955)	18,955	-	(151)	151	-	-
<i>use of reserves</i>	-	(909)	(7,865)	(1,420)	10,194	-	-	-	-	-	-
<i>dividend distribution</i>	-	-	-	-	-	-	-	-	-	-	-
Acquisition of 25% of Cipa Ltda	-	-	-	-	892	-	892	(932)	-	(932)	(40)
Acquisition of 15% of Fiera Milano Exhibitions Africa Ltd	-	-	-	258	383	-	641	(484)	-	(484)	157
Acquisition of 51% of MiCo DMC Srl	-	-	-	-	-	-	-	5	-	5	5
Remeasurement of defined benefit plans	-	-	-	-	204	-	204	-	-	-	204
Total comprehensive income for the financial year	-	-	-	(429)	-	3,946	3,517	(105)	(798)	(903)	2,614
<b>Balance at 30 June 2015</b>	<b>41,521</b>	<b>-</b>	<b>-</b>	<b>(6,069)</b>	<b>(17,110)</b>	<b>3,946</b>	<b>22,288</b>	<b>1,138</b>	<b>(798)</b>	<b>340</b>	<b>22,628</b>
	Share capital	Share premium reserve	Legal reserve	Other reserves	Retained earnings	Profit/(loss) for the period	Total Group	Capital and reserves attributable to non-controlling interests	Profit/(loss) attributable to non-controlling interests	Total non-controlling interests	Total equity
<b>Balance at 31 December 2015</b>	<b>41,818</b>	<b>65,679</b>	<b>-</b>	<b>(6,936)</b>	<b>(17,003)</b>	<b>1,014</b>	<b>84,572</b>	<b>1,281</b>	<b>(585)</b>	<b>696</b>	<b>85,268</b>
Allocation of earnings at 31.12.15:	-	-	-	-	1,014	(1,014)	-	(585)	585	-	-
<i>use of reserves</i>	-	(29,657)	8,489	-	21,168	-	-	-	-	-	-
<i>dividend distribution</i>	-	-	-	-	-	-	-	(26)	-	(26)	(26)
Purchase of treasury shares	(3)	(6)	-	-	-	-	(9)	-	-	-	(9)
Remeasurement of defined benefit plans	-	-	-	-	(375)	-	(375)	-	-	-	(375)
Total comprehensive income for the financial year	-	-	-	(553)	-	8,564	8,011	(152)	(167)	(319)	7,692
<b>Balance at 30 June 2016</b>	<b>41,815</b>	<b>36,016</b>	<b>8,489</b>	<b>(7,489)</b>	<b>4,804</b>	<b>8,564</b>	<b>92,199</b>	<b>518</b>	<b>(167)</b>	<b>351</b>	<b>92,550</b>

## Illustrative Notes to the Interim Condensed Consolidated Financial Statements

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The Fiera Milano Interim Condensed Consolidated Financial Statements at 30 June 2016 were approved and their publication authorised by the Board of Directors on 29 July 2016.

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

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

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

### 1) Accounting standards and consolidation criteria

#### Accounting standards

The Interim Condensed Consolidated Financial Statements were prepared in accordance with IAS and IFRS accounting principles in force at 30 June 2016, issued by the International Accounting Standards Board (IASB) and endorsed by the European Union, and with the relative interpretative documents and provisions issued when article 9 of Legislative Decree no. 38/2005 was enacted.

These Consolidated Interim Financial Statements were prepared in summary form in accordance with IAS 34 – *Interim Financial Reporting* and must therefore be read in conjunction with the Consolidated Financial Statements for the financial year to 31 December 2015.

Given the financial and capital position of the Group in the first six months of 2016, the budget financial forecasts and the 2016-2019 Industrial Plan approved by the Board of Directors on 10 February 2016 and taking account of the forecasts for working capital and the financial and capital position of the Group, the Interim Condensed Consolidated Financial Statements have been prepared on the going concern principle.

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

No atypical and/or unusual transactions took place in the first semester 2016.

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

The present Interim Condensed Consolidated Financial Statements have been subject to a limited audit by the audit firm EY SpA.

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

The accounting principles used to prepare these Interim Condensed Consolidated Financial Statements are the same as those used for the Consolidated Financial Statements for the financial year to 31 December 2015 in the Illustrative Notes to which reference should be made, as well as to those with mandatory application from 1 January 2016, which are described below.

- Amendment to IAS 19 – Employee Benefits

The amendment clarifies the requirements for accounting for contributions from employees or third parties to defined benefit plans.

- IFRS Annual Improvements Cycle 2010-2012

The improvements affected IFRS 2, IFRS 3, IFRS 13 IAS 16, and IAS 24 and clarified certain aspects which were not clear.

- Amendment to IFRS 11. This clarified the accounting for an interest in joint operation.
- Amendments to IAS 16 and IAS 38 – Clarifications on acceptable methods of revenue-based depreciation and amortisation.
- Amendments to IAS 16 and IAS 41 – Accounting for bearer plants.
- Amendment to IAS 27 – Equity Method in Separate Financial Statements  
The amendments allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.
- IFRS Annual Improvements Cycle 2012-2014  
The improvements affected IFRS 5, IFRS 7, IAS 19 and IAS 34 and clarified aspects of guidance and wording.  
An amendment to IAS 34, called 'Other additional information'; IASB clarified that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report prepared under IAS 34. It also specified that the other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time.
- Amendment to IAS 1 – Disclosure Initiative  
The amendments address perceived impediments to a clear and intelligible presentation of financial reports. The document includes a series of amendments covering materiality, the disaggregation and aggregation of line items, the ordering of the explanatory notes, information on accounting policies adopted, and the presentation of an entity's share of comprehensive income of equity-accounted associates and joint ventures.

These amendments had no significant impact on the Condensed Interim Financial Statements.

The accounting standards endorsed by the European Union during 2016 and which are effective for financial periods commencing on or after 1 January 2017 and have not been subject to early adoption by the Group are listed below:

- Amendment to IAS 12 – Recognition of Deferred Tax Assets for Unrealised Losses
- Amendment to IAS 7 – Disclosure Initiative

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

In partial waiver of the requirements of IAS 34, the present Interim Condensed Consolidated Financial Statements give detailed, and not just summary, tables in order to provide a better and more complete view of the financial results for the semester to 30 June 2016 and of the same period in 2015. The Explanatory Notes also meet the information requirements of IAS 34 and include data considered useful for a fuller understanding of the Interim Condensed Consolidated Financial Statements.

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

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

The present Interim Condensed Consolidated Financial Statements have been prepared on the basis of the six-monthly situation at 30 June 2016 approved by the Boards of Directors of the companies included in the area of consolidation and prepared according to Group accounting policies using IAS/IFRS.



The list of consolidated companies at 30 June 2016 is shown in Attachment 1.

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

The exchange rates used to translate the 2016 and 2015 half-year financial statements of foreign companies into Euro were as follows:

	average 30/06/2016	average 30/06/2015	30/06/2016	30/06/2015
South African rand	17.1983	13.3048	16.4461	13.6416
Brazilian reals	4.1295	3.3101	3.5898	3.4699
Russian rouble	78.2968	64.6407	71.5200	62.355
Indian rupee	75.0019	70.1244	74.9603	71.1873
Yuan renminbi	7.2965	6.9408	7.3755	6.9366

Source: Banca d'Italia

### 1.4 Use of estimates

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

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

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

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

With regard to the use of estimates for financial risks, reference should be made to the relevant paragraph in the Illustrative Notes to the financial statements.

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

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

#### *Taxes*

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

### 1.5 Use of provisions

From 31 December 2015, the use of provisions, previously accounted under the entry provisions, is recognised against the item for which the provision was originally made. The figures for the first semester of the previous financial year have been reclassified for comparative purposes and to present more clearly the costs incurred; this had no effect on the financial results of the period under review.

The effects of the reclassification are shown in the following table:

	(€'000)		
<b>Reconciliation of the Income Statement</b>	<b>1st Half at 30/06/16</b>	<b>Reclassification of uses of provisions</b>	<b>1st Half at 30/06/15 restated</b>
<b>Total revenues</b>	<b>181,532</b>	-	<b>181,532</b>
Cost of materials	3,932	-	3,932
Cost of services	87,492	(54)	87,438
Cost for use of third-party assets	31,250	(216)	31,034
Personnel expenses	30,763	(245)	30,518
Other operating expenses	3,986	(1,268)	2,718
<b>Total operating expenses</b>	<b>157,423</b>	<b>(1,783)</b>	<b>155,640</b>
Other income	1,434	-	1,434
Profit/(loss) of equity accounted associate companies and joint ventures	1,172	-	1,172
<b>Gross operating result</b>	<b>26,715</b>	<b>1,783</b>	<b>28,498</b>
Depreciation of property, plant & equipment	3,344	(4)	3,340
Amortisation of intangible assets	3,128	-	3,128
Adjustments to asset values	7,997	-	7,997
Allowance for doubtful accounts and other provisions	(528)	1,787	1,259
<b>Net operating result (EBIT)</b>	<b>12,774</b>	-	<b>12,774</b>
Financial income and similar	692	-	692
Financial expenses and similar	2,842	-	2,842
<b>Profit/(loss) before income tax</b>	<b>10,624</b>	-	<b>10,624</b>
Income tax	5,488	-	5,488
<b>Profit/(loss) from continuing operations</b>	<b>5,136</b>	-	<b>5,136</b>
<b>Profit/(loss) from discontinued operations</b>	<b>(1,988)</b>	-	<b>(1,988)</b>
<b>Profit/(loss) for the period</b>	<b>3,148</b>	-	<b>3,148</b>

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

The Group has a 49% shareholding in Hannover Milano Global Germany GmbH jointly controlled with Deutsche Messe AG that is equity accounted.

Following the application of IFRS 11 - *Joint Arrangements*, the Group has classified its investment as a joint venture as significant business decisions relating to Hannover Milano Global Germany GmbH require the unanimous agreement of the parties and they have no specific rights over the individual assets or obligations for any individual liability of the company of the legal entity.

Under the joint venture agreement with Deutsche Messe AG, the Group share of equity is calculated on the results generated by the various exhibitions; this share went from 41.169% at 30 June 2015 to 41.41% at 30 June 2016.

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

	(€'000)	
<b>Hannover Milano Global Germany GmbH</b>	<b>30/06/16</b>	<b>30/06/15</b>
Current assets	23,337	22,589
Non-current assets	9,077	10,104
Current liabilities	15,787	14,710
Non-current liabilities	-	-
<b>Equity</b>	<b>16,627</b>	<b>17,983</b>
<b>Book value of the joint venture</b>	<b>8,147</b>	<b>8,812</b>

	(€'000)	
<b>Hannover Milano Global Germany GmbH</b>	<b>1st Half at 30/06/16</b>	<b>1st Half at 30/06/15</b>
Total revenues	14,624	17,077
Total other income	174	130
Total operating costs	(10,095)	(12,899)
Depreciation and amortisation, write-downs, net financial expenses	(264)	69
<b>Profit/(loss) before tax</b>	<b>4,439</b>	<b>4,377</b>
Income tax	(2,133)	(1,506)
<b>Profit/(loss) for the period</b>	<b>2,306</b>	<b>2,871</b>
<b>Group profit/(loss)</b>	<b>955</b>	<b>1,182</b>

On 16 October 2015, the subsidiary Ipack-Ima SpA and Proma Pack Srl, a company belonging to UCIMA, the association of the Italian manufacturers of processing and packaging machinery, constituted Ipack-Ima Srl.

The capital of the company is Euro 0.020 million and the two companies hold respectively 49% and 51% of the new company. The Group considers its investment to be a joint venture and has accounted for it using the equity method.

On 1 January 2016, the business division of the Ipack-Ima exhibition of Fiera Milano and that of the Food Pack exhibition of UCIMA were conferred on Ipack-Ima Srl. This partnership will result in the most important Italian exhibition for processing and packaging technology.

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

	(€'000)
<b>Ipack-Ima Srl</b>	<b>30/06/16</b>
Current assets	1,926
Non-current assets	5,934
Current liabilities	3,050
Non-current liabilities	1,183
<b>Equity</b>	<b>3,627</b>
<b>Book value of the joint venture</b>	<b>1,777</b>

	(€'000)
<b>Ipack-Ima Srl</b>	<b>1st Half at 30/06/16</b>
Total revenues	-
Total other income	46
Total operating costs	(1,480)
Depreciation and amortisation, write-downs, net financial expenses	(194)
<b>Profit/(loss) before tax</b>	<b>(1,628)</b>
Income tax	410
<b>Profit/(loss) for the period</b>	<b>(1,218)</b>
<b>Group profit/(loss)</b>	<b>(597)</b>
Other comprehensive income/(loss)	(25)

In the first semester of 2015, there was a decrease of Euro 0.010 million in the entry for equity accounted investments which was for Milan International Exhibitions Srl, a company in liquidation.

At 30 June 2016, there were no contingent liabilities or material obligations relating to the investment of the Parent Company in joint ventures.

### 3) Segment reporting

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

In accordance with IFRS 8, the identification of operating segments and related information is based on the data used by management to take its operating decisions and is consistent with the management and control model used. The internal accounting system, regularly reviewed and used by the top decision makers in the Group, gives information by segment and also by individual company.

The operating segments defined by the management criteria are as follows:

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

These activities are carried out by the Parent Company Fiera Milano SpA and by Ipack-Ima Srl.

- **Foreign Exhibitions:** this segment covers all activities for the organisation of exhibitions and other events abroad through the use, promotion and offer of furnished exhibition spaces, of project support, and of ancillary services. Specifically, this segment includes all activities associated with exhibitions (including end services for exhibitors and visitors) that are directly organised by the Group or in partnership with third-parties.
- These activities are carried out by:
  - Hannover Milano Global Germany GmbH, a joint venture with Deutsche Messe AG of Hannover, which operates in China through two subsidiaries, Hannover Milano Fairs Shanghai Co Ltd and Hannover Milano Fairs China Ltd, and in India through Hannover Milano Fairs India Pvt Ltd and the latter's 50% shareholding in Global Fairs & Media Private Ltd;
  - Cipa FM Publicações e Eventos Ltda (hereinafter "Cipa FM"), with its registered office in São Paulo; it is owned through the Brazilian subsidiary, Eurofairs International Consultoria e Participações Ltda (hereinafter "Eurofairs");
  - Fiera Milano India Pvt Ltd, with its registered office in New Delhi;
  - Limited Liability Company Fiera Milano, with its registered office in Moscow;
  - Fiera Milano Exhibitions Africa PTY Ltd (hereinafter "Fiera Milano Africa"), with its registered office in Westlake - Cape Town;
  - Worldex (China) Exhibition & Promotion Ltd (hereinafter "Worldex"), an important exhibition company in the Chinese market with its registered office in Guangzhou. The company operates in the province of Guangdong and, through its 99% owned subsidiary Haikou Worldex Milan Exhibition Co. Ltd, in the province of Hainan.
- **Stand-fitting services:** this segment covers stand-fitting services, technical services and all exhibition site services for exhibitions and congresses carried out by Nolostand SpA.
- **Media:** this segment covers the production of content and supply of online and offline publishing services, as well those associated with the organisation of events and congresses by Fiera Milano Media SpA.
- **Congresses:** this segment covers the management of conferences and events and destination management services by Fiera Milano Congressi SpA and MiCo DMC Srl.

The tables below give Income Statement and Statement of Financial Position data by segment for the semesters to 30 June 2016 and 30 June 2015.

(€'000)

Income Statement 1st Half to 30/06/16	Italian exhibitions	Foreign exhibitions	Stand-fitting services	Media	Congresses	Adjustments	Consolidated
Revenues from sales and services to third-parties	111,745	2,094	5,179	4,960	14,677		138,655
Revenues from intersegment sales and services	2,598	33	21,104	948	718	(25,401)	
<b>Total revenues</b>	<b>114,343</b>	<b>2,127</b>	<b>26,283</b>	<b>5,908</b>	<b>15,395</b>	<b>(25,401)</b>	<b>138,655</b>
<i>of which from Italy</i>							136,561
<i>of which from foreign activities</i>							2,094
Cost of materials	272	20	849	118	35	(5)	1,289
Cost of services	59,873	1,953	18,706	3,327	10,762	(26,518)	68,103
Cost for use of third-party assets	21,678	302	1,019	169	2,035	(275)	24,928
Personnel expenses	16,646	1,025	2,052	2,202	1,868	(638)	23,155
Other operating expenses	2,064	179	118	50	112	(36)	2,487
<b>Total operating expenses</b>	<b>100,533</b>	<b>3,479</b>	<b>22,744</b>	<b>5,866</b>	<b>14,812</b>	<b>(27,472)</b>	<b>119,962</b>
Other income	2,410	16	278	225	773	(2,071)	1,631
Profit/(loss) of equity accounted companies	(597)	955					358
<b>Gross operating result</b>	<b>15,623</b>	<b>(381)</b>	<b>3,817</b>	<b>267</b>	<b>1,356</b>	<b>-</b>	<b>20,682</b>
<i>of which from Italy</i>							21,139
<i>of which from foreign activities</i>							(457)
Depreciation of property, plant & equipment	686	74	806	21	455		2,042
Depreciation of property investments							
Amortisation of intangible assets	1,384	287		323	12	27	2,033
Adjustments to asset values		1,391		508			1,899
Allowance for doubtful accounts and other provisions	800	107	(61)	65	54		965
<b>Net operating result (EBIT)</b>	<b>12,753</b>	<b>(2,240)</b>	<b>3,072</b>	<b>(650)</b>	<b>835</b>	<b>(27)</b>	<b>13,743</b>
<i>of which from Italy</i>							16,085
<i>of which from foreign activities</i>							(2,342)
Financial income and similar							994
Financial expenses and similar							1,080
Valuation of financial assets							
<b>Profit/(loss) before income tax</b>							<b>13,657</b>
Income tax							5,260
<b>Profit/(loss) for the period from continuing operations</b>							<b>8,397</b>
<b>Profit/(loss) for the period from discontinued operations</b>							-
<i>Revenues</i>							
<i>Operating expenses</i>							
<b>Profit/(loss) for the period</b>							<b>8,397</b>
Profit/(loss) attributable to non-controlling interests							(167)
<b>Group profit/(loss)</b>							<b>8,564</b>

The table below gives investments by operating segment:

Statement of Financial Position Data at 30/06/16	(€'000)
	<b>Investments</b>
Italian exhibitions	2,135
Foreign exhibitions	117
Stand-fitting services	484
Media	22
Congresses	697
<b>Total</b>	<b>3,455</b>

(€'000)

Income Statement 1st Half to 30/06/15	Italian exhibitions	Foreign exhibitions	Stand-fitting services	Media	Congresses	Adjustments	Consolidated*
Revenues from sales and services to third-parties	145,393	3,664	8,976	5,387	18,112		181,532
Revenues from intersegment sales and services	3,330	333	26,240	1,359	297	(31,559)	
<b>Total revenues</b>	<b>148,723</b>	<b>3,997</b>	<b>35,216</b>	<b>6,746</b>	<b>18,409</b>	<b>(31,559)</b>	<b>181,532</b>
<i>of which from Italy</i>							177,868
<i>of which from foreign activities</i>							3,664
Cost of materials	508	29	3,179	145	73	(2)	3,932
Cost of services	77,814	3,875	23,265	3,459	11,852	(32,827)	87,438
Cost for use of third-party assets	27,784	391	984	168	2,042	(335)	31,034
Personnel expenses	22,799	1,678	2,334	2,775	1,919	(987)	30,518
Other operating expenses	2,238	246	79	42	157	(44)	2,718
<b>Total operating expenses</b>	<b>131,143</b>	<b>6,219</b>	<b>29,841</b>	<b>6,589</b>	<b>16,043</b>	<b>(34,195)</b>	<b>155,640</b>
Other income	3,367	39	308	226	138	(2,644)	1,434
Profit/(loss) of equity accounted companies	(10)	1,182					1,172
<b>Gross operating result</b>	<b>20,937</b>	<b>(1,001)</b>	<b>5,683</b>	<b>383</b>	<b>2,504</b>	<b>(8)</b>	<b>28,498</b>
<i>of which from Italy</i>							29,757
<i>of which from foreign activities</i>							(1,259)
Depreciation of property, plant & equipment	1,013	70	854	26	1,377		3,340
Depreciation of property investments							
Amortisation of intangible assets	2,433	356		277	8	54	3,128
Adjustments to asset values	1,591	6,406					7,997
Allowance for doubtful accounts and other provisions	679	550			30		1,259
<b>Net operating result (EBIT)</b>	<b>15,221</b>	<b>(8,383)</b>	<b>4,829</b>	<b>80</b>	<b>1,089</b>	<b>(62)</b>	<b>12,774</b>
<i>of which from Italy</i>							21,468
<i>of which from foreign activities</i>							(8,694)
Financial income and similar							692
Financial expenses and similar							2,842
Valuation of financial assets							
<b>Profit/(loss) before income tax</b>							<b>10,624</b>
Income tax							5,488
<b>Profit/(loss) for the period from continuing operations</b>							<b>5,136</b>
<b>Profit/(loss) for the period from discontinued operations</b>							<b>(1,988)</b>
<i>Revenues</i>							938
<i>Operating expenses</i>							2,926
<b>Profit/(loss) for the period</b>							<b>3,148</b>
Profit/(loss) attributable to non-controlling interests							(798)
<b>Group profit/(loss)</b>							<b>3,946</b>

\*Some figures in the Interim Condensed Consolidated Financial Statements at 30 June 2015 have been restated for the different classification of the use of risk provisions.

The table below gives investments by operating segment:

Statement of Financial Position Data at 31/12/15		(€'000)
	<b>Investments</b>	
Italian exhibitions		5,543
Foreign exhibitions		184
Stand-fitting services		1,520
Media		11
Congresses		559
<b>Total</b>		<b>7,817</b>

## Notes to the Interim Condensed Consolidated Financial Statements

### STATEMENT OF FINANCIAL POSITION

#### ASSETS

##### NON-CURRENT ASSETS

#### 4) Property, plant and equipment

	(€'000)					
	Balance at 31/12/15	Changes in the period				Balance at 30/06/16
		Incr.	Decr.	Depr.	Currency translation differences	
<b>Property, plant and equipment</b>						
. historic cost	108,602	1,631	677	-	67	109,623
. depreciation	93,856	-	600	2,059	31	95,346
	<b>14,746</b>	<b>1,631</b>	<b>77</b>	<b>2,059</b>	<b>36</b>	<b>14,277</b>
<b>Leased property, plant and equipment</b>						
. historic cost	9	-	-	-	-	9
. depreciation	-	-	-	-	-	-
	<b>9</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9</b>

The main increases in the semester were as follows:

- investments made by Nolostand SpA totalling Euro 0.484 million to acquire assets to be hired out, in particular, parts for stands and assets in wood;
- investments made by Fiera Milano SpA of Euro 0.371 million primarily for electronic equipment and furnishing, furniture and equipment for exhibitions held in the Rho exhibition site;
- investments of Euro 0.673 million made by Fiera Milano Congressi SpA to improve the facilities of the MiCo Nord congress centre following damage caused by the weather, upgrade the lighting equipment, and restructure the new MOMECC congress centre in Rome.

#### 5) Intangible assets

	(€'000)							
	Balance at 31/12/15	Changes in the period						Balance at 30/06/16
		Incr.	Transfer of a business division to a joint venture	Decr.	Am.	Currency translation differences	Impairment	
<b>Goodwill and intangible assets with an indefinite useful life</b>								
. Historic cost	121,542	-	(3,084)	-	-	(254)	-	118,204
. Amortisation	16,597	-	-	-	-	-	-	16,597
	<b>104,945</b>	<b>-</b>	<b>(3,084)</b>	<b>-</b>	<b>-</b>	<b>(254)</b>	<b>-</b>	<b>101,607</b>
<b>Intangible assets with a finite useful life</b>								
. Historic cost	95,200	1,824	-	549	-	1,540	1,899	96,116
. Amortisation	65,792	-	-	542	2,033	474	-	67,757
	<b>29,408</b>	<b>1,824</b>	<b>-</b>	<b>7</b>	<b>2,033</b>	<b>1,066</b>	<b>1,899</b>	<b>28,359</b>



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

Goodwill and intangible assets with an indefinite useful life are subject to impairment tests at every year-end or more frequently if there is any indication of impairment as described in section 1.4, Use of estimates, and in greater detail in the Explanatory and supplementary Notes to the Consolidated Financial Statements at 31 December 2015.

At the end of the first semester 2016, analyses from internal and external sources, as required under IAS 36, gave indications of impairment in Fiera Milano Media and impairment tests were, therefore, carried out at 30 June 2016. These did not result in impairment charges for goodwill attributed to the cash-generating units that are part of this company.

The decrease of Euro 3.084 million refers to the transfer of the business division for the Ipack-Ima exhibition to the joint venture Ipack-Ima Srl that is equity accounted.

The goodwill allocations are as follows:

- The Directly Organised Exhibition cash-generating unit: this comprises the cash generating units of the exhibitions directly organised by Fiera Milano SpA. The goodwill allocated to this group was Euro 40.223 million and refers to the companies that organise exhibitions that were acquired and subsequently merged into Fiera Milano SpA through various merger transactions.
- The Exhibition cash-generating unit: this comprises the cash generating units of all the exhibitions of Fiera Milano SpA. The goodwill allocated to this group was Euro 29.921 million of which Euro 29.841 million was the goodwill from the contribution of the exhibition entity by Fondazione Fiera Milano to Fiera Milano SpA on 17 December 2001 and Euro 0.080 million was goodwill from the acquisition by the Parent Company of the Information Communication Technology business division from its subsidiary Expopage SpA, which is now Fiera Milano Media SpA.
- The Exhibition Stand-fitting cash generating unit: the goodwill of Euro 12.581 million from the acquisition of the "standard stand-fitting" business division by Nolostand SpA was allocated to this cash generating unit.
- The Publishing and Digital Services cash generating unit: this includes the cash generating units of publications and digital services and the goodwill allocated to this cash-generating unit was Euro 5.947 million.
- Events and Training cash generating unit: the goodwill of Euro 0.616 million from the acquisition of Business International SpA, now part of Fiera Milano Media SpA, was allocated to this cash-generating unit.
- The Congress cash generating unit: the goodwill allocated to this cash generating unit was Euro 5.544 million and was Euro 5.455 million from the acquisition of Fiera Milano Congressi SpA and Euro 0.089 million for the acquisition of MiCo DMC Srl.
- The Brazil group of cash generating units: this includes the cash generating units of the exhibitions organised by Cipa Fiera Milano Publicações e Eventos Ltda. The goodwill allocated to this group of cash generating units was Euro 0.223 million for the acquisition of the Brazilian company Cipa Ltda.
- The China group of cash-generating units: this includes the cash-generating units for the exhibitions organised by Worldex (China) Exhibition & Promotion Ltd. The goodwill allocated to this group of cash generating units was Euro 6.552 million. Euro 6.538 million for the acquisition of the Chinese company Worldex (China) Ltd Euro 0.014 million for the acquisition of Haikou Worldex Ltd.

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

The increases in the period included Euro 1.400 million of investments made by the Parent Company for the acquisition on 23 March 2016 of the Promotion Trade Exhibition (PTE) trademark, an annual

international exhibition for promotional items, business gifts and technologies to personalise these items, and Euro 0.272 million of costs to implement digital projects and acquire software.

Intangible assets with a finite useful life include the following trademarks and publishing titles totalling Euro 25.843 million (Euro 26.363 million at 31 December 2015):

- Exhibition trademarks:
  - BIT: Euro 3.104 million;
  - Host: Euro 2.052 million;
  - Mipap Milano Prêt-à-Porter: Euro 1.929 million;
  - Exposec: Euro 1.876 million;
  - Fisp: Euro 1.619 million;
  - Good Food & Wine show: Euro 1.469 million;
  - Promotion Trade Exhibition: Euro 1.381 million;
  - Tubotech: Euro 1.105 million;
  - Transpotec & Logitec: Euro 0.904 million;
  - Fluidtrans Compomac: Euro 0.860 million;
  - Festivity: Euro 0.434 million;
  - Bias: Euro 0.384 million;
  - Miart: Euro 0.143 million;
  - Braseg: Euro 0.141 million;
  - BtoBio Expo: Euro 0.092 million;
  - Other: Euro 0.043 million;
- other trademarks and publishing titles:
  - Food & Beverage titles: Euro 3.648 million;
  - Business International: Euro 2.201 million;
  - Technology titles: Euro 1.434 million;
  - Cipa: Euro 0.860 million;
  - Security: Euro 0.106 million;
  - Incendio: Euro 0.058 million.

Impairment tests on exhibition trademarks and publications to which Fiera Milano attributes a finite life resulted in the following impairment:

- Euro 0.508 million for the Food & Beverage publications;
- Euro 1.391 million for the Good Food & Wine Show of Fiera Milano Exhibitions Africa PTY Ltd.

These activities were subject to particularly negative circumstances in the semester under review that meant that the cash flow generated was considerably lower than forecast. The Food & Beverage publications suffered a slowdown in revenues while the May 2016 edition of the Good Food & Wine Show in Cape Town had lower than expected results.

The impairment tests on the Food and Beverage publications used a WACC of 7.23% with a risk-free rate of 1.60%, a market risk premium of 5.5%, an average levered beta for the sector of 0.82, a specific risk premium of 3%, a cost of debt of 2% and a debt/ invested capital ratio of 25%. The recoverable value was calculated using the discounted cash flow method on the cash flows included in the revised industrial plan for 2016-2020 approved by the subsidiary Fiera Milano Media, considering the useful life of the publications and with no terminal value.

The impairment tests on the Good Food & Wine trademark used a WACC of 12.46% with a risk-free rate of 8.88%, a market risk premium of 5.5%, an average levered beta for the sector of 0.82, a specific risk premium of 2%, a cost of debt of 5.21% and a debt/invested capital ratio of 25%. The recoverable value was calculated using the discounted cash flow method on the cash flows included in the revised industrial plan for 2016-2019 approved by the subsidiary FMEA, considering the useful life of the trademark and with no terminal value.

The other intangible assets with a finite life showed no indications of impairment, therefore, they were not subject to impairment tests at 30 June 2016.

## 6) Investments, non-current trade receivables and deferred tax assets

(€'000)							
	Balance at 31/12/15	Changes during the period					Balance at 30/06/16
		Increase	Decrease	Results	Dividend distribution	Currency translation differences	
Equity-accounted investments	16,955	3,112	-	358	2,939	(256)	17,230
Other investments	29	-	-	-	-	-	29
Trade and other receivables	13,035	13	132	-	-	-	12,916
Deferred tax assets	3,175	46	3,070	-	-	-	151
<b>Total</b>	<b>33,194</b>	<b>3,171</b>	<b>3,202</b>	<b>358</b>	<b>2,939</b>	<b>(256)</b>	<b>30,326</b>

The entry for equity accounted investments was the carrying value of the investment in Hannover Milano Global Germany GmbH and that for Ipack-Ima Srl, which accounted for the increase in the period.

The entry, other investments, refers to the investment in Esperia SpA.

The entry for Trade and other receivables was mainly for the Parent Company and included:

- other receivables from the controlling shareholder of Euro 11.993 million (Euro 12.125 million at 31 December 2015). Euro 10.412 million was the guarantee deposit for the two property agreements covering the Rho and Milan exhibition sites. The value is equal to the rent payable for one quarter under both agreements; the residual amount of Euro 1.581 million was the non-current portion of the repayment of the guarantee deposit due from Fondazione Fiera Milano on the two previous rental agreements, which was, in part, offset by the payable for the guarantee deposit from Fiera Milano under the two new rental agreements. This receivable will be paid by Fondazione Fiera Milano in six-monthly instalments over the length of the contracts by offsetting the amount payable against the rent due from Fiera Milano SpA;
- other guarantee deposits of Euro 0.583 million (Euro 0.583 million at 31 December 2015). Euro 0.498 million was the guarantee deposit on the real estate lease on the Palazzo Italia project in Berlin. The amount equates to the rent for a single quarter;
- other receivables totalling Euro 0.336 million (Euro 0.323 million at 31 December 2015). This was for the sale of the Richmac trademark, which will be received in two biennial *tranches* by 31 December 2017 and by 31 December 2019.

Trade and other receivables included Euro 11.993 million (Euro 12.125 million at 31 December 2015) of related-party transactions. Further details on related-party transactions are given in Note 38.

Deferred tax assets are the net of deferred tax assets and deferred tax liabilities recognised at the level of each individual company included in the consolidation.

## CURRENT ASSETS

### 7) Trade and other receivables

<b>Trade and other receivables</b>	(€'000)		
	<b>30/06/16</b>	<b>31/12/15</b>	<b>Change</b>
Trade receivables	45,936	52,756	(6,820)
Trade receivables from the controlling shareholder	687	558	129
Trade receivables from the controlling shareholder for Group VAT	1,110	243	867
Trade receivables from associates	150	68	82
Other receivables	4,448	4,553	(105)
Prepaid expenses from the controlling shareholder	4,248	4,540	(292)
Prepaid expenses	2,255	1,214	1,041
<b>Total</b>	<b>58,834</b>	<b>63,932</b>	<b>(5,098)</b>

The Euro 5.098 million decrease in trade and other receivables in the semester under review was mainly due to:

- a decrease in trade receivables from exhibition organisers and exhibitors due to the different exhibition calendar;
- an increase in receivables from the controlling shareholder mainly due to the change in Group VAT receivables;
- an increase in prepaid expenses, mainly in the Parent Company, for insurance premiums and other expenses related to future financial periods.

Changes in the provision for doubtful receivables were as follows:

	<b>31/12/15</b>	<b>Provisions</b>	<b>Utilisation and other changes</b>	<b>Currency translation differences</b>	(€'000) <b>30/06/16</b>
Provision for doubtful receivables	8,570	750	1,239	44	8,125

The provision was made to adjust the nominal value of receivables to their estimated realisable value.

The use of provisions refers to receivables deemed to be unrecoverable in the period under review.

The entry for trade and other receivables also included Euro 6.153 million for related-party transactions (Euro 5.341 million at 31 December 2015). Further details on related-party transactions are given in Note 38.

### 8) Inventories

<b>Inventories</b>	(€'000)		
	<b>30/06/16</b>	<b>31/12/15</b>	<b>Change</b>
Inventories	41	62	(21)
Suspended costs for future exhibitions	3,820	1,822	1,998
<b>Total inventories</b>	<b>3,861</b>	<b>1,884</b>	<b>1,977</b>

Changes in suspended costs for future exhibitions was due to the combined effect of the release of costs linked to exhibitions held in the semester and increases in costs for exhibitions to be held after 30 June 2016.

The breakdown of suspended costs by event was as follows:

(€'000)			
<b>Exhibition</b>	<b>30/06/16</b>	<b>31/12/15</b>	<b>Change</b>
Tuttofood	1,168	346	822
Homi II Semester	571	3	568
Host	347	109	238
Fisp	317	157	160
Fesqua	136	-	136
Sicurezza	124	-	124
China products Exhibition Mumbai	118	-	118
Bit	28	192	(164)
Miart	18	201	(183)
Homi I Semester	6	301	(295)
Other	987	513	474
<b>Total</b>	<b>3,820</b>	<b>1,822</b>	<b>1,998</b>

Inventories included Euro 0.006 million of related-party transactions (zero at 31 December 2015). Further details on related-party transactions are given in Note 38.

## 9) Current financial assets

<b>Current financial assets</b>	(€'000)		
	<b>31/12/15</b>	<b>Increases</b>	<b>30/06/16</b>
Financing given to Ipack-Ima Srl	-	2,208	2,208
Receivables for dividends from joint venture companies	-	2,939	2,939
<b>Total</b>	<b>-</b>	<b>5,147</b>	<b>5,147</b>

This entry included the following Parent Company financial assets:

- Euro 2.208 million for the financing given to the joint venture Ipack-Ima Srl. The interest is three-month Euribor plus a spread of 220 basis points;
- Euro 2.939 million for dividends approved by the joint venture Hannover Milano Global Germany GmbH.

This entry relates entirely to transactions with related parties (zero at 31 December 2015). Further details on related-party transactions are given in Note 38.

## 10) Cash and cash equivalents

This entry was Euro 14.870 million (Euro 56.092 million at 31 December 2015) and was almost entirely composed of short-term bank deposits carrying floating rate interest.

The change in financial flows in the first semester 2016 is shown in the Consolidated Statement of Cash Flows.

## EQUITY AND LIABILITIES

### 11) Equity

<b>Equity</b>	(€'000)		
	<b>30/06/16</b>	<b>31/12/15</b>	<b>Change</b>
Share capital	41,815	41,818	(3)
<i>of which treasury shares</i>	<i>(630)</i>	<i>(627)</i>	<i>(3)</i>
Share premium reserve	36,016	65,679	(29,663)
<i>of which treasury shares</i>	<i>(2,919)</i>	<i>(2,913)</i>	<i>(6)</i>
Legal reserve	8,489	-	8,489
Other reserves	(7,489)	(6,936)	(553)
Retained profits/(losses)	4,804	(17,003)	21,807
Profit/(loss) for the period	8,564	1,014	7,550
<b>Group equity</b>	<b>92,199</b>	<b>84,572</b>	<b>7,627</b>
Capital and reserves attributable to non-controlling interests	518	1,281	(763)
Profit/(loss) attributable to non-controlling interests	(167)	(585)	418
<b>Equity attributable to non-controlling interests</b>	<b>351</b>	<b>696</b>	<b>(345)</b>
<b>Total</b>	<b>92,550</b>	<b>85,268</b>	<b>7,282</b>

### Share capital

At 30 June 2016, the capital was Euro 41.815 million (Euro 41.818 million at 31 December 2015), net of Euro 0.630 million of treasury shares. The fully paid-up share capital of the Parent Company is 71,917,829 ordinary shares, subject to no restrictions on dividend distribution and the repayment of capital, except as provided by law for treasury shares.

The number of shares in circulation and the change in this figure in the semester under review is shown in the table below:

	<b>Number of shares at 31 December 2015</b>	<b>Change</b>	<b>Number of shares at 30 June 2016</b>
Ordinary shares in issue	71,917,829	-	71,917,829
Treasury shares	645,008	6,000	651,008
Total shares outstanding	71,272,821	6,000	71,266,821

Under IAS/IFRS, when treasury shares are acquired, the nominal value of the shares acquired is deducted from equity while the difference between acquisition value and the nominal value is recognised directly in the share premium reserve. On 31 July 2015, the Extraordinary Shareholders' Meeting of the Company, at the same time as it approved the share capital increase, approved the elimination of the nominal value of the shares comprising the share capital. Therefore, since that date, the nominal value is calculated by dividing the value of the share capital by the number of shares in issue. At 30 June 2016, the implicit nominal value of the shares was Euro 0.59 per share.

On 24 June 2016, the Parent Company announced that it had started the buy-back of shares under the authorisation given it by the Ordinary Shareholders' Meeting of 28 April 2016. In implementing the buy-back, Fiera Milano SpA intended to increase the portfolio of treasury shares to service the

2017-2023 Stock Option Plan, as well as to stabilise fluctuations in the share price. At 30 June 2016, the Company acquired 6,000 treasury shares with an average value of Euro 1.57 per share.

### **Share premium reserve**

This was Euro 36.016 million (Euro 65.679 million at 31 December 2015) net of the reserve for treasury shares of Euro 2.919 million.

The changes in the period under review were as follows:

- a Euro 29.657 million decrease following the decision of the Parent Company Shareholders' Meeting of 28 April 2016 to use Euro 21.168 million of the share premium reserve to cover the losses of prior periods and Euro 8.489 million to rebuild the legal reserve;
- a decrease of Euro 0.006 million for the acquisition of treasury shares.

### **Legal reserve**

This entry was Euro 8.489 million (zero at 31 December 2015).

The increase reflected the decision of the Parent Company Shareholders' Meeting of 28 April 2016 to rebuild the legal reserve under Article 2430, paragraph 2, through the use of the share premium reserve.

### **Other reserves**

These were negative for Euro 7.489 million (negative for Euro 6.936 million at 31 December 2015). The decrease of Euro 0.553 million was due to the translation reserve.

### **Retained earnings**

This entry was Euro 4.804 million (negative for Euro 17.003 million at 31 December 2015).

The changes in the semester were as follows:

- a Euro 1.014 million increase from the results of the previous financial year;
- a Euro 0.375 million decrease for the remeasurement of the defined benefit plans net of the related tax effect;
- a Euro 21.168 million increase following the decision of the Parent Company Shareholders' Meeting of 28 April 2016 to cover the residual losses carried forward from previous periods by using the share premium reserve.

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

In the semester to 30 June 2016, the Group had net profit of Euro 8.564 million.

In the financial year to 31 December 2015 the Group made a net profit of Euro 1.014 million.

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

These totalled Euro 0.518 million (Euro 1.281 million at 31 December 2015).

The changes in the semester were as follows:

- a Euro 0.585 million decrease due to the loss made in the previous financial year;
- a Euro 0.152 million decrease in the translation reserve;
- a Euro 0.026 million decrease in dividends distributed.

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

The net result of the semester attributable to non-controlling interests was negative for Euro 0.167 million. In the financial year to 31 December 2015 it was negative for Euro 0.585 million.

## **LIABILITIES**

### **12) Bank borrowings**

<b>Bank borrowings</b>	<b>(€'000)</b>		
	<b>30/06/16</b>	<b>31/12/15</b>	<b>Change</b>
Non-current bank borrowings	23,394	10,922	12,472
Current bank borrowings	23,131	39,466	(16,335)
<b>Total</b>	<b>46,525</b>	<b>50,388</b>	<b>(3,863)</b>

(€'000)

<b>Non-current bank borrowings</b>	<b>Fiera Milano</b>	<b>MiCo DMC</b>	<b>Total</b>
Bank loans - non current portion	23,010	384	23,394
<b>Total</b>	<b>23,010</b>	<b>384</b>	<b>23,394</b>

(€'000)

<b>Current bank borrowings</b>	<b>Fiera Milano</b>	<b>Cipa</b>	<b>Total</b>
Current financing	-	280	280
Bank loans - current portion	22,851	-	22,851
<b>Total</b>	<b>22,851</b>	<b>280</b>	<b>23,131</b>

Non-current bank borrowings were the following loans that were primarily made to the Parent Company:

- Euro 4.401 million (Euro 6.601 million at 31 December 2015) for the non-current portion of a Euro 20.000 million financing given by Banca Popolare di Milano SpA on 6 December 2013, to be repaid in six-monthly *tranches* payable in arrears from 30 June 2014 until 30 June 2018 and with an interest rate of three-month Euribor plus a spread of 3.50%;
- Euro 0.842 million (zero at 31 December 2015) for the non-current portion of a Euro 5.000 million financing given by Banca di Credito Cooperativo di Carate Brianza on 26 February 2016, to be repaid in quarterly *tranches* in arrears from 25 May 2016 until 25 August 2018 and with an interest rate of three-month Euribor plus a spread of 1.75%;
- Euro 5.744 million (zero at 31 December 2015) for the non-current portion of a Euro 10.000 million financing given by Banca Popolare di Bergamo SpA on 23 May 2016, to be repaid in quarterly *tranches* in arrears from 23 August 2016 until 23 May 2018 and with an interest rate of three-month Euribor plus a spread of 1.85%;
- Euro 7.519 million (zero at 31 December 2015) for the non-current portion of a Euro 15.000 million financing given by Banca Popolare di Lodi on 25 May 2016, to be repaid in quarterly *tranches* in arrears from 30 June 2016 until 30 June 2018 and with an interest rate of three-month Euribor plus a spread of 1.50%;
- Euro 1.998 million (zero at 31 December 2015) for the non-current portion of a Euro 3.000 million financing given by Cassa di Risparmio di Parma e Piacenza SpA on 27 May 2016, to be repaid in quarterly *tranches* in arrears from 27 August 2016 until 27 May 2019 with an interest rate of three-month Euribor plus a spread of 1.50%;



- Euro 2.506 million (zero at 31 December 2015) for the non-current portion of a Euro 5.000 million financing given by Banco Popolare on 22 June 2016, to be repaid in quarterly *tranches* in arrears from 30 June 2016 until 30 June 2018 with an interest rate of three-month Euribor plus a spread of 1.50%.

The change in non-current bank borrowings compared to the previous financial year was due to new non-current financing taken out and the early repayment (Euro 4.321 million at 31 December 2015) of the Euro 20.000 million financing given on 21 December 2012 by Banca Popolare di Bergamo SpA.

The financing received on 6 December 2013 is subject to financial covenants, which have set a maximum level for the net debt/equity ratio. This is measured annually at year-end.

The financing received on 27 May 2016 is subject to commercial covenants. For the duration of the financing, Fiera Milano SpA must channel receivables and payables for an agreed amount through current accounts opened with the Cassa di Risparmio di Parma e Piacenza SpA.

At the date of the present Report there was no financing that expired beyond five years.

Current bank debt was the current portion of the Parent Company bank financing of Euro 22.851 million described above and the Euro 0.280 million credit line given on 21 October 2015 to Cipa FM by BNP Paribas Brasil S.A.

Bank debt is subject to floating rate interest.

### 13) Other financial liabilities

The breakdown of this entry is shown in the following tables:

<b>Other financial liabilities</b>	(€'000)		
	<b>30/06/16</b>	<b>31/12/15</b>	<b>Change</b>
Other non-current financial liabilities	2,119	2,094	25
Other current financial liabilities	5,190	16,036	(10,846)
<b>Total</b>	<b>7,309</b>	<b>18,130</b>	<b>(10,821)</b>

<b>Other non-current financial liabilities</b>	(€'000)		
	<b>30/06/16</b>	<b>31/12/15</b>	<b>Change</b>
Valuation of the options on the shares to acquire Wordex	1,927	1,851	76
Other non-current financing	192	193	(1)
Finance leases	-	50	(50)
<b>Total</b>	<b>2,119</b>	<b>2,094</b>	<b>25</b>

This entry includes related-party transactions totalling Euro 1.927 million (Euro 1.851 million at 31 December 2015). Further details on related-party transactions are given in Note 38.

<b>Other current financial liabilities</b>	(€'000)		
	<b>30/06/16</b>	<b>31/12/15</b>	<b>Change</b>
Financial payables to the controlling shareholder	4,256	15,225	(10,969)
Other financial payables	798	641	157
Finance leases	136	170	(34)
<b>Total</b>	<b>5,190</b>	<b>16,036</b>	<b>(10,846)</b>

Financial payables to the controlling shareholder refer to the Parent Company and are for the balance of the current account held with Fondazione Fiera Milano primarily for the payment of the rent on the exhibition sites.

Other financial payables are mainly for the acquisition by Eurofairs of the investment in Cipa FM.

This entry included Euro 4.256 million for related-party transactions (Euro 15.225 million at 31 December 2015). Further details on related-party transactions are given in Note 38.

## 14) Provisions for risks and charges

<b>Provisions for risks and charges</b>						(€'000)
	<b>31/12/15</b>	<b>Provisions</b>	<b>Utilisation</b>	<b>Other utilisation</b>	<b>Reclassification</b>	<b>30/06/16</b>
Non current provisions:						
Provision for charges for "Palazzo Italia" project	2,057	-	-	-	-	2,057
Other provisions for risks and charges	1,286	49	71	7	1,086	2,357
<b>Total non current provisions for risks and charges</b>	<b>3,343</b>	<b>49</b>	<b>71</b>	<b>7</b>	<b>1,086</b>	<b>4,414</b>
Current provisions:						
Provision for charges for "Palazzo Italia" project	1,245	-	924	-	-	321
Other provisions for risks and charges	2,670	286	1,925	30	-	1,061
<b>Total current provisions for risks and charges</b>	<b>3,915</b>	<b>286</b>	<b>2,849</b>	<b>30</b>	<b>-</b>	<b>1,382</b>

The provision for charges for the Palazzo Italia project comprised the provisions made in previous financial years to cover the losses expected from the Palazzo Italia project in Berlin. The current part of the provision is Euro 0.321 million. At 30 June 2016, the total provision to cover this risk was Euro 2.378 million. In the previous financial year the provision totalled Euro 3.302 million and Euro 0.924 million was utilised in the period under review.

Other non-current provisions for risks and charges included provisions for disputes with suppliers and other disputes. The reclassification of deferred tax liabilities referred to the provision for risks and charges of Cipa FM to cover eventual tax risks.

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

Other current risk provisions were primarily for Fiera Milano Media and regarded the mobility procedure that was part of the corporate restructuring, for the Parent Company for employee disputes, and for Cipa FM for disputes with agents.

The provisions made in the period under review were primarily for costs related to employee disputes in the Parent Company.

Use of current provisions for risks and charges were for costs for the mobility procedure in Fiera Milano Media, employee disputes in the Parent Company and disputes with suppliers of Nolostand.

## 15) Employee benefit provisions

<b>Employee benefit provisions</b>					(€'000)
	<b>31/12/15</b>	<b>Employee benefits accrued</b>	<b>Indemnities and advances paid</b>	<b>Transfer of a business division to a joint venture company</b>	<b>30/06/16</b>
Defined benefit plans	10,672	881	1,627	627	9,299
<b>Total</b>	<b>10,672</b>	<b>881</b>	<b>1,627</b>	<b>627</b>	<b>9,299</b>

**Employee benefits accrued** (€'000)

Personnel expenses:	
- indemnities related to defined benefit plans	267
Financial expenses:	
- actualisation charges	101
Other comprehensive income:	
- Remeasurement of defined benefit plans	513
<b>Total</b>	<b>881</b>

The main hypotheses/assumptions used in the actuarial calculations of defined benefit plans at 31 December 2015 and 30 June 2016 are given in the following tables.

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

Economic and financial assumption for calculation of severance indemnity provisions	30/06/16	31/12/15
Annual technical discount rate	1.25%	2.00%
Annual inflation rate	1.50%	1.50%
Annual rate of increase in total employees' salary	2.50%	2.50%
Annual rate of increase in severance indemnity provisions	2.62%	2.62%

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

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

**Effect of defined benefit plans on debt**

(€ '000)

Economic and financial assumptions	Range	Base figure (including termination benefit)	Increase in assumptions	Decrease in assumptions
Annual technical discount rate	+/- 0.5%	9,299	9,020	9,578
Annual rate of increase in total employees' salary	+/- 0.5%	9,299	9,671	9,011
<b>Economic and financial assumptions</b>				
Life expectancy	+/- 1 year	9,299	9,383	9,219

**16) Trade payables**

These were Euro 41.521 million, a decrease of Euro 7.746 million compared to the figure at 31 December 2015. Trade payables were mainly to Italian suppliers for the acquisition of services required to mount the exhibitions that are the typical business of the Company. The decrease reflects the lower number of transactions with suppliers due to the lower level of activity caused by the different exhibition calendar.

**17) Pre-payments**

Pre-payments totalled Euro 27.658 million, a decrease of Euro 7.222 million compared to the figure at 31 December 2015.

These were mainly pre-payments invoiced to clients for exhibitions to be held after 30 June 2016. Recognition as revenue is delayed until the exhibition is held.

The change in pre-payments was due to the combined effect of a decrease in revenues recognised for exhibitions held during the semester under review and an increase in pre-payments for exhibitions to be held after 30 June 2016.

The table below gives a breakdown by exhibition.

<b>Pre-payments</b>	(€ '000)		
	<b>30/06/16</b>	<b>31/12/15</b>	<b>Change</b>
theMicam (Autumn)	5,462	-	5,462
Homi II semester	4,441	-	4,441
Host	2,665	2,144	521
Eicma Moto	1,848	-	1,848
Lineapelle (II semester)	1,803	-	1,803
Fisp	1,630	945	685
Tuttofood	1,494	168	1,326
Bimu	946	381	565
Fesqua	649	234	415
Milano Unica (Autumn)	538	-	538
Mipel	375	139	236
Viscom	365	-	365
Prima Mu	291	-	291
Fire Show	275	-	275
Mido	253	1,402	(1,149)
Made Expo	234	-	234
L'Artigiano in Fiera	209	-	209
Transpotec Logitec	202	-	202
Mostra Convegno Expocomfort	184	7,894	(7,710)
Sicurezza	161	-	161
Good Food & Wine Show	134	-	134
Exposec	106	369	(263)
Food Hospitality World Guangzhou	70	-	70
Homi I semester	-	11,035	(11,035)
Salone del mobile/Complemento d'arredo	-	1,956	(1,956)
Lineapelle (I Semester)	-	1,600	(1,600)
Micam primavera	-	985	(985)
Bit	-	557	(557)
Milano Unica (Spring)	-	528	(528)
Simac Tanning Tech	-	443	(443)
Eurocucina	-	433	(433)
Mifur	-	381	(381)
Promotion trade exhibition	-	275	(275)
Salone Internazionale del bagno	-	250	(250)
Xylexpo	-	249	(249)
Venditalia	-	182	(182)
Esposizione Canina	-	166	(166)
Sposaitalia	-	103	(103)
Art for me	-	57	(57)
Other	3,323	2,004	1,319
<b>Total</b>	<b>27,658</b>	<b>34,880</b>	<b>(7,222)</b>

This entry includes Euro 0.011 million for related-party transactions (zero at 31 December 2015).

## 18) Deferred tax liabilities and tax payables

Deferred tax liabilities and tax payables	(€'000)		
	30/06/16	31/12/15	Change
Deferred tax liabilities	5,013	5,709	(696)
Current tax liabilities	3,483	5,168	(1,685)
<b>Total</b>	<b>8,496</b>	<b>10,877</b>	<b>(2,381)</b>

The entry for deferred tax liabilities was Euro 5.013 million (Euro 5.709 million at 31 December 2015). These were the net of deferred tax assets and deferred tax liabilities recognised at the level of each individual company included in the consolidation area.

Current tax liabilities were Euro 3.483 million (Euro 5.168 million at 31 December 2015). The change mainly reflects the payment of taxes for the previous financial period.

## 19) Other liabilities

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

Other current and non current liabilities	(€'000)			
	30/06/16		31/12/15	
	ML/T term	S-term	ML/T term	S-term
Payables to the controlling shareholder	-	1,917	-	5,633
Payables to the controlling shareholder for tax consolidation	-	345	-	-
Payables to associates	-	114	-	-
Payables to pension and social security entities	-	2,166	-	2,613
Payables to directors and statutory auditors	-	64	-	97
Payables to employees	-	5,543	-	11,081
Payables to exhibition organisers	-	7,043	-	16,811
Group VAT payables to the controlling shareholder	-	104	-	199
Other payables	-	14	-	617
Accrued liabilities to the controlling shareholder	-	8	-	-
Deferred income and Accrued liabilities	-	818	-	419
<b>Total</b>	<b>-</b>	<b>18,136</b>	<b>-</b>	<b>37,470</b>

The main changes compared to the previous financial year were:

- a decrease in other payables to Fondazione Fiera Milano by the Parent Company mainly due to the absence of the additional amount of rent payable for the **fieramilano** exhibition site that was payable only in 2015;
- a decrease in payables to employees by the Parent Company due to the payment of variable remuneration provided for in the previous financial year;
- a decrease in payables to exhibition organisers and other by the Parent Company mainly linked to the cash-in received on behalf of exhibition organisers.

Other liabilities included Euro 2.402 million for related-party transactions (Euro 5.832 million at 31 December 2015). Further details on related-party transactions are given in Note 38.

## 20) Financial assets and liabilities

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

<b>Group Net Financial Position</b> (Amounts in € '000)	<b>30/06/16</b>	<b>31/12/15</b>	<b>Change</b>
A. Cash (including bank balances)	14,870	56,092	(41,222)
B. Other cash equivalents	-	-	-
C. Securities held for trading	-	-	-
<b>D. Cash and cash equivalents (A+B+C)</b>	<b>14,870</b>	<b>56,092</b>	<b>(41,222)</b>
<b>E. Current financial assets</b>	<b>5,147</b>	-	<b>5,147</b>
<i>- E.1 of which Current financial assets from other related parties</i>	<i>5,147</i>	-	<i>5,147</i>
F. Current bank borrowings	280	23,481	(23,201)
G. Current portion of non-current debt	22,851	15,985	6,866
H. Other current financial liabilities	5,190	16,036	(10,846)
<i>- H.1 of which Other current financial liabilities to the controlling shareholder</i>	<i>4,256</i>	<i>15,225</i>	<i>(10,969)</i>
<b>I. Current financial debt (F+G+H)</b>	<b>28,321</b>	<b>55,502</b>	<b>(27,181)</b>
<b>J. Current net financial debt (cash) (I-E-D)</b>	<b>8,304</b>	<b>(590)</b>	<b>8,894</b>
K. Non-current bank borrowings	23,394	10,922	12,472
L. Debt securities in issue	-	-	-
M. Other non-current liabilities	2,119	2,094	25
<i>- M.1 of which Other non current liabilities to other related parties</i>	<i>1,927</i>	<i>1,851</i>	<i>76</i>
<b>N. Non-current financial debt (K+L+M)</b>	<b>25,513</b>	<b>13,016</b>	<b>12,497</b>
<b>Net financial debt/(cash) from continuing operations (J+N)</b>	<b>33,817</b>	<b>12,426</b>	<b>21,391</b>
<b>Net financial debt/(cash) from assets held for sale</b>	-	-	-
<b>O. Net financial debt/(cash)</b>	<b>33,817</b>	<b>12,426</b>	<b>21,391</b>

The increase in net debt was mainly due to the trend in net working capital which showed a decrease in other current liabilities for the payment of sums due to exhibition organisers. This was, in part, compensated by the positive operating cash flow generated in the semester and by the increase in financial receivables, primarily from the joint venture company Hannover Milano Global Germany for dividends approved but not yet paid.

The table below gives a comparison between the carrying value of financial assets and liabilities in the Interim Condensed Consolidated Financial Statements to 30 June 2016 and their fair value:

	(€'000)	
	<u>Book value</u>	<u>Fair value</u>
<b>Financial assets</b>		
Non-current trade and other receivables	12,916	12,916
Current trade and other receivables	58,834	58,834
Current financial assets	5,147	5,147
Cash and cash equivalents	14,870	14,870
<b>Total</b>	<b>91,767</b>	<b>91,767</b>
<b>Financial liabilities</b>		
Non-current bank borrowings	23,394	23,394
Other non-current financial liabilities	2,119	2,119
Other non-current liabilities	-	-
Current bank borrowings	23,131	23,131
Trade payables	41,521	41,521
Other current financial liabilities	5,190	5,190
Other current liabilities	18,136	18,136
<b>Total</b>	<b>113,491</b>	<b>113,491</b>

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

## 21) Financial and market risk management

The main financial instruments used by the Group are bank borrowings, current accounts and current financial payables to the controlling shareholder Fondazione Fiera Milano.

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

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

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

The exposure of the Group to different types of risk is described below.

### 21.1 Credit risk

Credit risk is represented by Group exposure to potential losses from the non-fulfilment of obligations undertaken by counterparties. Credit risk is adequately monitored, as is that pertaining to the cash management that characterises the business of the Group. Fiera Milano hosts and organises exhibitions that are leaders in their sector and, therefore, the loyalty of exhibitors is high. For the Parent Company, Fiera Milano SpA, the current system means that all receipts from exhibitors flow

into the Fiera Milano SpA accounts and it is Fiera Milano SpA that retrocedes to its clients/organisers the amounts due them.

As regards the companies operating in the Stand-fitting Services and Media segments, part of the services supplied to exhibition organisers is invoiced and received on behalf of the individual Group companies by Fiera Milano SpA. In all cases the companies of the Stand-fitting Services and Media segments carry out the normal solvency checks on potential clients and any amount due is constantly monitored by the relevant departments in order to implement any recovery action deemed necessary.

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

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

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

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

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

## 21.2 Liquidity risk

Although the Group has taken measures to ensure that it has adequate levels of working capital and liquidity, any contraction in business volumes due to the seasonality and cyclicity that characterises the sector could have an impact on the financial results and on the Group's ability to generate liquidity. There was an increase in Group net debt at 30 June 2016 due to the less favourable exhibition calendar which meant lower pre-payments from exhibition organisers wishing to take part in exhibitions. The seasonality in financial requirements depends on the exhibition calendar and results in higher cash absorption in the summer months of July and August with a gradual return to more normal levels for the Group in subsequent months.

The aim of risk management at Fiera Milano SpA is, despite its net debt, to guarantee an adequate level of liquidity, minimising the opportunity cost and maintaining a balance in terms of the duration and composition of debt. Over the years, the Parent Company, in order to cover the investments made, has taken out a series of loans of two to five years. The Group believes that it will continue to follow this borrowing strategy in the remaining months of 2016 in order to meet financial requirements necessitated also by the repayment of *tranches* of debt that become due.

As described in Note 12, the financing given to the Parent Company by Banca Popolare di Milano SpA on 6 December, the outstanding amount of which was Euro 8.801 million at 30 June 2016, is subject to financial covenants that are measured on an annual basis; these financial indicators will next be measured on the 2016 Financial Statements. The existing credit lines from banks, together with the forecast operating cash flows, are currently considered adequate to cover short-term financial requirements despite the peak periods of cash absorption that are mainly concentrated in the months when no exhibitions are held. The latter are covered also by the use of the interest bearing current account held with the controlling shareholder Fondazione Fiera Milano through the granting of temporary extensions for the advance payment of the rent for the exhibition sites.

During the semester under review, non-current financing was renegotiated and extended to obtain better financial terms and to achieve a better balance in the debt expiry dates.



The financial stability of the Group is also linked to reaching the targets in the industrial plan and to the performance of the general economy. Any assessment of the latter involves an evaluation of the outcome of future events and circumstances which by their very nature are uncertain.

### **21.3 Market risk**

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

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

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

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

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

As in the previous financial year, this risk is considered to be insignificant even though the Group is active in international markets. This is because the Group has no bank borrowings in foreign currencies. Furthermore, exchange rate risk is very limited in the foreign businesses because in every country the costs and revenues of Group companies are both in the exchange rate of the country of operations and is mainly due to infragroup transactions for payments for cost sharing agreements, which give rise to exchange rate risks in the company that uses a different exchange rate from that of the infragroup transaction.

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

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

The Interim Report on Operations provides details of the Administration Order served on Nolostand SpA.

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

### **Guarantees given**

These totalled Euro 6.408 million and were as follows:

- Euro 2.921 million for the guarantee given by Fiera Milano Congressi SpA to the Tax Authority to offset the VAT as part of the Group payment;
- BRL (Brazilian reals) 5.500 million, equivalent to Euro 1.532 million for the guarantee given by the Parent Company to Banco BNP Paribas Brasil SA on behalf of the subsidiary Cipa Fiera Milano Publicações e Eventos Ltda to cover the bank loans given by the bank;

- Euro 1.243 million for the bank guarantee given to Expo 2015 SpA by the Raggruppamento Temporaneo di Imprese, which includes Nolostand SpA, Fiera Milano Congressi SpA and Siram SpA, for the contractual obligations in the TCP1 (Congress Centre) and TCP2 (Auditorium) contracts;
- Euro 0.625 million of guarantees for rental contracts for the subsidiaries Nolostand SpA, Fiera Milano Congressi SpA and Fiera Milano Media SpA;
- Euro 0.087 million for other guarantees.

### **Potential liabilities**

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

## INCOME STATEMENT

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

### REVENUES

#### 23) Revenues from sales and services

The breakdown of revenues was as follows:

<b>Revenues from sales and services</b>	(€'000)		
	<b>1st Half 2016</b>	<b>1st Half 2015</b>	<b>Change</b>
Sales of exhibition space	49,625	54,073	(4,448)
Rental of stands, fittings and equipment	31,154	43,109	(11,955)
Exhibitor fees	21,042	39,030	(17,988)
Catering and canteen services	11,687	13,140	(1,453)
Revenues from exhibition and congress organisation services	5,911	7,473	(1,562)
Advertising space and services	5,795	6,534	(739)
Exhibition site services	4,665	5,055	(390)
Miscellaneous fees and royalties	2,006	3,792	(1,786)
Supplementary exhibition services	1,539	2,840	(1,301)
Administrative, telephone and internet services	1,401	1,188	213
Access surveillance and customer care services	1,384	1,626	(242)
Exhibition insurance services	1,354	1,879	(525)
Congress organisation	468	529	(61)
Ticket office sales	324	702	(378)
Multimedia and on-line catalogue services	300	562	(262)
<b>Total</b>	<b>138,655</b>	<b>181,532</b>	<b>(42,877)</b>

The lower revenues were due to the less favourable exhibition calendar in the semester under review compared to the first semester 2015, which included the directly organised exhibition Tuttofood and the hosted exhibition Made Expo, the triennial exhibitions Ipack-Ima and Plast and the revenues from contracts linked to Expo 2015. The performances of the annual directly organised exhibitions, HOMI and BIT also contributed to the decrease in revenues. This was, in part compensated by the biennial exhibition held in even numbered years, Mostra Convegno Expocomfort, and by the strong performance of some exhibitions hosted in the semester under review, including the Salone del Mobile, in the Rho exhibition site.

This entry includes Euro 0.124 million of related-party transactions (Euro 0.199 million at 30 June 2015). Further details are given in Note 38 on related-party transactions.

### OPERATING EXPENSES

#### 24) Costs of materials

The breakdown was as follows:

<b>Cost of materials</b>	(€'000)		
	<b>1st Half 2016</b>	<b>1st Half 2015</b>	<b>Change</b>
Subsidiary materials and consumables	932	3,346	(2,414)
Printed materials, forms and stationery	262	434	(172)
Raw materials	65	163	(98)
Finished goods and packaging	9	15	(6)
Change in inventories of raw materials	21	(26)	47
<b>Total</b>	<b>1,289</b>	<b>3,932</b>	<b>(2,643)</b>

The decrease was mainly due to lower business volumes in the period under review.

## 25) Costs of services

The breakdown was as follows:

<b>Cost of services</b>	(€'000)		
	<b>1st Half 2016</b>	<b>1st Half 2015</b>	<b>Change</b>
Stands and equipment for exhibitions	12,852	17,519	(4,667)
Equipment hire	11,996	15,593	(3,597)
Catering services	9,255	10,127	(872)
Advertising	5,045	4,979	66
Energy costs	4,776	5,417	(641)
Maintenance	3,898	4,232	(334)
Technical, legal, commercial and administrative services	3,634	5,035	(1,401)
Security and gate services	2,971	3,452	(481)
Cleaning and waste disposal	2,787	3,446	(659)
Insurance	1,569	1,961	(392)
Telephone and internet expenses	1,202	1,370	(168)
Ticketing	1,021	1,372	(351)
IT services	844	759	85
Transport	790	938	(148)
Technical assistance and ancillary services	685	778	(93)
Conference and congress services	212	468	(256)
Collateral events connected to exhibitions	200	92	108
Remuneration of Statutory Auditors	118	100	18
Expenses for statutory bodies	12	77	(65)
Change in suspended costs for future exhibitions	(1,683)	2,099	(3,782)
Other	6,251	7,678	(1,427)
Uses of provisions	(332)	(54)	(278)
<b>Total</b>	<b>68,103</b>	<b>87,438</b>	<b>(19,335)</b>

The entry for costs of services mainly included costs for managing the exhibition sites during the mounting, running, and dismantling of exhibitions and congresses.

The figure decreased by Euro 19.335 million compared to the figure at 30 June 2015 in correlation to the lower exhibition and congress business volumes.

The entry includes Euro 0.651 million (Euro 0.544 million at 30 June 2015) for related-party transactions. Further details on related-party transactions are given in Note 38.

## 26) Cost of use of third-party assets

The breakdown of these costs was as follows:

<b>Cost of use of third-party assets</b>	(€'000)		
	<b>1st Half 2016</b>	<b>1st Half 2015</b>	<b>Change</b>
Rents and expenses for exhibition and congress areas	23,039	28,524	(5,485)
Other rental expenses	2,246	2,202	44
Vehicle hire	306	347	(41)
Lease of company division	113	124	(11)
Office equipment and photocopier hire	28	50	(22)
Other lease expenses	1	3	(2)
Uses of provisions	(805)	(216)	(589)
<b>Total</b>	<b>24,928</b>	<b>31,034</b>	<b>(6,106)</b>

The rents and expenses for exhibition and congress areas included Euro 22.944 million for the rent payable to the controlling shareholder Fondazione Fiera Milano.

Other rental expenses included the rent of Euro 0.971 million for the Palazzo Italia in Berlin and Euro 0.941 million for the rent payable for the warehouses of Nolostand SpA.

The decrease in the total figure was primarily due to the lower rent payable for the **fieramilano** exhibition due to the absence of the additional rent payable only in 2015 because of the presence of Expo 2015.

The entry includes Euro 22.944 million (Euro 27.872 million at 30 June 2015) for related-party transactions. Further details on related-party transactions are given in Note 38.

## 27) Personnel expenses

The breakdown of personnel costs was as follows:

<b>Personnel expenses</b>	(€'000)		
	<b>1st Half 2016</b>	<b>1st Half 2015</b>	<b>Change</b>
Salaries and remuneration	15,608	19,168	(3,560)
Social Security payments	4,929	6,007	(1,078)
Redundancy incentives	1,550	2,606	(1,056)
Directors' remuneration	814	868	(54)
Defined contribution plan charges	730	835	(105)
External and temporary employees	179	464	(285)
Defined benefit plan charges	267	170	97
Expenses for seconded personnel	193	20	173
Other expenses	419	625	(206)
Uses of provisions	(1,534)	(245)	(1,289)
<b>Total</b>	<b>23,155</b>	<b>30,518</b>	<b>(7,363)</b>

Salaries and remuneration and social security payments decreased due to the savings from the reorganisation implemented towards the end of 2015, and the lower redundancy incentives and variable remuneration in the Parent Company.

This entry includes Euro 0.054 million (Euro 0.020 million at 30 June 2015) for related-party transactions. Further details on related-party transactions are given in Note 38

The breakdown of the average number of employees (including those on fixed-term contracts) was as follows:

<b>Breakdown of personnel by category</b>			
	<b>1st Half 2016</b>	<b>1st Half 2015</b>	<b>Change</b>
Managers	39	48	(9)
Middle managers and white collar workers	740	793	(53)
<b>Total personnel</b>	<b>779</b>	<b>841</b>	<b>(62)</b>

## 28) Other operating expenses

The breakdown of other operating expenses was as follows:

<b>Other operating expenses</b>	<b>(€'000)</b>		
	<b>1st Half 2016</b>	<b>1st Half 2015</b>	<b>Change</b>
Doubtful receivables	1,239	1,310	(71)
Local taxes	1,222	1,390	(168)
Contributions and donations	244	240	4
Copyright royalties (SIAE)	179	139	40
Municipal tax on advertising	129	150	(21)
Gifts and promotional merchandise	62	130	(68)
Balancing item from closure of prior year exhibition accounts	35	51	(16)
Losses on intangible assets	7	39	(32)
Other expenses	661	537	124
Uses of provisions	(1,291)	(1,268)	(23)
<b>Total</b>	<b>2,487</b>	<b>2,718</b>	<b>(231)</b>

The entry includes Euro 0.441 million (Euro 0.435 million at 30 June 2015) for related-party transactions. Further details on related-party transactions are given in Note 38.

## 29) Other income

The breakdown of other income was as follows:

<b>Other income</b>	<b>(€'000)</b>		
	<b>1st Half 2016</b>	<b>1st Half 2015</b>	<b>Change</b>
Other recovered costs	563	355	208
Insurance indemnities	432	4	428
Office rent and expenses	239	735	(496)
Recovery of expenses for seconded employees	106	127	(21)
Capital gains on non-current assets	-	7	(7)
Other income	291	206	85
<b>Total</b>	<b>1,631</b>	<b>1,434</b>	<b>197</b>

The change in the entry for insurance indemnities was for insurance payments received for the damage caused by bad weather to the MiCo Congress Centre.

The decrease in the entry for office rent and expenses was because first semester 2015 figure included the rental contract for office space given to Expo 2015.

The entry includes Euro 0.731 million (Euro 0.098 million at 30 June 2015) for related-party transactions. Further details on related-party transactions are given in Note 38.

## 30) Result of equity accounted companies

This entry totalled Euro 0.358 million (Euro 1.172 million at 30 June 2015) with a positive contribution of Euro 0.955 million from the joint venture investment with Deutsche Messe AG and a negative contribution of Euro 0.597 million from Ipack-Ima Srl.

## 31) Depreciation and amortisation

### Depreciation of property, plant and equipment

This was Euro 2.042 million (Euro 3.340 million at 30 June 2015).

The entry includes a negative figure of Euro 0.017 million (negative for Euro 0.004 million at 30 June 2015) for the use of risk provisions made to cover obligations relating to the entry for depreciation of the Palazzo Italia.

Details of depreciation are given in the Notes to the Accounts under the entry property, plant and machinery.

### Amortisation of intangible assets

Amortisation of intangible assets totalled Euro 2.033 million (Euro 3.128 million at 30 June 2015). Details of amortisation are given in the note on intangible assets.

### 32) Adjustments to asset values

<b>Adjustments to asset values</b>	(€'000)		
	<b>1st Half 2016</b>	<b>1st Half 2015</b>	<b>Change</b>
Impairment of goodwill on acquisitions	-	6,216	(6,216)
Impairment of exhibition trademarks and publications	1,899	1,781	118
<b>Total</b>	<b>1,899</b>	<b>7,997</b>	<b>(6,098)</b>

The impairment tests on intangible assets with a finite useful life resulted in adjustments to exhibition trademarks of Euro 1.899 million. The breakdown was as follows:

- Euro 0.508 million for the publication *Food & Beverage* giving a residual value of Euro 3.648 million;
- Euro 1.391 million for the Good Food & Wine show trademark belonging to Fiera Milano Exhibitions Africa PTY Ltd giving a residual value of Euro 1.469 million.

Further details are provided in Note 5.

### 33) Provision for doubtful receivables and other provisions

Changes in this entry are shown in the following table:

<b>Provision for doubtful receivables and other provisions</b>	(€'000)		
	<b>1st Half 2016</b>	<b>1st Half 2015</b>	<b>Change</b>
Write-downs of receivables provisions	750	614	136
	<i>750</i>	<i>614</i>	<i>136</i>
Personnel disputes provisions	250	-	250
	<i>250</i>	<i>-</i>	<i>250</i>
Provisions for personnel reorganisation provisions	36	468	(432)
	<i>36</i>	<i>468</i>	<i>(432)</i>
Other legal disputes provisions	(71)	177	(248)
	<i>49</i>	<i>177</i>	<i>(128)</i>
release of excess provisions	<i>(120)</i>	<i>-</i>	<i>(120)</i>
<b>Total</b>	<b>965</b>	<b>1,259</b>	<b>(294)</b>

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

### 34) Financial income and expenses

<b>Financial income and expenses</b>	<b>(€'000)</b>		
	<b>1st Half 2016</b>	<b>1st Half 2015</b>	<b>Change</b>
Exchange rate gains	890	598	292
Interest income from cautionary deposits related to the rent of the exhibition site	17	26	(9)
Interest income on bank deposits controlling shareholder	15	15	-
	2	5	(3)
Other financial income subsidiaries	10	-	10
Other financial income	60	48	12
<b>Total income</b>	<b>994</b>	<b>692</b>	<b>302</b>
Interest payable on bank accounts	544	1,318	(774)
Exchange rate losses	188	887	(699)
Interest payable on the current account with the controlling shareholder Fondazione Fiera Milano	77	503	(426)
Charges on discounting defined benefit plans	101	82	19
Other financial expenses	223	52	171
Uses of provisions	(53)	-	(53)
<b>Total expenses</b>	<b>1,080</b>	<b>2,842</b>	<b>(1,762)</b>
<b>Balance financial income (expenses)</b>	<b>(86)</b>	<b>(2,150)</b>	<b>2,064</b>

The lower financial expenses were mainly in the Parent Company and were the result of lower debt. This entry includes Euro 0.077 million of financial costs and Euro 0.029 million of financial income from related-party transactions (a negative figure of Euro 0.472 million at 30 June 2015). Further details are given in Note 38 on related-party transactions.

### 35) Income tax

<b>Income tax</b>	<b>(€'000)</b>		
	<b>1st Half 2016</b>	<b>1st Half 2015</b>	<b>Change</b>
Current income tax	1,813	3,260	(1,447)
Deferred income tax	3,447	2,228	1,219
<b>Total</b>	<b>5,260</b>	<b>5,488</b>	<b>(228)</b>

Current income tax decreased mainly because of the lower taxable income of NoloStand. The change in deferred income tax in the period reflects the release to profit and loss of the tax assets for pre-paid taxes in the Parent Company for taxable income in the semester.

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

The net profit in the first semester of 2016 was Euro 8.397 million compared to Euro 3.148 million in the first semester of 2015.

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

Basic earnings per share rose from Euro 0.0950 in the first semester 2015 to Euro 0.1202 in the first semester 2016 and was calculated by dividing the net profit by the average weighted number of shares of Fiera Milano SpA in circulation in each period.



	<b>1st Half 2016</b>	<b>1st Half 2015</b>
Profit/(loss) (€'000)	8,564	3,946
Average no. of shares in circulation ('000)	71,273	41,521
Basic earnings/(losses) per issued share (€)	0.1202	0.0950
Earnings/(losses) per fully diluted no. of shares (€)	0.1202	0.0950

The number used as the numerator to calculate basic earnings per share and diluted earnings per share was Euro 8.564 million in the period to 30 June 2016 (Euro 3.946 million for the first semester 2015).

The average weighted number of ordinary shares used to calculate basic earnings per share and diluted earnings per share, and the relative reconciliation of the two figures, was the following:

('000)	<b>1st Half 2016</b>	<b>1st Half 2015</b>
Weighted average no. of shares used for calculation of EPS	71,273	41,521
+ Potential no. of shares issued without payment	-	-
Weighted average no. of shares used to calculate diluted EPS	71,273	41,521

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

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

As part of its corporate governance, Fiera Milano SpA has adopted *Principles of Conduct regarding Related-party Transactions* as described in the *Report on corporate governance and ownership structure*, which is part of the Board of Directors' Management Report in the 2015 Annual Report.

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

All the Italian subsidiaries, the consolidated companies, opted for the Italian tax consolidation procedure for IRES, which has a mandatory duration of three financial years.

The tax consolidation procedure gives Fiera Milano Group a definite economic and financial benefit, particularly in allowing the immediate use of the tax losses of the Group generated in the financial years in which the option is available, to offset the profits of the consolidated companies, giving an immediate tax saving.

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

In the Statement of Financial Position and the Income Statement, the amounts for related-party positions or transactions, if material, are shown separately. Given the total amount of statement of financial position and income statement items, the Group has decided that Euro 2.000 million is the

material threshold above which separate disclosure must be made for equity items and Euro 1.000 million for economic items.

Detailed information on related-party transactions is given below with different sections for related-party transactions with the controlling shareholder Fondazione Fiera Milano, with joint venture entities, and other related-party transactions that are not consolidated.

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

Recurring transactions are summarised below.

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

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

On 18 January 2003, Fiera Milano SpA signed a lease agreement with Fondazione Fiera Milano for the Rho exhibition site. The same agreement established the terms of the lease for the downtown site, giving an effective date of 1 January 2006 in the contracts for both exhibition areas.

Initially cancellation of the contracts had to be notified eighteen months prior to the expiry of the contracts on 31 December 2014. On 31 March 2014 new rental agreements for the exhibition sites of Rho and Milan were signed. The new rental agreements are for nine years effective from 1 July 2014 (following the agreed early termination of the existing lease agreements due to expire on 31 December 2014) and may be automatically renewed for a further nine years.

Under the rental agreement for the Rho exhibition site, compared to the previous agreement that was valid until 30 June 2014, the rent was reduced by Euro 2.000 million in the second semester of 2014 and by Euro 14.000 million for the full-year 2015 and for each subsequent year of the agreement. Therefore, the rent was Euro 24.400 million for the second semester of 2014 and Euro 38.800 million from 2015 and for each subsequent year of the agreement annually adjusted for 100% of the change in the ISTAT consumer price index. For 2015 alone, because of the presence of Expo 2015 and the positive impact on the exhibition business of Fiera Milano, the agreement stipulated that Fondazione Fiera Milano would be paid an additional rent.

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

As the transaction was a transaction of greater importance under Article 5 of Consob Regulation no. 17221 of 2010 on related-party transactions and of Article 10.2 of the Procedure regarding transactions with related parties adopted by Fiera Milano, it was carried out under the Procedure for related-party transactions and, on 21 March 2014, an Information Document for a related-party transaction of greater importance ("Information Document OPC") was published.

To ensure that market conditions applied, the rental agreements were prepared by Fiera Milano SpA using valuations done by an independent expert.

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

On 24 January 2000, Fondazione Fiera Milano signed a contract with Fiera Milano Congressi SpA, valid until 31 December 2012, relating to the availability of part of Pavilion 17 in the downtown exhibition site. On 15 March 2005, this contract was updated to reflect the expansion of the congress centre activities hosted in Pavilion 17 of the downtown site. The new agreement between the controlling shareholder Fondazione Fiera Milano and Fiera Milano Congressi SpA was valid until 30 June 2011 and renewable until 30 June 2017. At the first lease expiry date, the cancellation option, which expired on 30 June 2011, was not exercised. Under the new agreement, Fiera Milano Congressi SpA pays a fixed annual rent to which is added a variable portion that is dependent on achieving a specified level of revenues.

The annual fixed rent for Pavilion 17 of the downtown exhibition site is Euro 0.350 million (updated annually to reflect the ISTAT consumer price index) whilst the variable component is 5% of the revenues over and above Euro 15.000 million generated by the subsidiary Fiera Milano Congressi.

On 18 May 2009, Fondazione Fiera Milano signed a preliminary contract with Fiera Milano Congressi SpA for the use of Pavilions 5 and 6 within the downtown site; this area was used to build the new congress centre, called MiCo – South Wing, which was inaugurated in May 2011 and which, together with the congress areas of Pavilion 17, is called MiCo – Milano Congressi. The final lease agreement for the area known as MiCo – Milano Congressi South Wing (the former pavilions 5 and 6) was agreed in 2012 and is effective for nine years with the initial period running from 1 May 2011. The contract is automatically renewed for a further nine years unless terminated by one of the parties. The full annual rent was fixed at Euro 3.000 million with a variable component of 5% of the excess revenues realised by Fiera Milano Congressi SpA in the centre compared to the revenue targets in its 2011–2014 industrial plan. The rent is adjusted annually by an amount equal to 100% of the change in the ISTAT consumer price index of the previous year. Under the contract there was a reduction in the full rent for the first four years of the contract. The rent for the first year was fixed at Euro 0.750 million and then rises annually by Euro 0.750 million in each of the subsequent three years to reach the agreed full rent of Euro 3.000 million. The full rent was reached for pavilions 5 and 6 of the downtown site and, therefore, from the 2015 financial year no variable component of rent has been payable.

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

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

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

On 20 June 2016, the Executive Committee of Fondazione Fiera Milano approved, with effect from the 2016 financial year and for the three-year period 2016-2018, adoption of the tax consolidation with it acting as the consolidating entity and proposed to Fiera Milano S.p.A. and to its Italian subsidiaries, Fiera Milano Media, Nolostand, and Fiera Milano Congressi that meet the necessary control requirements that they adhere to the tax consolidation as consolidated entities.

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

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

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

### **VI. Licence contracts for use of the Fiera Milano brand name**

On 17 December 2001, Fondazione Fiera Milano, as owner of the "Fiera Milano" brand name granted Fiera Milano SpA an exclusive licence for the use of the said brand name in order to typify its own activities, also through its use on headed paper, on its commercial material, and to differentiate its

headquarters and offices. The licence has been granted for Italy and all countries and locations where the brand name has been or will be registered or lodged.

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

This licence is valid until 31 December 2017 with automatic renewal for a further fifteen years, unless cancelled by one of the parties.

## **VII. Current account with Fiera Milano SpA**

The parties settle receipts and payments under the contracts existing between them, in particular the rental payments for the exhibition sites and the services provided by each party to the other, through a current account on which interest is paid at market rates. This, with the prior consent of the controlling shareholder Fondazione Fiera Milano, allows the Company to have temporary extensions in the payment periods for the rent, which allows it to optimise its cash management and gives it greater flexibility in negotiating loan spreads with the banks. Since the financial year ended 31 December 2012, the current account has mainly been used for payments and particularly for the six-monthly rent payable for the exhibition sites.

### **Transactions with joint ventures**

On 20 April 2016, Hannover Milano Global Germany GmbH, a joint-venture between Fiera Milano SpA and Deutsche Messe AG, at the same time as approving the 2015 Financial Statements approved a dividend distribution of Euro 7.200 million. The amount of Euro 2.939 million payable to the Fiera Milano Group was paid on 15 July 2016.

Fiera Milano SpA and Ipack-Ima Srl, a joint venture with UCIMA, signed a financing agreement for a maximum amount of Euro 3.000 million on 21 February 2016 that will expire on 21 February 2017 with an agreement for tacit renewal. The interest payable is three-month Euribor plus a spread of 220 basis points. As part of the agreement, on 22 February 2016, Fiera Milano SpA transferred to Ipack-Ima Srl Euro 1.000 million and, on 8 June 2016, Euro 1.200 million.

### **Transactions with other related-parties**

Transactions with other related parties are carried out as part of normal operations and are governed by market conditions.

The financial, capital and economic transactions conducted with related parties that are not consolidated are shown in the following table.

Related party entries in the Statement of Financial Position and Income Statement at 30 June 2016 (€'000)																
	Trade and other non-current receivables	Trade and other receivables	Inventories	Current financial assets	Other non-current financial liabilities	Pre-payments	Other current financial liabilities	Other current liabilities	Revenues from sales and services	Cost of services	Cost of use of third-party assets	Personnel Expenses	Other operating expenses	Other income	Financial income and similar	Financial expenses and similar
<b>Controlling shareholder and other Group companies</b>																
Fondazione Fiera Milano	11,993	6,045					4,256	2,374	30	641	22,944	54	441	731	19	77
<b>Jointly controlled companies</b>																
Hannover Milano Gbbl Germany GmbH				2,939												
Ipack-Ima Srl		108	6	2,208		11		28	94	10					10	
<b>Other related parties</b>																
Yinos QI					1,927											
<b>Total related parties transactions</b>	<b>11,993</b>	<b>6,153</b>	<b>6</b>	<b>5,147</b>	<b>1,927</b>	<b>11</b>	<b>4,256</b>	<b>2,402</b>	<b>124</b>	<b>651</b>	<b>22,944</b>	<b>54</b>	<b>441</b>	<b>731</b>	<b>29</b>	<b>77</b>
<b>Total reported</b>	<b>12,916</b>	<b>58,834</b>	<b>3,861</b>	<b>5,147</b>	<b>2,119</b>	<b>27,658</b>	<b>5,190</b>	<b>18,136</b>	<b>138,655</b>	<b>68,103</b>	<b>24,928</b>	<b>23,155</b>	<b>2,487</b>	<b>1,631</b>	<b>994</b>	<b>1,080</b>
% Rel. party transactions/Total reported	93%	10%	-	100%	91%	-	82%	13%	-	1%	92%	0%	18%	45%	3%	7%

	(€'000)	
<b>Statement of related party cash flow</b>	<b>30/06/16</b>	<b>30/06/15</b>
<b>Cash flow from operating activities</b>		
Revenues and income	855	297
Costs and expenses	(24,090)	(28,871)
Interest receivable	29	31
Interest payable	(77)	(503)
Changes in trade and other receivables	(686)	(907)
Change in other current liabilities	(3,419)	2,393
<b>Total</b>	<b>(27,388)</b>	<b>(27,560)</b>
<b>Cash flow from investment activities</b>		
Investments in non-current activities		
. Tangible and intangible	-	-
. Other non-current assets	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
<b>Cash flow from financing activities</b>		
Change in financial (assets)/liabilities	(16,040)	12,774
<b>Total</b>	<b>(16,040)</b>	<b>12,774</b>
<b>Cash Flow in the period</b>	<b>(43,428)</b>	<b>(14,786)</b>

The table below shows cash flow from related party transactions:

	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities
1st Half to 30.06.16:			
Total	(20,134)	(3,406)	(16,402)
Related party transactions	(27,388)	-	(16,040)
1st Half to 30.06.15:			
Total	28,544	(1,906)	(21,131)
Related party transactions	(27,560)	-	12,774

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

### Acquisition of treasury shares

In July 2016, the Parent Company proceeded with the share buy-back that began in the second quarter of the year using the authority given it by the Ordinary Shareholders' Meeting of 28 April 2016. In the period subsequent to 30 June 2016, the Parent Company acquired 100,185 treasury shares at an average price of Euro 1.56 per share. At the date of the present Half-year Financial Report, the Company holds directly and indirectly 751,193 treasury shares, equal to 1.04% of the share capital.

### Other information

On 6 July 2016, the Milan Tax Squad notified the subsidiary Nolostand SpA of an Administration Order issued by the Milan Tribunal on 23 June 2016, under Article 34, paragraph 2 of Legislative Decree 159/2011 (anti-mafia laws and prevention measures, including new provisions covering anti-mafia documentation in accordance with Articles 1 and 2 of Legislative Decree of 13 August 2010 no. 136). Under the law the order aims to protect the assets of Nolostand SpA from any potential infiltration and/or collusion. The measure, which is a preventive measure, has been put in place for a period of six months.

Under the provisions of the tribunal decree, the Court-appointed Administrator will ensure his/her presence in the company and maintain regular contact with the directors of the company, with management and with the head of internal audit, and monitor and approve any changes in personnel, issue authorisations for contractual terminations and the stipulation of new contracts with suppliers, oversee payments to suppliers and verify the service supplied by contractors while requiring the director of the company to implement initiatives aimed at combating any potential infiltration.

The measure is effective for a given maximum amount of time which, in the case in question, is six months that may be extended for a further six months but no more in accordance with Legislative Decree 159/2011.

In this context and for the sake of completeness, it should be noted that the aforementioned provision is a cautionary measure of a provisional nature that is primarily aimed at conserving the value of the company. The Court-appointed Administrator, as a public official, is required to rectify any illegal circumstances that may be present in the business activities and his/her intervention is to protect the assets of the company taking measures, where required, to guarantee operational continuity. In other words, the function of the Court-appointed Administrator is to prevent any specific economic activity that suggests the existence of mafia activity or that could provide a means of mafia infiltration, either on a purely financial level or for greater control of the territory and market, with the inevitable consequence that this infiltration would spread to businesses and sectors that are operating within the law. The subsidiary Nolostand SpA, will continue to operate normally and carry on its regular business activities under the control and supervision of the Court-appointed Administrator and, at the same time, the management body will continue with the same powers. This also means that Fiera Milano SpA will maintain control of the company and that it will be consolidated under the appropriate accounting standards.

The Administration Order issued to Nolostand SpA aims to ascertain the existence and true extent of indications of organised crime in the contractual relationships with a supplier and some of the latter's associates.

The Fiera Milano Group will collaborate fully with the Court-appointed Administrator of Nolostand SpA also in order to continue, as part of the strategic guidelines of the Group, its ongoing business.

At this moment in time, on the basis of information available and given what has been written in the section on risk factors pertaining to the outcome of the court-appointed administration of Nolostand SpA in the Illustrative Notes, the potential impact of this provision on the equity and financial position of the Group and on the ongoing activities of Fiera Milano and the Group as a whole has been judged as insignificant.

#### 40) Other information

##### Non-recurring events and transactions

There were no non-recurring events or transactions of significance in the semester under review

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

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

Since 1 May 2015, executives with strategic responsibilities have been identified as the Directors, the Statutory Auditors, and the Manager responsible for preparing the company accounts in the Parent Company. Until 30 April 2015, executives with strategic responsibilities of the Parent Company also included the members of the Supervisory Committee whilst for the subsidiaries they included Managing Directors, Sole Directors and executive managers.

The total remuneration for this category of Executives in the first semester 2016 was Euro 0.960 million (Euro 3.346 million at 30 June 2015) and the breakdown was as follows:

(€'000)			
Remuneration	1st Half 2016		
	Directors	Statutory Auditors	Others
Short-term benefits	475	80	375
Post-employment benefits	12	-	18
Other non current benefits	-	-	-
Staff-leaving indemnities	-	-	-
Notional income from stock option plans	-	-	-
<b>Total</b>	<b>487</b>	<b>80</b>	<b>393</b>

(€'000)			
Remuneration	1st Half 2015		
	Directors	Statutory Auditors	Others
Short-term benefits	679	70	1,074
Post-employment benefits	4	-	58
Other non current benefits	-	-	-
Staff-leaving indemnities	1,461	-	-
Notional income from stock option plans	-	-	-
<b>Total</b>	<b>2,144</b>	<b>70</b>	<b>1,132</b>

At 30 June 2016, the residual amount payable to this category was Euro 0.158 million (Euro 0.130 million at 30 June 2015).

Rho (Milan), 29 July 2016

On behalf of the Board of Directors

The Chairman  
Roberto Rettani

## List of companies included in the consolidation area and other investments at 30 June 2016

Company name and registered office	Main activity	Share capital (000) (*)	Shareholding %			Shareholding of Group companies %
			Group total	Directly held by Fiera Milano	Indirectly held through other Group companies	
<b>A) List of companies included in the area of consolidation</b>						
<b>Parent Company</b>						
<b>Fiera Milano SpA</b>						
Milan, p.le Carlo Magno 1	Organisation and hosting of exhibitions in Italy	42,445				
<b>Fully consolidated companies</b>						
<b>Fiera Milano Media SpA</b>						
Milan, p.le Carlo Magno 1	Media services	2,803	100	100		100 Fiera Milano SpA
<b>Fiera Milano Congressi SpA</b>						
Milan, p.le Carlo Magno 1	Management of congresses	2,000	100	100		100 Fiera Milano SpA
<b>Mico DMC S.r.l.</b>						
Milan, p.le Carlo Magno 1	Management of congresses	10	51		51	51 Fiera Milano Congressi SpA
<b>Nolostand SpA</b>						
Milan, p.le Carlo Magno 1	Stand fitting services	7,500	100	100		100 Fiera Milano SpA
<b>Ipack-Ima SpA</b>						
Rho, S.S. del Sempione km 28	Organisation of exhibitions in Italy	200	100	100		100 Fiera Milano SpA
<b>Eurofairs Internacional Consultoria e Participações Ltda</b>						
São Paulo Brasil, na Avenida Angélica, nº 2350, Sala B, Consolação,	Organisation of exhibitions outside of Italy	R \$ 47,032	100	99.98	0.02	99.98 Fiera Milano SpA 0.02 Nolostand SpA
<b>CIPA Fiera Milano Publicações e Eventos Ltda</b>						
São Paulo Brasil, Av. Angelica	Organisation of exhibitions outside of Italy	R \$ 7,003	100	1	99	99 Consultoria e Participações Ltda 1 Fiera Milano SpA
<b>Fiera Milano Índia Pvt Ltd</b>						
New Delhi, Barakhamba Road, Connaught Place	Organisation of exhibitions outside of Italy	INR 20,000	99.99	99.99		99.99 Fiera Milano SpA
<b>Limited Liability Company "Fiera Milano"</b>						
Moscow, 24 A/1 ul. B. Cherkizovskaya	Organisation of exhibitions outside of Italy	RUB 10,000	100	100		100 Fiera Milano SpA
<b>Fiera Milano Exhibitions Africa Pty Ltd</b>						
Cape Town, The Terraces, Steenberg Office Park, Tokai	Organisation of exhibitions outside of Italy	ZAR 0.2	100	100		100 Fiera Milano SpA
<b>Worldex (China) Exhibition &amp; Promotion Ltd</b>						
Guangzhou, 538 Dezheng Bei Road, Yuxiu District	Organisation of exhibitions outside of Italy	CNY 6,000	75	75		75 Fiera Milano SpA
<b>Haikou Worldex Milan Exhibition Co. Ltd</b>						
Haikou, 12 Lantian Road West	Organisation of exhibitions outside of Italy	CNY 200	74.25		99	99 Worldex Ltd
<b>B) List of jointly controlled companies equity-accounted</b>						
<b>Hannover Milano Global Germany GmbH</b>						
Hannover Germany, Messeelaende	Organisation of exhibitions outside of Italy	25	49	49		49 Fiera Milano SpA
<b>Hannover Milano Fairs Shanghai Co. Ltd</b>						
Shanghai China, Pudong Office Tower	Organisation of exhibitions outside of Italy	USD 500	49		100	100 Hannover Milano Global Germany GmbH
<b>Hannover Milano Fairs China Ltd</b>						
Hong Kong China, Golden Gate Building	Organisation of exhibitions outside of Italy	HKD 10	49		100	100 Hannover Milano Global Germany GmbH
<b>Hannover Milano Fairs India Pvt Ltd</b>						
East Mumbai, Andheri	Organisation of exhibitions outside of Italy	INR 274,640	48.99		99.99	99.99 Hannover Milano Global Germany GmbH
<b>Global Fairs &amp; Media Private Ltd</b>						
New Delhi, Bahadur Shah Zafar Marg 9-10	Organisation of exhibitions outside of Italy	INR 207,523	24.5		50	50 Hannover Milano Fairs India Pvt Ltd
<b>Ipack-Ima Srl</b>						
Rho, S.S. del Sempione km 28	Organisation of exhibitions in Italy	20	49		49	49 Ipack-Ima SpA
<b>C) List of companies accounted at cost</b>						
Company name and registered office	Main activity	Share capital (000) (*)	Shareholding %			Shareholding of Group companies %
			Group total	Directly held by Fiera Milano	Indirectly held through other Group companies	
<b>Esperia SpA</b>						
Rose (Cosenza)	Other activities	1,403	2		2	2 Fiera Milano Media SpA

(\*) Euro or other currencies as specifically indicated



## **Declaration relating to the Interim Condensed Consolidated Financial Statements in accordance with Article 154-*bis* paragraph 5 of Legislative Decree 58/98**

1. The undersigned, Corrado Peraboni, as Chief Executive Officer, and Flaminio Oggioni, as Manager responsible for preparing the Financial Statements of Fiera Milano SpA, declare, having noted the provisions of article 154-*bis*, paragraphs 3 and 4 of Legislative Decree 24 February 1998, no. 58:
  - the suitability in relation to the characteristics of the business and
  - the effective application of the administrative and accounting procedures for the preparation of the Interim Condensed Consolidated Financial Statements for the first semester 2016.
2. The evaluation of the adequacy of the administrative and accounting procedures for the preparation of the Interim Condensed Consolidated Financial Statements at 30 June 2016 is based on a process defined by Fiera Milano SpA, which is consistent with the Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission, which represents the generally accepted international benchmark.
3. It is also declared that:
  - 3.1 the Interim Condensed Consolidated Financial Statements at 30 June 2016:
    - have been prepared in accordance with the applicable international accounting standards recognised by the European Community in accordance with EC Regulation no.1606/2002 of the European Parliament and of the European Council of 19 July 2002;
    - correspond to the results contained in the accounting records and documents;
    - provide a true and correct representation of the capital, economic and financial situation of the Issuer and of all the companies included in the consolidation.
  - 3.2 the interim management report on operations includes a reliable analysis of the significant events of the first six-months of the financial year and their impact on the Interim Condensed Consolidated Financial Statements together with a description of the main risks and uncertainties in the remaining six months of the financial year. The interim management report on operations also includes a reliable analysis of information regarding significant related-party transactions.

29 July 2016

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

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

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

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

### Introduction

We have reviewed the interim condensed consolidated financial statements, comprising the statement of financial position as of 30 June 2016, the statement of comprehensive income, the statement of changes in equity and cash flows for the period then ended and the related illustrative notes of Fiera Milano S.p.A. and its subsidiaries (the "Fiera Milano Group"). The Directors of Fiera Milano S.p.A. are responsible for the preparation of the interim condensed consolidated financial statements in conformity with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

### Scope of Review

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

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements of Fiera Milano Group as of 30 June 2016 are not prepared, in all material respects, in conformity with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34) as adopted by the European Union.

### Emphasis of matter

We draw attention:

- a) to note 39. "Significant events after the end of the reporting period " of the Illustrative Notes to the condensed consolidated financial statements which describes the preventive measure notified by the Milan Tribunal on 6 July 2016 to the subsidiary Nolostand S.p.A.;



- b) to note 38. "Related- party transactions" of the Illustrative Notes to the condensed consolidated financial statements which describes the significant transactions carried out with related parties.

Our conclusion is not modified in respect of these matters.

Milan, 3 August 2016

EY S.p.A.

Signed by: (Federico Lodrini), Partner

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