



Half-year Financial Report at 30 June 2017 (First half of FY2017)

This document is available in the Investor Relations section of the Company website,
www.fieramilano.it

This document contains a faithful translation in English of the original report in Italian "*Relazione finanziaria semestrale al 30 giugno 2017*".

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 2017* 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), 28 July 2017

Contents

	Page
CORPORATE BODIES AND INDEPENDENT AUDITOR	3
BUSINESS MODEL	4
GROUP STRUCTURE	5
HIGHLIGHTS OF THE FIRST SEMESTER 2017	6
REFERENCE SECTOR BACKGROUND	7
FIERA MILANO GROUP HALF-YEAR FINANCIAL REPORT	
• Interim report on operations	
• Summary of results and significant events in the semester	8
• Business performance by operating segment and by geographic area	17
• Information on related-party transactions	23
• Group personnel	23
• Risk factors affecting the Group	23
• Key data of the companies of the Group	31
• Significant events after the end of the reporting period	33
• Business outlook	33
• Interim Condensed Consolidated Financial Statements at 30 June 2017	
• Consolidated Statement of Financial Position	35
• Consolidated Statement of Comprehensive Income	36
• Consolidated Statement of Cash Flows	37
• Consolidated Statement of Changes in Equity	38
• Illustrative notes:	
– Accounting standards and consolidation criteria	39
– Disclosure on subsidiaries, joint ventures and associates	43
– Disclosure on discontinued operations	45
– Segment reporting	46
– Notes to the Interim Condensed Consolidated Financial Statements	49
– Attachment 1 – List of companies included in the consolidation area and other investments at 30 June 2017	81
Declaration relating to the Interim Condensed Consolidated Financial Statements pursuant to Article 154-<i>bis</i> paragraph 5 of Legislative Decree 58/98	82
Independent Auditor's Report	83

Corporate Bodies and Independent Auditor

BOARD OF DIRECTORS

Lorenzo Caprio	Chairperson*
Marina Natale	Chief Executive Officer
Alberto Baldan	Director*
Stefania Chiaruttini	Director*
Gianpietro Corbari	Director*
Francesca Golfetto	Director*
Angelo Meregalli	Director*
Elena Vasco	Director*

* Independent director under Article 148, paragraph 3 of Legislative Decree no. 58 of 24 February 1998 and under the Self-Regulatory Code of the Italian Stock Exchange.

CONTROL AND RISK COMMITTEE

Lorenzo Caprio
Stefania Chiaruttini
Francesca Golfetto
Angelo Meregalli

REMUNERATION AND APPOINTMENTS COMMITTEE

Gianpietro Corbari
Alberto Baldan
Elena Vasco

BOARD OF STATUTORY AUDITORS

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

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

Sebastiano Carbone

SUPERVISORY BOARD UNDER LEGISLATIVE DECREE 231/01

Piero Antonio Capitini
Luigi Bricocoli
Jean Paule Castagno

The Board of Directors was appointed by the Shareholders' Meeting of 21 April 2017 and its mandate will expire with the Shareholders' Meeting to approve the Financial Statements at 31 December 2019.

The Board of Statutory Auditors was appointed by the Shareholders' Meeting of 29 April 2015 and its mandate will 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; it has the power to carry out any transactions it considers appropriate or useful to attain the corporate aims 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, is invested with all the powers under enacted laws and the Company Articles of Association including activities related to external institutional relations.

The Chief Executive Officer has ordinary and extraordinary administrative powers, except for those powers that under enacted laws and the Company Articles of Association are reserved for the Board of Directors.

INDEPENDENT AUDITOR

EY SpA

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

Business model

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 the 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.

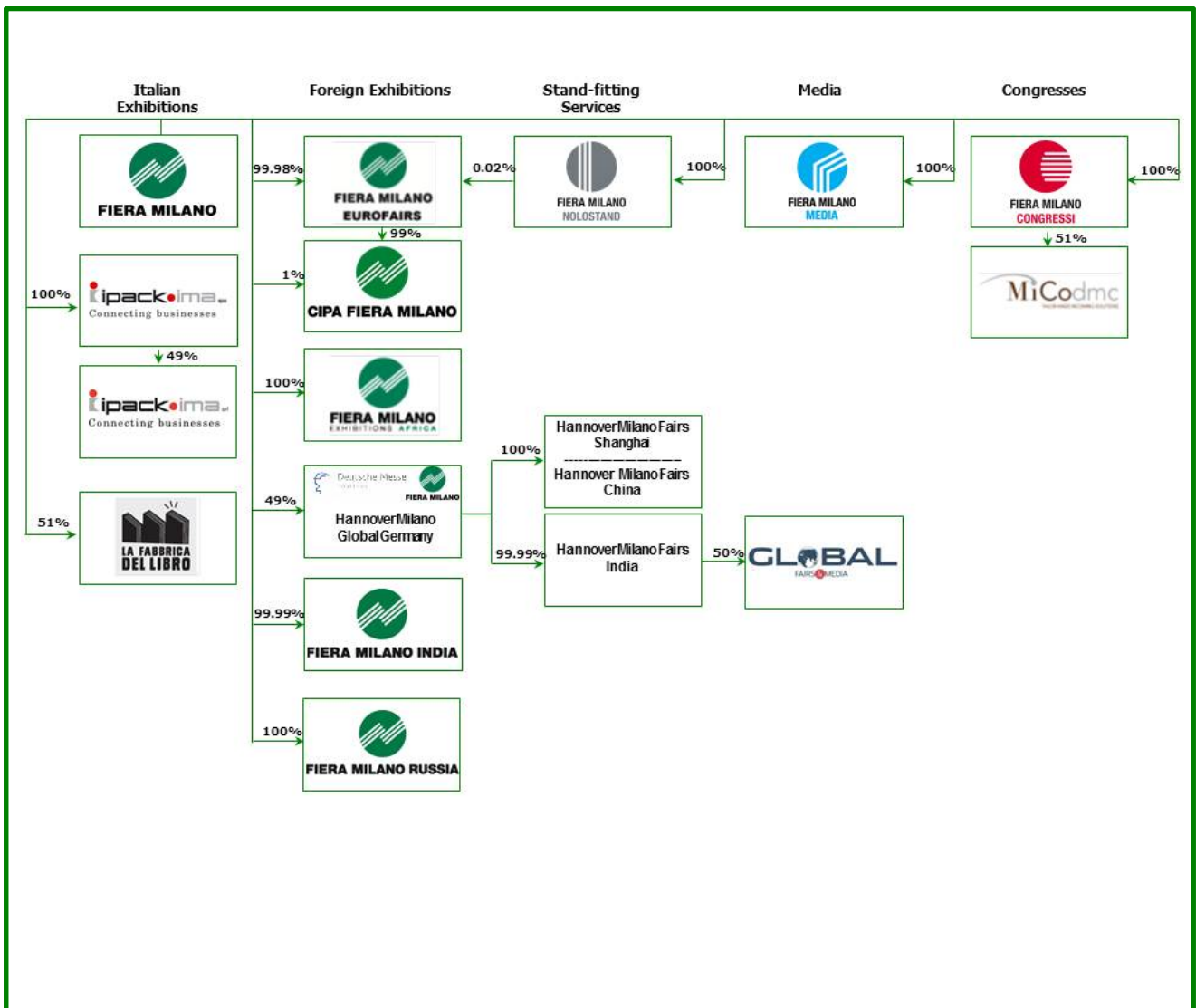
- **Foreign Exhibitions:** this segment covers all activities for the organisation of exhibitions and other events abroad through the use, promotion and offer of furnished exhibition spaces, of project support, and of ancillary services. Specifically this segment includes all activities associated with 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.

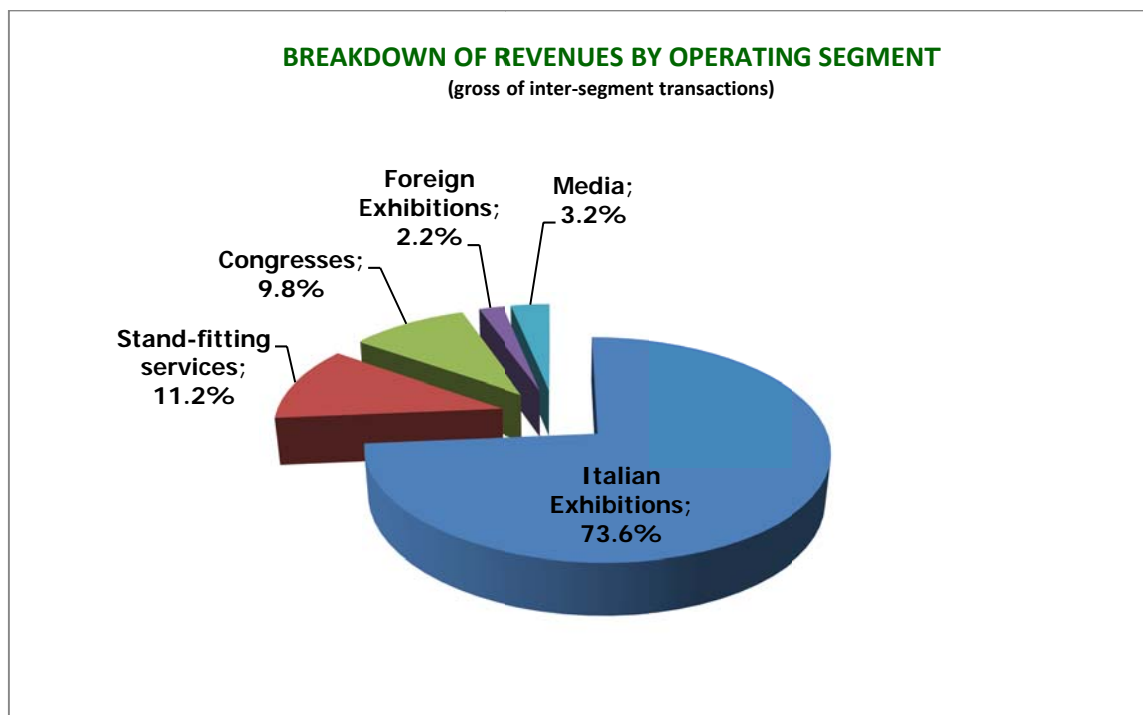
Group structure



Highlights of the first semester 2017

PERFORMANCE

Consolidated revenues: Euro 142 million.



BUSINESS

Number of exhibitions held:
48, of which 14 abroad.

Number of exhibitors:
18,875, of which 3,660 abroad

EXHIBITION SPACE

Net exhibition space occupied:
1,009,245 square metres
of which 142,095 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

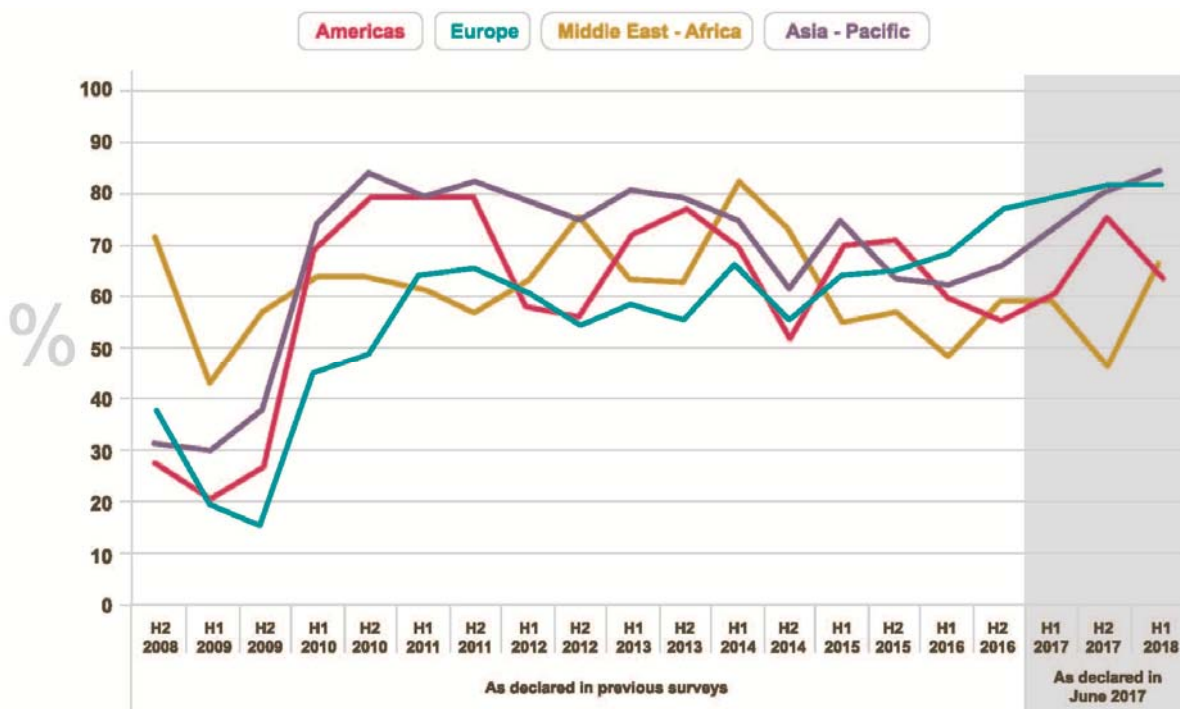
Reference sector background

In July of this year, UFI (the Global Association of the Exhibition Industry) compiled the nineteenth *Global Exhibition Barometer*; since 2008 this research has provided the most updated information on the trend and outlook of the exhibition sector as perceived by its members. The current research reflects the views of 257 participants in 56 countries. The *Global Exhibition Barometer* surveyed expectations for the year-on-year performance of revenues for both semesters in 2017 and for the first semester 2018.

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

- North America revealed an unusual trend with approximately 80% of those surveyed stating that they expected an increase in revenues in the second semester 2017 but only 55% believed that there would be an increase in the first semester 2017 and in the first semester 2018.
- In Central and South America, the situation appears more stable with approximately 70% of the companies surveyed in Brazil and other Latin American countries expecting revenues to rise in the three periods object of the survey.
- In Europe, the majority of countries were positive, in particular Russia and the United Kingdom, and expected revenues to rise in all three periods.
- In the Middle East, only 55% of companies were positive although an increased majority expected revenues to rise in the second semester 2017 and in the first semester 2018. In South Africa, the outlook appears to be deteriorating as only 58% of companies expected an improvement in revenues for the first semester 2017 and fewer companies expected an improvement in the subsequent two semesters.
- In the Asia/Pacific region, the majority of respondents were very optimistic about all three periods except for China and Thailand, which expected a decline in revenues in the first semester 2018.

% of companies declaring an increase in turnover when compared to their projections for the same period the year before (net 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 2016.

Full year at 31/12/16	Fiera Milano Group Summary of key figures (Amounts in € '000)	1st Half at 30/06/17	1st Half at 30/06/16 restated
221,041	Revenues from sales and services	141,870	138,587
3,652	Gross operating result (a)	13,501	21,121
(22,994)	Net operating result (EBIT)	8,418	14,187
(18,674)	Net profit/(loss) (continuing operations)	5,639	8,818
(4,176)	Net profit/(loss) (discontinued operations)	-	(421)
(22,850)	Net profit/(loss)	5,639	8,397
(22,794)	- Attributable to the shareholders of the controlling entity	5,863	8,564
(56)	- Attributable to non-controlling interests	(224)	(167)
3,796	Cash flow of the Group and non-controlling interests (b)	10,722	15,331
99,995	Net capital employed (c)	71,513	126,367
	covered by:		
61,006	Equity attributable to the Group	67,238	92,199
673	Equity attributable to non-controlling interests	161	351
38,316	Net financial debt/(cash) continuing operations and assets held for sale	4,114	33,817
7,387	Investments (continuing operations and assets held for sale)	3,072	3,455
725	Employees (no. of permanent employees at end of period)	680	714

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

Some figures in the Interim Consolidated Financial Statements at 30 June 2016 have been restated to reflect, under IFRS 5, the sale of the Chinese companies, Worldex and Haikou Worldex finalised on 24 April 2017.

The trend in revenues in the first semester 2017 was positive compared to the same semester 2016 and mainly reflected the different exhibition calendar that included the directly organised biennial exhibition Tuttofood and the presence of new exhibitions (Lamiera, Tempo di Libri Milano, Versilia Yachting Rendez-Vous and MAM-Mostra A Milano Arte e Antiquariato). However, this performance was, in part, offset by the slower performance of the stand-fitting segment.

Unlike the figure for revenues, the gross operating profit was lower than in the first semester 2016 mainly due to costs for the consultancy fees for the overhaul of the corporate procedures and for development costs sustained for some proprietary exhibitions, in particular, Bit.

With regard to the foreign businesses, on 22 February 2017, an agreement was signed to sell the 75% shareholding in Worldex Fiera Milano Exhibitions Co. Ltd. operating in China. Under the agreement the sale price was Euro 2.750 million plus an eventual deferred amount of maximum Euro 1.000 million linked to the attainment of certain results in the three-year period 2017-2019. On 24 April 2017, the transaction was finalised when the new business license was awarded by the relevant Chinese authorities. This divestment was part of the decision to concentrate the activities of the Group in China in the existing joint venture with the German company Deutsche Messe.

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

- The Ordinary Shareholders' Meeting of the Parent Company was held on 21 April 2017; it approved the Financial Statements at 31 December 2016 and voted to cover the losses of Euro 25,159,578.92 for the year and the residual losses of Euro 154,268.60 of the previous financial year by using the share premium reserve. It also appointed the new Directors, who will hold office for the 2017-2019 financial years, decided the remuneration of the Board of Directors and approved the Report on Remuneration and, specifically, Section One of this Report. The same Shareholders' Meeting also authorised the new Board of Directors and, therefore, its Chairperson and Chief Executive Officer, to purchase and sell treasury shares. On the same date, an Extraordinary Shareholders' Meeting of the Parent Company was held that approved changes to Articles 13,14,15,16,17,18 and 20 of the Company Articles of Association as requested by the shareholder Fondazione Fiera Milano under Articles 2367 of the Italian Civil Code and 125-*ter* of Legislative Decree of 24 February 1998 no. 58.
- On 13 May 2017, Fiera Milano SpA, in order to strengthen the capital position of its subsidiary Fiera Milano Exhibitions Africa Pty Ltd, approved a transaction totalling Euro 2.222 million comprising the waiver of financing for Euro 1.522 million and a share capital increase of Euro 0.700 million.
- On 6 April 2017 and 1 June 2017, Fiera Milano SpA made capital contribution payments totalling Euro 1.473 million under the business plan of the start-up La Fabbrica del Libro SpA.

Administration order

On 20 June 2017, the Milan Court – Prevention Court Independent Section ruled that it would lift the administration order imposed on the subsidiary Nolostand SpA. It was lifted following the significant amount of work, carried out in collaboration with the Court-appointed Administrator, on the procedures and controls under Model 231, the new Supervisory Body, new Group procedures and those governing contracts with and management of suppliers. The administration order had been imposed by a decree issued on 23 June 2016 that was notified to the Company on 6 July 2016 and was for a period of six months subsequently extended for a further six months.

The audience to decide on the administration order imposed on the stand-fitting business division of Fiera Milano SpA is scheduled for 28 September 2017. In the meantime, the Company intends to complete all the initiatives to optimise, rectify and introduce new rules that ensure safer business management founded on new working models and methodologies.

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 2017.

Full year at 31/12/16		Consolidated Income Statement (Amounts in €'000)		1st Half at 30/06/17		1st Half at 30/06/16 restated	
			%		%		%
221,041	100	Revenues from sales and services		141,870	100	138,587	100
2,281	1.0	Cost of materials		1,956	1.4	1,289	0.9
121,423	54.9	Cost of services		77,462	54.6	68,061	49.1
49,837	22.5	Costs for use of third party assets		25,294	17.8	24,854	17.9
44,101	20.0	Personnel expenses		23,505	16.6	22,821	16.5
4,222	1.9	Other operating expenses		2,685	1.9	2,430	1.8
221,864	100.4	Total operating costs		130,902	92.3	119,455	86.2
3,216	1.5	Other income		1,256	0.9	1,631	1.2
1,259	0.6	Results of equity-accounted companies		1,277	0.9	358	0.3
3,652	1.7	Gross operating result		13,501	9.5	21,121	15.2
8,398	3.8	Depreciation and amortisation		3,422	2.4	4,070	2.9
5,477	2.5	Allowance for doubtful accounts and other provisions		1,650	1.2	965	0.7
12,771	5.8	Adjustments to asset values		11	-	1,899	1.4
(22,994)	-10.4	Net operating result (EBIT)		8,418	5.9	14,187	10.2
(985)	-0.4	Financial income/(expenses)		(723)	-0.5	(109)	-0.1
(23,979)	-10.8	Profit/(loss) before income tax		7,695	5.4	14,078	10.2
(5,305)	-2.4	Income tax		2,056	1.4	5,260	3.8
(18,674)	-8.4	Profit/(loss) from continuing operations		5,639	4.0	8,818	6.4
(4,176)	-1.9	Profit/(loss) from discontinued operations		-	-	(421)	-0.3
(22,850)	-10.3	Profit/(loss):		5,639	4.0	8,397	6.1
(22,794)	-10.3	- attributable to the shareholders of the controlling entity		5,863	4.1	8,564	6.2
(56)	-0.0	- attributable to non-controlling interests		(224)	-0.2	(167)	-0.1
3,796	1.7	Cash flow for the Group and non-controlling interests		10,722	7.6	15,331	11.1

Some figures in the Interim Consolidated Financial Statements at 30 June 2016 have been restated to reflect, under IFRS 5, the sale of the Chinese companies, Worldex and Haikou Worldex finalised on 24 April 2017.

Revenues from sales and services totalled Euro 141.870 million, an increase of approximately 2% compared to the figure for the same semester of the previous financial year (Euro 138.587 million). The higher revenues mainly reflected the new directly organised exhibitions Lamiera (an international trade fair for sheet metal forming machinery and all technological innovations in the sector), Tempo di Libri Milano (the Italian publishing exhibition), Versilia Yachting Rendez-Vous (an event promoting top-end products in the nautical sector) and MAM-Mostra A Milano Arte e Antiquariato. There were also positive results from: LineaPelle and the ancillary exhibition Simac

Tanning-Tech for production technologies for the manufacture of shoes and leather goods; Milano Unica, a fair for textile collections and garment accessories; and Promotion Trade Exhibition, an annual international fair for promotional articles, business gifts and technologies for their personalisation, which in the first semester 2017 was directly organised for the first time by Fiera Milano and had an improvement in revenues.

The positive trend in revenues was also helped by the more favourable exhibition calendar which, in the semester under review, included the directly organised biennial exhibition Tuttofood and the hosted exhibition Made Expo. It was negatively affected by the absence of the important biennial exhibition Mostra Convegno Expocomfort.

There was also an impact from lower revenues in the stand-fitting segment, in particular due to lower business volumes coming from outside the exhibition sites and to the absence of the revenues for dismantling the structures of Expo 2015 that were present in the first semester of the preceding financial year.

The performance shows the following variations:

- **Annual exhibitions organised by the Group in Italy** (+27,065 square metres): the increase mainly reflected the new exhibition Tempo di Libri (+16,385 square metres), HOMI I Semester (+5,905 square metres) and the presence in the period under review of the annual international exhibition of promotional articles Promotion Trade Exhibition (+4,355 square metres) organised directly by Fiera Milano Group for the first time.
- **Annual exhibitions organised by third parties in Italy** (-2,215 square metres): this figure is the net of an increase of 43,365 square metres in rented exhibition space due mainly to the new exhibition MAM–Mostra A Milano Arte e Antiquariato (+2,350 square metres), held for the first time in the **fieramilanocity** exhibition site, increases in the Spring edition of Milano Unica (+9,575 square metres), in My Plant & Garden (+3,210 square metres), in the February edition of Lineapelle (+2,955 square metres) and in Simac Tanning-Tech (+2,305 square metres) and a decrease of 45,580 square metres that was mainly due to the absence of Milano Auto Classica (-20,965 square metres), which will be held in one of the next quarters.
- **Congresses with related exhibition areas**: these had a decrease in rented space of 11,800 square metres.
- **Biennial exhibitions organised by the Group in Italy** (+123,285 square metres): the increase was mainly due to biennial exhibitions held in uneven-numbered years Tuttofood (+64,770 square metres) and Transpotec & Logitec (+56,765 square metres).
- **Biennial exhibitions organised by third-parties in Italy** (-76,540 square metres): the decrease reflects the absence of the 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 (-13,740 square metres). This was, in part, compensated by the exhibitions held in uneven-numbered years that were held in the semester under review: Made Expo (+52,515 square metres), Euroluce (+39,920 square metres), Made in Steel (+12,820 square metres), Workplace 3.0 (+11,685 square metres) and the new trade fair Lamiera (+18,240 square metres).
- **Annual exhibitions organised by the Group abroad** (+13,985 square metres): the increase was mainly due to the exhibition ChinaFloor Domotex Shanghai (+6,805 square metres) organised in joint venture with Deutsche Messe AG.
- **Biennial exhibitions organised abroad by the Group** (+9,505 square metres): the increase reflects the presence in the semester under review of the exhibitions held in uneven-numbered years: Reatech+Fisiotech (+4,745 square metres) organised in Brazil and Metal+Metallurgy (+4,760 square metres) 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 2017		1st Half 2016		Change	
	Total	of which organised by the Group	Total	of which organised by the Group	Total	of which organised by the Group
Number of exhibitions:	48	25	41	19	7	6
Italy	34	11	28	6	6	5
. annual	23	8	23	6	-	2
. biennial	11	3	5	-	6	3
. multi-annual	-	-	-	-	-	-
Foreign countries	14	14	13	13	1	1
. annual	12	12	13	13	(1)	(1)
. biennial	2	2	-	-	2	2
. multi-annual	-	-	-	-	-	-
Number of congresses with related exhibition space - Italy	16	-	23	-	(7)	-
Net sq.metres of exhibition space:	1,009,245	406,710	925,960	232,870	83,285	173,840
Italy	867,150	264,615	807,355	114,265	59,795	150,350
. annual (a)	604,380	141,330	591,330	114,265	13,050	27,065
. biennial	262,770	123,285	216,025	-	46,745	123,285
. multi-annual	-	-	-	-	-	-
(a) of which congresses with related exhibition space	18,130	-	29,930	-	(11,800)	-
Foreign countries	142,095	142,095	118,605	118,605	23,490	23,490
. annual	132,590	132,590	118,605	118,605	13,985	13,985
. biennial	9,505	9,505	-	-	9,505	9,505
. multi-annual	-	-	-	-	-	-
Number of exhibitors:	18,875	7,935	17,540	5,415	1,335	2,520
Italy	15,215	4,275	14,405	2,280	810	1,995
. annual (b)	11,520	2,740	11,885	2,280	(365)	460
. biennial	3,695	1,535	2,520	-	1,175	1,535
. multi-annual	-	-	-	-	-	-
(b) of which congresses with related exhibition space	1,095	-	1,535	-	(440)	-
Foreign countries	3,660	3,660	3,135	3,135	525	525
. annual	3,410	3,410	3,135	3,135	275	275
. biennial	250	250	-	-	250	250
. multi-annual	-	-	-	-	-	-

The **Gross operating profit** for the semester was Euro 13.501 million compared to a figure of Euro 21.121 million in the same period of the previous financial year. This was a decrease of Euro 7.620 million and showed a trend that differed from the trend in revenues. There was an impact from increased consultancy fees for the overhaul of the corporate procedures and the model under Legislative Decree 231/2001 and for costs linked to the re-positioning of Bit.

The **Net operating profit (EBIT)** was Euro 8.418 million, compared to Euro 14.187 million in the first semester of 2016. The decrease in net operating profit reflected the trend in the gross operating profit and provisions in the period for legal disputes with personnel. This was, in part, compensated by the absence of the impairment charges of Euro 1.899 million on trademarks and trade publications included in the financial statements of the same semester of the previous financial year.

The **Profit before income tax** for the semester was Euro 7.695 million compared to Euro 14.078 million in the first semester of 2016 and reflected the change in net operating profit but also lower financial costs in the Parent Company due to lower net debt.

The **Profit** for the first-half of 2017 was Euro 5.639 million of which Euro 5.863 million was attributable to the **Shareholders of the controlling entity** (Euro 8.564 million in the first semester 2016) and a loss of Euro 0.224 million attributable to **non-controlling interests** (a loss of Euro 0.167 million in the first semester of 2016).

The **Profit for the period from continuing operations** was Euro 5.639 million compared to Euro 8.818 million in the first semester 2016.

The **Profit for the period from discontinued operations** was zero compared to a loss of Euro 0.421 million in the first semester of 2016. The same period of the previous financial year included the results from the Chinese subsidiaries Worldex and Haikou Worldex, divested in April 2017.

Total cash flow (calculated as the net result plus amortisation and depreciation, provisions and adjustments to asset values) was Euro 10.722 million in the semester under review compared to Euro 15.331 million in the same semester of the previous financial year.

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

Reclassified Consolidated Statement of Financial Position (Amounts in €'000)			
	30/06/17	31/12/16	Change
Goodwill and intangible assets with an indefinite useful life	94,216	94,216	-
Intangible assets with a finite useful life	16,403	17,777	(1,374)
Tangible fixed assets	15,104	14,511	593
Other non-current assets	30,971	34,378	(3,407)
A Non-current assets	156,694	160,882	(4,188)
Inventory and contracts in progress	3,267	5,480	(2,213)
Trade and other receivables	71,793	52,227	19,566
Other assets	-	-	-
B Current assets	75,060	57,707	17,353
Trade payables	54,635	41,114	13,521
Advances	62,500	40,239	22,261
Tax liabilities	2,000	1,605	395
Provisions for risks and charges and other current liabilities	26,525	21,276	5,249
C Current liabilities	145,660	104,234	41,426
D Net working capital (B - C)	(70,600)	(46,527)	(24,073)
E Gross capital employed (A + D)	86,094	114,355	(28,261)
Employee benefit provisions	9,093	9,302	(209)
Provisions for risks and charges and other non-current liabilities	5,488	7,107	(1,619)
F Non-current liabilities	14,581	16,409	(1,828)
G NET CAPITAL EMPLOYED continuing operations (E - F)	71,513	97,946	(26,433)
H NET CAPITAL EMPLOYED assets held for sale	-	2,049	(2,049)
TOTAL NET CAPITAL EMPLOYED (G + H)	71,513	99,995	(28,482)
covered by:			
Equity attributable to the Group	67,238	61,006	6,232
Equity attributable to non-controlling interests	161	673	(512)
I Total equity	67,399	61,679	5,720
Cash & cash equivalents	(28,062)	(20,904)	(7,158)
Current financial (assets)/liabilities	29,885	46,284	(16,399)
Non-current financial (assets)/liabilities	2,291	14,150	(11,859)
Net financial position continuing operations	4,114	39,530	(35,416)
Net financial position assets held for sale	-	(1,214)	1,214
L Net financial position (TOTAL)	4,114	38,316	(34,202)
EQUITY AND NET FINANCIAL POSITION (I + L)	71,513	99,995	(28,482)

At 30 June 2017, **non-current assets** totalled Euro 156.694 million compared to Euro 160.882 million at 31 December 2016. The Euro 4.188 million decrease was the net figure of investments totalling Euro 3.072 million, depreciation and amortisation of Euro 3.422 million, a decrease in tax assets for deferred taxes of Euro 2.084 million, Euro 0.995 million of lower valuations of equity accounted investments, a negative exchange rate difference of Euro 0.499 million and other movements that gave rise to a negative figure of Euro 0.260 million.

Net working capital went from a negative figure of Euro 46.527 million at 31 December 2016 to a negative figure of Euro 70.600 million at 30 June 2017. The change of Euro 24.073 million in this figure reflected:

- (a) an increase in **current assets** of Euro 17.353 million due to:
- a Euro 19.566 million increase in trade and other receivables due primarily to receivables in the Parent Company from exhibition organisers;
 - a Euro 2.213 million decrease in inventories and contracts in progress for deferred costs for exhibitions;
- (b) an increase in **current liabilities** of Euro 41.426 million mainly due to:
- an increase of Euro 5.249 million in provisions for risks and charges and other current liabilities, mainly reflecting higher payables to exhibition organisers;
 - an increase of Euro 22.261 million in advances that was the net amount of advances invoiced to clients for exhibitions to be held in the next quarters (in particular, Host) and a decrease in invoices for exhibitions held in the first semester 2017 (in particular, HOMI I Semester);
 - a Euro 13.521 million increase in trade payables due to the higher business volumes caused by the more favourable exhibition calendar.

Equity attributable to the Group was Euro 67.238 million at 30 June 2017, compared to Euro 61.006 million at 31 December 2016, an increase of Euro 6.232 million due to: an increase in the net result for the period of Euro 5.863 million, an increase of Euro 0.215 million in other items of comprehensive income and an increase of Euro 0.154 million in exchange rate differences.

Equity attributable to non-controlling interests at 30 June 2017 were Euro 0.161 million, compared to Euro 0.673 at 31 December 2016, a decrease of Euro 0.512 million that reflected a Euro 0.224 million decrease in the net profit for the period, a Euro 0.548 million decrease from the sale of the Chinese subsidiary Worldex, and an increase of Euro 0.260 million for payments for future capital increases in the subsidiary La Fabbrica del Libro SpA.

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

31/12/16	Group Net Financial Position (Amounts in € '000)	30/06/17
20,904	A. Cash (including bank balances)	28,062
-	B. Other cash equivalents	-
-	C. Securities held for trading	-
20,904	D. Cash and cash equivalents (A+B+C)	28,062
2,622	E. Current financial assets	4,632
2,622	- E.1 of which Current financial assets from other related parties	4,632
18,019	F. Current bank borrowings	6,465
27,523	G. Current portion of non-current debt	24,505
3,364	H. Other current financial liabilities	3,547
1,627	- H.1 of which Other current financial liabilities to the controlling shareholder	2,781
876	- H.2 of which Other current financial liabilities to other related parties	36
48,906	I. Current financial debt (F+G+H)	34,517
25,380	J. Current net financial debt (cash) (I-E-D)	1,823
14,108	K. Non-current bank borrowings	2,248
-	L. Debt securities in issue	-
42	M. Other non-current liabilities	43
42	- M.1 of which Other non current liabilities to other related parties	43
14,150	N. Non-current financial debt (K+L+M)	2,291
39,530	Net financial debt/(cash) from continuing operations (J+N)	4,114
(1,214)	Net financial debt/(cash) from assets held for sale	-
38,316	O. Net financial debt/(cash)	4,114

Net financial debt at 30 June 2017 was Euro 4.114 million compared to Euro 38.316 million at 31 December 2016, a decrease of Euro 34.202 million.

The improvement in Net financial debt was due to the positive cash flow generated from operations in the semester and to movements in net working capital, primarily in payments and advances received for the exhibitions held in the semester and for those due to be held in coming months. The Group also benefited from the cash in from the sale of its holding in the Chinese company Worldex and from an increase in financial receivables for the dividend payment approved by the company held in joint venture with Hannover Milano Global Germany GmbH.

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 30/06/17		at 30/06/16 restated	
Revenues from sales and services				
- By operating segment:		%		%
. Italian Exhibitions	122,248	73.6	114,343	69.7
. Foreign Exhibitions	3,620	2.2	2,053	1.3
. Stand-fitting Services	18,631	11.2	26,283	16.0
. Media	5,335	3.2	5,908	3.6
. Congresses	16,233	9.8	15,395	9.4
Total revenues gross of adjustments for inter-segment transactions	166,067	100.0	163,982	100.0
. Adjustments for inter-segment transactions	(24,197)		(25,395)	
Total revenues net of adjustments for inter-segment transactions	141,870		138,587	
- By geographic area:				
. Italy	138,250	97.4	136,561	98.5
. Foreign countries	3,620	2.6	2,026	1.5
Total	141,870	100.0	138,587	100.0
Gross operating result		%		%
- By operating segment:		on revenues		on revenues
. Italian Exhibitions	12,496	10.2	15,623	13.7
. Foreign Exhibitions	295	8.1	92	4.5
. Stand-fitting Services	377	2.0	3,817	14.5
. Media	(106)	-2.0	267	4.5
. Congresses	439	2.7	1,356	8.8
. Adjustments for inter-segment transactions	-		(34)	
Total	13,501	9.5	21,121	15.2
- By geographic area:				
. Italy	13,236	9.6	21,139	15.5
. Foreign countries	265	7.3	(18)	-0.9
Total	13,501	9.5	21,121	15.2
Net operating result (EBIT)		%		%
- By operating segment:		on revenues		on revenues
. Italian Exhibitions	9,676	7.9	12,753	11.2
. Foreign Exhibitions	(32)	-0.9	(1,762)	-85.8
. Stand-fitting Services	(650)	-3.5	3,072	11.7
. Media	(314)	-5.9	(650)	-11.0
. Congresses	(229)	-1.4	835	5.4
. Adjustments for inter-segment transactions	(33)		(61)	
Total	8,418	5.9	14,187	10.2
- By geographic area:				
. Italy	8,511	6.2	16,085	11.8
. Foreign countries	(93)	-2.6	(1,898)	-93.7
Total	8,418	5.9	14,187	10.2
Employees (no. of permanent employees at the end of the period)				
- By operating segment:		%		%
. Italian Exhibitions	414	60.8	417	58.5
. Foreign Exhibitions	99	14.6	138	19.3
. Stand-fitting Services	57	8.4	53	7.4
. Media	60	8.8	68	9.5
. Congresses	50	7.4	38	5.3
Total	680	100.0	714	100.0
- By geographic area:				
. Italy	581	85.4	576	80.7
. Foreign countries	99	14.6	138	19.3
Total	680	100.0	714	100.0

Some figures in the Interim Consolidated Financial Statements at 30 June 2016 have been restated to reflect, under IFRS 5, the sale of the Chinese companies, Worldex and Haikou Worldex finalised on 24 April 2017.

Revenues from sales and services before elimination of transactions among the business segments of the Group were Euro 166.067 million in the first semester 2017 of which 74% was generated by Italian Exhibitions, 2% by Foreign Exhibitions, 11% by Stand-fitting Services, 3% by the Media segment and 10% by the Congress segment.

- Revenues from Italian Exhibitions were Euro 122.248 million in the first semester 2017, an increase of 7% compared to the figure for the same semester of the previous year (Euro 114.343 million). The increase in revenues was mainly attributable to the new exhibitions (Lamiera, Tempo di Libri Milano, Versilia Yachting Rendez-Vous and MAM-Mostra A Milano Arte e Antiquariato), and also to the good results from Promotion Trade Exhibition, which, in 2016, was a hosted exhibition. The revenues also benefited from the more favourable exhibition calendar that in the semester under review included the directly organised biennial exhibition Tuttofood and the hosted exhibition Made Expo. These results were, in part, offset by the absence of the important biennial exhibition held in even-numbered years, Mostra Convegno Expocomfort.
- Revenues from **Foreign Exhibitions** totalled Euro 3.620 million, a 76% increase on the figure for the same semester of 2016 (Euro 2.053 million). The increase primarily reflected the good performance of the Brazilian exhibition Exposec and the presence in Brazil of the biennial exhibition Reatech in the period under review.
- Revenues from **Stand-fitting Services** were Euro 18.631 million, a 29% decrease on the figure for the same semester of the preceding financial year (Euro 26.283 million). The decrease was mainly due to lower volumes of stand-fitting services due to the absence of the event Mostra Convegno Expocomfort, an exhibition held in even-numbered years, and a decrease in revenues from the Salone del Mobile mainly due to lower volumes of customised stands. This was in part compensated by the presence in the semester under review of the biennial exhibitions held in uneven-numbered years Tuttofood and Made Expo and the new exhibitions Lamiera, Tempo di Libri Milano and Versilia Yachting Rendez-Vous. The revenues of this segment also suffered from a decrease in outside revenues, which, in 2016, included the dismantling of the Expo 2015 structures and business deriving from the presence of the exhibitions White Donna and Uomo.
- Revenues in the **Media** segment totalled Euro 5.335 million, a decrease of 10% compared to the same semester of 2016 (Euro 5.908 million). The year-on-year decline in revenues was due to the different exhibition calendar and a fall in advertising revenues from trade publications.
- Revenues from **Congresses** totalled Euro 16.233 million, an increase of 5% compared to the same semester in 2016 (Euro 15.395 million). The increase was mainly attributable to an improved trend in international congresses and conventions. The most important ones in 2017 were Tissue World and Check Point Experience.

The breakdown by segment of the **Gross operating profit**, Euro 13.501 million in first semester 2017 compared to Euro 21.121 million in the same period of 2016, was as follows:

- **Italian Exhibitions** had a gross operating profit of Euro 12.496 million compared to Euro 15.623 million in the same period of the preceding financial year. This decrease, which compared with an increase in revenues, reflected increased consultancy fees for the overhaul of the corporate procedures and the model under Legislative Decree 231/2001, as well as costs for launching the new exhibitions and those sustained to re-position Bit. This was, in part, compensated by lower personnel costs and a reduction in rental costs in the jointly controlled company Ipack Ima Srl.
- **Foreign exhibitions** generated a gross operating profit of Euro 0.295 million compared to Euro 0.092 million in the same period of the previous financial year. The increase reflects the aforementioned trend in revenues and the equity accounted results of the joint venture with Deutsche Messe AG. This was partly offset by higher personnel expenses in the Brazilian company Cipa.

- **Stand-fitting services** had a gross operating profit of Euro 0.377 million compared to Euro 3.817 million in the same semester of 2016. The decrease reflects the trend in revenues.
- **Media** had a gross operating loss of Euro 0.106 million compared to a gross operating profit of Euro 0.267 million in the same semester of 2016. The decrease was due to the aforementioned trend in revenues, which was partly compensated by a decrease in personnel expenses and in rental costs.
- **Congresses** had a gross operating profit of Euro 0.439 million compared to Euro 1.356 million in the same semester of 2016. The decrease was mainly attributable to a fall in other income which, the previous year, had included insurance payments for damage to the structure of the MiCo Nord congress centre, and to higher personnel expenses for new employees to manage the audio-visual activities in Fiera Milano Congressi.

The **Net operating profit (EBIT)** of the five operating segments totalled Euro 8.418 million compared to Euro 14.187 million in the first semester of 2016. The EBIT reflected the trend in the gross operating profit but also lower impairment charges.

The breakdown by geographic area in the first semester shows revenues from foreign activities of Euro 3.620 million compared to Euro 2.026 million in the same semester of 2016. The gross operating profit was Euro 0.265 million, an improvement on the figure of the first semester of the previous financial year (a gross operating loss of Euro 0.018 million). There was an operating loss of Euro 0.093 million compared to a net operating loss of Euro 1.898 million in the same period of the preceding financial year, an improvement of Euro 1.805 million.

Exhibitions directly organised by the Group occupied 406,710 square metres of net exhibition space, equivalent to approximately 40% of the total exhibition space occupied.

In the semester under review 32 exhibitions were held in the **fieramilano** and **fieramilanocity** exhibition sites, two exhibitions were held outside the sites and 16 congress events were held with related exhibition space.

Exhibitions in Italy occupied net exhibition space totalling 867,150 square metres compared to 807,355 square metres in the first semester of 2016. The number of exhibitors rose from 14,405 in the first semester 2016 to 15,215 in the first semester 2017.

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 30/06/17	1st Half to 30/06/16	1st Half to 30/06/15	1st Half to 30/06/17	1st Half to 30/06/16	1st Half to 30/06/15
Annual Exhibitions:						
Directly organised						
- Bit	15,160	13,505	15,335	280	380	405
- Chibimart Summer	3,780	4,445	4,020	125	165	125
- HOMI I Semester	83,690	77,785	81,200	1,425	1,285	1,305
- Miart	8,415	7,810	6,840	195	185	190
- Promotion Trade Exhibition	4,355	a)	a)	135	a)	a)
- Sposaitalia	9,545	8,485	7,550	160	160	145
- Tempo di Libri *	16,385	-	-	285	-	-
- Versilia Yachting Rendez-Vous *	b)	-	-	135	-	-
- Milano Prêt à Porter Spring	c)	2,235	2,775	c)	105	130
Total annual exhibitions directly organised	141,330	114,265	117,720	2,740	2,280	2,300
Hosted						
- Cartoomics	10,495	8,310	9,855	340	310	190
- Enci Winner *	16,560	-	-	45	-	-
- Fa' la cosa giusta	10,285	9,350	7,845	700	695	630
- Hobby Show (I semester)	1,610	1,815	3,425	65	90	115
- LineaPelle (I semester)	46,665	43,710	41,640	1,200	1,155	945
- MAM - Mostra a Milano Arte e Antiquariato *	2,350	-	-	35	-	-
- Mido	48,015	46,260	43,645	1,190	1,075	990
- Milano Unica (Spring)	27,740	18,165	18,020	365	390	380
- Mipel (March)	7,980	8,305	10,060	250	250	285
- My Plant & Garden	17,065	13,855	9,330	450	345	285
- Salone del Mobile/Complemento d'arredo	161,130	161,955	162,990	1,130	1,180	1,175
- Simac Tanning Tech	17,205	14,900	15,200	245	220	275
- Technology Hub (3D Print)	2,500	3,250	2,500	120	155	80
- The Micam (Spring)	61,705	63,425	67,075	1,330	1,425	1,425
- The ONE Milano (February) *	13,615	-	-	220	-	-
- Expotraining	c)	c)	1,290	c)	c)	75
- Esposizione Internazionale Canina	c)	15,000	c)	c)	50	c)
- Mifur	c)	12,080	13,350	c)	150	170
- Milano Auto Classica	d)	20,965	16,440	d)	290	245
- Promotion Trade Exhibition	a)	4,515	4,235	a)	140	130
- Super (Spring)	c)	1,275	1,600	c)	150	180
Total annual exhibitions hosted	444,920	447,135	428,500	7,685	8,070	7,575
Total annual Exhibitions	586,250	561,400	546,220	10,425	10,350	9,875

continued on next page

continued from the previous page

	Net sq. metres of exhibition space			Number of exhibitors		
	1st Half to 30/06/17	1st Half to 30/06/16	1st Half to 30/06/15	1st Half to 30/06/17	1st Half to 30/06/16	1st Half to 30/06/15
Biennial Exhibitions:						
Directly organised						
- Fruit&Veg Innovation	1,750	a)	a)	55	a)	a)
- Transpotec & Logitec	56,765	-	53,475	245	-	210
- Tuttofood	64,770	-	74,885	1,235	-	1,345
Total biennial exhibitions directly organised	123,285	-	128,360	1,535	-	1,555
Hosted						
- Euroluce	39,920	-	38,765	395	-	395
- Farmacistapiù	545	-	2,790	30	-	40
- Lamiera *	18,240	-	-	350	-	-
- Made Expo	52,515	-	57,005	800	-	910
- Made in Steel	12,820	-	12,260	235	-	230
- Workplace 3.0	11,685	-	12,505	80	-	120
- Seeds & Chips *	3,255	-	-	210	-	-
- SpazioNutrizione *	505	-	-	60	-	-
- Eurocucina	-	35,260	-	-	110	-
- Fruit Innovation	a)	a)	5,945	a)	a)	150
- Mostra Convegno Expocomfort	-	118,395	-	-	1,540	-
- Salone del Bagno	-	19,390	-	-	175	-
- Venditalia	-	13,740	4,600	-	255	130
- Xylexpo	-	29,240	-	-	440	-
Total biennial exhibitions hosted	139,485	216,025	133,870	2,160	2,520	1,975
Total biennial exhibitions	262,770	216,025	262,230	3,695	2,520	3,530
Multi-annual Exhibitions:						
Hosted						
- 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
Total multi-annual exhibitions hosted	-	-	152,725	-	-	2,355
Total multi-annual exhibitions	-	-	152,725	-	-	2,355
TOTAL EXHIBITIONS	849,020	777,425	961,175	14,120	12,870	15,760
- Congresses with related exhibition space	18,130	29,930	37,310	1,095	1,535	1,445
TOTAL	867,150	807,355	998,485	15,215	14,405	17,205

* First edition of the exhibition.

a) Starting from 2017 the exhibition is organised by the Fiera Milano Group.

b) The event took place in Viareggio with the presence of 70 boats (from 10 to 60 linear meters) and 126 tents.

c) The exhibition did not take place.

d) The exhibition was held/will be held in subsequent quarters.

In the first semester of 2017, 14 exhibitions were held in foreign exhibition centres and the net exhibition space occupied totalled 142,095 square metres compared to 118,605 square metres in the same period of the previous financial year. The number of exhibitors went from 3,135 in the first semester 2016 to 3,660 in the first semester 2017.

Details of exhibitions held abroad in the first semester 2017 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 30/06/17	1st Half to 30/06/16	1st Half to 30/06/15	1st Half to 30/06/17	1st Half to 30/06/16	1st Half to 30/06/15
Annual Exhibitions:						
Exhibitions directly organised in China						
- Chinafloor Domotex Shanghai	72,180	65,375	63,985	1,365	1,305	1,260
- China Tourism International and Commodities Fair	16,050	13,580	11,335	360	280	205
- GIFF International Tour Guangzhou	8,000	7,875	5,180	240	195	215
- Industrial Automation Beijing/FAPA	4,000	3,235	3,520	170	185	205
- Industrial Automation Shenzhen	10,200	8,020	b)	500	390	b)
- The Micam Shanghai 1° semestre	a)	a)	2,900	a)	a)	150
Total Exhibitions directly organised in China	110,430	98,085	86,920	2,635	2,355	2,035
Exhibitions directly organised in India						
- Food Hospitality World Goa	990	b)	b)	75	b)	b)
- Food Hospitality World Mumbai	2,970	2,840	3,195	150	180	175
- Food Hospitality World Bangalore	b)	1,885	2,400	b)	110	120
Total Exhibitions directly organised in India	3,960	4,725	5,595	225	290	295
Exhibitions directly organised in South Africa						
- Capetown Art Fair	3,075	2,030	1,100	95	50	40
- Good Food & Wine Show Capetown	3,130	2,860	2,855	175	165	205
- Food Hospitality World Capetown	a)	a)	950	a)	a)	70
Total Exhibitions directly organised in South Africa	6,205	4,890	4,905	270	215	315
Exhibitions directly organised in USA						
- Homi New York	a)	505	800	a)	30	50
Total Exhibitions directly organised in USA	-	505	800	-	30	50
Exhibitions directly organised in Brazil						
- Enersolar	850	860	b)	45	45	b)
- Exposec	9,805	8,100	9,760	190	150	170
- Infocomm	1,340	1,440	970	45	50	70
- Food Hospitality World	a)	a)	1,375	a)	a)	55
Total Exhibitions directly organised in Brazil	11,995	10,400	12,105	280	245	295
Total Annual Exhibitions	132,590	118,605	110,325	3,410	3,135	2,990
Biennial Exhibitions:						
Exhibitions directly organised in China						
- Metal + Metallurgy	4,760	-	3,770	120	-	85
- WoodMac China	a)	-	9,565	a)	-	80
Total Exhibitions directly organised in China	4,760	-	13,335	120	-	165
Biennali direttamente organizzate in Brasile						
- Reatech, FisioTech	4,745	-	5,545	130	-	185
Total Exhibitions directly organised in Brazil	4,745	-	5,545	130	-	185
Exhibitions directly organised in Singapore						
- Rehabtech Asia °	a)	-	785	a)	-	45
Total Exhibitions directly organised in Singapore	-	-	785	-	-	45
Total Biennial Exhibitions	9,505	-	19,665	250	-	395
TOTAL EXHIBITIONS	142,095	118,605	129,990	3,660	3,135	3,385

° The exhibition is a joint project with the Singaporean company Singex Exhibitions Ventures Pte Ltd.
a) The exhibition did not take place.
b) The exhibition will be held/was held in subsequent quarters.

Information on related-party transactions

Information on related-party transactions is provided in Note 39 of the Illustrative Notes to the Accounts of the present half-year financial report.

Group personnel

At 30 June 2017, Group employees totalled 680. The breakdown compared to 31 December 2016 was as follows:

31/12/16			Permanent employees at year end (units)	30/06/17			30/06/16		
Total	Italy	Foreign countries		Total	Italy	Foreign countries	Total	Italy	Foreign countries
			Fully consolidated companies:						
31	28	3	Executives						
633	548	85	Managers and White collar workers (including Journalists)						
664	576	88	622	574	48	653	566	87	
			Equity-accounted companies (a):						
2	-	2	Executives						
59	8	51	White collar workers						
61	8	53	58	7	51	61	10	51	
725	584	141	680	581	99	714	576	138	
			(a) the indicated data corresponds to the pro-quota of total employees						

Compared to 31 December 2016, the number of permanent employees fell by a net figure of 45 mainly due to the divestment of the Chinese subsidiaries Worldex and Haikou Worldex that took place on 24 April 2017.

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

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

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

The main risk factors and uncertainties to which the Fiera Milano Group is exposed that have emerged from the aforementioned process are described below and take account of the business

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

1. Risks related to external factors

Risks linked to the economic environment

The growth outlook for the European markets – and, in particular, the Italian market - remains very uncertain. In addition, there is the extended crisis in some product areas and the significant seasonality of some of the business segments in which the Group operates and the consequent effect on the results of these areas. Moreover, recent international geopolitical developments on the one hand indicate the adoption of protectionist commercial policies by some leading countries, for example, the United States, and, on the other hand, a period of precarious political stability in some European countries that is contributing to the increase in uncertainty surrounding the economic growth forecasts for the business.

This gives the Group limited visibility on the likely investments of its clients – and, in particular its target clients - in exhibitions and related services and could well have an impact on the stability of revenues and profitability of the Group both in the short-term and in the medium/long-term.

In order to continue to counteract the potential negative repercussions 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 2017, the Group intends to continue the support actions and incentives for exhibitors at the exhibitions held in Italy. This will also be done through the re-scheduling of some events so that they take place in the period considered best for them and also take account of the events held by competitors. The Group has also implemented a strategy to rationalise its shareholdings and its involvement in exhibitions held abroad through a careful focus on countries and industrial sectors that offer considerable potential, enhancing its international presence through partnerships with international foreign exhibition and congress organisers, and through promoting abroad the excellence of all the other businesses within its portfolio.

Risks connected to trends and competition in the exhibition, congress and publishing markets

The sectors in which the Group is active are characterised by strong competition both in terms of pricing pressure and by the complete or partial overlapping of exhibitions or of services provided. The context in which the exhibition business of Fiera Milano Group operates remains in a mature phase and has specific characteristics: *(i)* the continuing consolidation of some sectors of product manufacturing/distribution activities, *(ii)* changes and innovation in product categories, *(iii)* the transformation of exhibitions from “places where demand meets supply” to events which offer even greater business opportunities and, above all, *(iv)* by an ever-increasing growth in competition, also on tariffs, and *(v)* the continuous development of the Asian and Middle Eastern markets marked by their strong competitive power due to their receptivity to exhibitions.

To maintain its domestic market position and increase its position and competitiveness on the international market, as well as awareness of its brand by foreign clients and competitors, Fiera Milano Group has continued its strategy of *(i)* enhancing its portfolio of directly organised or hosted exhibitions mainly by launching new proprietary initiatives, expanding some of these to include contiguous market sectors, by rescheduling them to more favourable periods of the year, and increasing the portfolio of hosted exhibitions and *(ii)* enhancing its international business, rationalising its foreign shareholdings and repositioning its exhibition offer to focus on more profitable sectors while pursuing partnerships with leading exhibition organisers and entering new areas of the congress sector.

Group revenues in the publishing sector are mainly affected by market trends and by strong competition, also technological, that has been a feature of this sector in recent years. Given this context, Fiera Milano SpA aims to maintain the high quality of its products by 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 and the services it offers 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. The appearance of new participants in the Italian market has increased competition further also taking into consideration the worrying possibility of institutional support and the consequent synergies that can be obtained with smaller groups of visitors and smaller clients. In order to maintain and consolidate its own competitive position, the Group is continuing to follow a strategy of relaunching its integrated services and/or those services that complement the congress offer (e.g. destination management services).

Catastrophe risk

Fiera Milano Group's infrastructure, primarily its information technology, requires periodic updating to ensure it responds effectively and systematically to the requirements of its various activities. The Group is exposed to the risk of a malfunction and/or a complication at the infrastructure level that could have negative repercussions ranging from delays in the conduct of its business to a temporary interruption in its business. The Group has already planned to completely renew its infrastructure in order to minimise the possibility of such an event and has drawn up a Disaster Recovery Plan that can be activated if necessary.

In terms of security, the recent terrorist attempts, particularly those that have taken place in Europe, could expose the Group to possible negative repercussions from a remote-controlled attack within or near the exhibition site or in any other locality in which Fiera Milano SpA operates with injuries to visitors and damage to structures and an ensuing drop in visitors and in exhibitors. To this end, the Group has an effective security system that controls access to the exhibition site by suppliers, exhibitors, visitors and employees that will be strengthened further. It also collaborates closely with the relevant Authorities.

Risks connected to the media exposure of the Group

The recent events involving certain Group companies increased the media exposure of the Group and, in particular, its sensitivity to risks of negative media coverage and inadequate external communication management policies, as well as the possibility that third-parties could take advantage of this exposure for their own ends. In particular, failure to manage the risk that a high profile media event could lead to widespread public exposure (including on the internet and social media platforms) has become increasingly significant.

Communication regarding the Group, already considerable given the nature of the Group and its various forms of communication (exhibition-related, institutional and financial) and of its principal stakeholders, has increased considerably as a result of the involvement of Fiera Milano SpA in the investigations of the Milan Court and the subsequent administration order imposed on the Company. This media exposure left the Company open to uncontrolled damage to its image through the media (including the internet and social media platforms). Therefore, the risk that an event receiving widespread media coverage could lead to unmanaged exposure in the media has taken increasing importance.

To avoid this risk in the short-term, the Group has undertaken to outsource all "Media Crisis" related events. Moreover, the Group has revised its communication policy and, in general, its management procedures for external communications and for media crisis situations.

2. Strategic and operating risks

Risks connected to a dependency on the exhibition business

In recent years, the dependence of some Group companies on the exhibition and congress businesses has increased. In particular, the businesses of Fiera Milano Media SpA and Nolostand SpA are still almost entirely connected to the events portfolios of Fiera Milano SpA and Fiera Milano Congressi SpA. The strategic and business initiatives implemented over the last year failed to provide the expected reduction in the dependency on Group business and, therefore, the performance of Fiera Milano Media SpA continues to be closely linked to that of Fiera Milano SpA, as does that of Nolostand SpA, whose business is almost entirely dependent on the exhibitions and congresses organised/hosted by Fiera Milano SpA and Fiera Milano Congressi SpA.

To address this dependency and the inherent risks it poses to the business of the two aforementioned companies, the Group intends to introduce measures (some already implemented) to mitigate the potential negative effect on its consolidated results. In particular, Fiera Milano Media SpA is following a development strategy to build and consolidate non-captive commercial strategies also through new initiatives (Digital Outdoor Advertising) and projects that target clients outside the Group (Club Business International). Nolostand SpA, following its success in occasional international initiatives in 2016, is broadening its business model to expand directly into new European markets and is developing further initiatives “outside the exhibition site” (that will also include a direct sales network for clients outside the Group).

Risks connected to the launch and repositioning of events and the loss of key events

Following the launch of new events and given the possible further expansion of the events portfolios of Group companies (with particular reference to the exhibition business), the risk that these events will underperform has risen considerably. The major risk is the increased probability of over-estimating the results of these events with potential repercussions for the forecast results both in the short and the medium/long-term. This uncertainty is further exacerbated by the simultaneous repositioning of some events, which have been part of the portfolio of Fiera Milano SpA for a long time, and for which a complete change of organisational format is envisaged as, for example, the transfer of an event to the **fieramilanocity** exhibition site.

Added to the above risk is the possibility of losing an event considered key to the Group if certain events do not meet a level of success that guarantees they will be held the future and, therefore, that events are no longer part of the Group portfolio, which could result in a negative impact on Group results. This risk is heightened by the potential negative effects on the reputation of the Company caused by the recent events underlying the administration order and their repercussions on participating exhibitors (see Section 4: Risks connected to the administration order).

The Group has prepared strategic development plans to minimise any exposure to this type of risk by (i) continuous marketing and internationalisation of events and their respective brands through strengthening the sales structure and the Italian and international marketing network and (ii) implementing competitive response strategies through the creation of partnerships with other companies in the Italian and international exhibition sector and with professional associations/supranational entities that will increase visibility and media perception of such events.

Risks connected to the capacity to retain the necessary specialist competences

The Fiera Milano Group considers its human resources and competences in the exhibitions, congress and other sectors of interest 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 proprietary exhibitions) require specialist professional competences that are not easily found. The current performance management systems for assessing the ability of employees and the employee 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. Nevertheless, the Group is increasingly exposed to the risk that competences and relationships built up by internal organisers are inadequate to meet new market challenges and/or are not effectively shared within the Group.

In response to this, the Group is implementing a risk mitigation plan aimed at increasing the coordination and commercial and organisational synergies that can be achieved by internal organisers together with enhanced monitoring of the performance of external organisers.

Risks connected to seasonality

Exhibition and event organisation is subject to seasonality and cyclicity. Both of the latter are 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 multi-annual exhibitions. This seasonality significantly affects the annual spread of the Group’s revenues and profits and may also expose it to the risk that the exhibition site could reach saturation levels, which might be sub-optimal to its objectives of reaching forecast profitability.

To date, the strategies pursued by management to counteract this risk include *(i)* enhancing the exhibition portfolio and re-positioning some long-standing events, *(ii)* internationalising events (in terms of exhibitors and visitors), *(iii)* setting up strategic and commercial collaborations/alliances with other exhibition venues and/or organisers, and *(iv)* increased exploitation of other revenue sources linked to the exhibition sites (such as events other than exhibitions held in the summer months) and these have led to greater stability of revenues and profitability in the current year.

3. Compliance risks

Risks connected to the reference legal framework

The new regulations for listed companies (regarding market abuse and the management of inside information) or data protection and the management of sensitive information, both at a European and an Italian level, expose the Group to the risk of non-transposition under the indicated provisions and therefore non-compliance. As a result, the Group could be subject to significant administrative sanctions by the Regulatory Authorities with negative economic, capital and financial repercussions. A system to update the corporate operational processes and procedures has already been drawn up under the evolving legal framework and a system of internal dissemination of information has been set up involving the relevant persons.

The activities of the Group, particularly those carried out in the exhibition sites, and the number of persons (employees, suppliers, exhibitors, visitors, congress attendees and those involved in setting up exhibitions, etc.) that transit or work in the exhibition sites, expose the Group companies to the risk of accidents or breaches of the legislation governing workplace health and safety (Consolidated Law 81/2008). Should the laws on workplace health and safety be infringed, the Group could be subject to significant administrative sanctions or, in the case of accidents, could be exposed to litigation with possible negative implications for its economic, capital and financial situation. The Group also 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 relationships of the workers from the contracting companies are exclusively with those companies, 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 workplace 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:

- revising the procedures for the selection, contracting and management of suppliers and contractors, requiring that they adhere to the strictest requirements;
- the preparation of the *Documento Unico per la Valutazione dei Rischi da Interferenze (DUVRI)* [Unified text on assessment of risks generated by interference between activities conducted simultaneously in the same workplace] and updating of the procedures to meet the requirements of Legislative Decree 81/2008;
- use of a computerised system (through the web portal) that records those entering the exhibition site and, in particular, those setting up exhibitions, and monitors people flows in real time;
- definition of the areas of the exhibition site to ensure that the legal safety requirements are met;
- the use of and delivery to suppliers and exhibitors of Technical Regulations for Exhibitions, which contain the rules to which exhibitors and suppliers must adhere when setting up exhibitions;
- the application of rigorous procedures to identify and manage third parties that are not clients (i.e. organisers, exhibitors and visitors) that have 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. However, it cannot be excluded that the models adopted could be considered by the competent Authority to be inadequate or not sufficiently updated, resulting in legal sanctions being imposed even if crimes are committed under the provisions of the law for their own interest or advantage by persons having a functional connection to Fiera Milano SpA and its subsidiaries.

The Group is currently revising and tightening its organisation and management models also as a result of areas for improvement being identified under the administration order. Foreign subsidiaries that are not obliged to adhere to the provisions of Legislative Decree no. 231/01 have not adopted organisation, management and control models under Decree 231. However, they have adopted the Code of Ethics of the Company and “Guidelines for the application of anti-corruption measures and other compliance programmes” in order to have a systematic reference framework of principles and standards for crime prevention.

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 Group 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 developments regarding the administration order for Nolostand SpA and Fiera Milano SpA

Although the administration order imposed on the subsidiary Nolostand SpA has been lifted, the administration order for Fiera Milano SpA, and specifically for the stand-fitting business division remains in place. This was imposed by the Milan Court – Prevention Court Independent Section on 28 September 2016, notified to the Company on 11 October 2016 and subsequently extended for a further six months until 11 October 2017.

On the basis of available information at the date the present Report was prepared and given the reduced risk following the aforementioned lifting of the administration order, it is not considered that the administration order has any material impact on the ongoing business operations of the Fiera Milano Group.

(i) Risks linked to the effects on the business and its operations

Given the events that gave rise to the administration order, reviews were carried out of the different operating procedures for the management of certain aspects of the business considered particularly sensitive and significant. This has led to an increase in the exposure to risk that the introduction of the aforementioned procedures could damage, even indirectly, the business and operations of the Group, for example, by extending transaction times, limiting the type and number of counterparties with which it does business, or in some way affecting the normal execution of the ongoing operations and business. In particular, this risk exposure increases with the possibility that new and stricter operational requirements imposed on counterparties (suppliers, business partners, distributors, etc.) restricts the possibility of concluding advantageous agreements within normal time limits and/or the fulfilment of beneficial contracts with third-parties who do not meet the new standards under the procedural system that has been set up: the exposure to the aforementioned risk is balanced by the certainty that the new standards minimise counterparty risk.

To counteract this particular type of risk and its potential negative effects in terms of reputation and integrity, the Group has introduced a series of mitigation measures and procedures focused primarily on (i) an overhaul of the Procurement Department, the purchasing procedures and processes (and those attributable to them), (ii) a study and review of radically alternative business models and iii) strengthening the Internal Audit department.

(ii) Risks linked to potential repercussions from the lack of transparency in dealings with counterparties

The administration order increased focus on the fact that counterparty relations that lack transparency can give rise to illegal behaviour, for example, corruption, that compromises the Group's reputation and integrity also through media exposure and given the nature of its principal stakeholders.

To counteract this form of risk and its potential negative impact on reputation and integrity, the Group has set up a corporate security department and is also introducing a specific compliance function to guarantee increased protection against the potential effect of risks linked to corruption or to the integrity and reputation of the Fiera Milano Group. In addition to the measures described in the previous paragraph, changes are being made to the organisation aimed at segregating various responsibilities and ensuring maximum clarity regarding the responsibilities of the various company departments.

5. Financial risks

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

Key data of the companies of the Group

Key data of the companies of the Group data compliant with IAS/IFRS	1st Half at 30/06/17 (€ '000)	1st Half at 30/06/16 (€ '000)
Fully consolidated companies		
Fiera Milano SpA		
Revenues from sales and services	121,766	114,343
Gross operating result	13,598	16,278
Employees	407	407
Net financial position: debt (cash)	9,291	37,518
Nbostand SpA		
Revenues from sales and services	18,631	26,283
Gross operating result	377	3,817
Employees	57	53
Net financial position: debt (cash)	(169)	(1,340)
Fiera Milano Media SpA		
Revenues from sales and services	5,335	5,908
Gross operating result	(106)	267
Employees	60	68
Net financial position: debt (cash)	2,633	2,015
Fiera Milano Congressi SpA		
Revenues from sales and services	12,416	14,615
Gross operating result	439	1,483
Employees	46	37
Net financial position: debt (cash)	(3,862)	(4,917)
MiCo Dmc Srl		
Revenues from sales and services	3,867	811
Gross operating result	1	(127)
Employees	4	1
Net financial position: debt (cash)	(1,427)	403
La Fabbrica del Libro SpA		
Revenues from sales and services	1,425	-
Gross operating result	(1,423)	-
Employees	-	-
Net financial position: debt (cash)	(1,089)	-
Ipack-Ima SpA		
Revenues from sales and services	-	-
Gross operating result	(37)	2,325
Employees	-	-
Net financial position: debt (cash)	(2,714)	(2,748)
Eurofairs International Consultoria e Participações Ltda		
Revenues from sales and services	-	-
Gross operating result	(81)	(89)
Employees	-	-
Net financial position: debt (cash)	(49)	(46)
CIPA Fiera Milano Publicações e Eventos Ltda		
Revenues from sales and services	2,846	1,542
Gross operating result	(526)	(205)
Employees	38	38
Net financial position: debt (cash)	2,825	828
Fiera Milano India Pvt Ltd		
Revenues from sales and services	-	-
Gross operating result	(122)	(6)
Employees	-	-
Net financial position: debt (cash)	(66)	(89)

continued on the next page

continued from the previous page

Key data of the companies of the Group data compliant with IAS/IFRS	1st Half at 30/06/17 (€ '000)	1st Half at 30/06/16 (€ '000)
Limited Liability Company "Fiera Milano"		
Revenues from sales and services	-	28
Gross operating result	(6)	499
Employees	1	1
Net financial position: debt (cash)	(50)	(76)
Fiera Milano Exhibitions Africa Pty Ltd		
Revenues from sales and services	774	483
Gross operating result	(569)	(516)
Employees	9	12
Net financial position: debt (cash)	(335)	617
Worldex Fiera Milano Exhibition Co. Ltd *		
Revenues from sales and services	-	74
Gross operating result	-	(432)
Employees	-	36
Net financial position: debt (cash)	-	(679)
Haikou Worldex Milan Exhibition Co. Ltd *		
Revenues from sales and services	-	-
Gross operating result	-	(43)
Employees	-	-
Net financial position: debt (cash)	-	(194)
Società consolidate col metodo del patrimonio netto		
Hannover Milano Global Germany GmbH		
Revenues from sales and services	18,934	14,624
Gross operating result	6,644	4,703
Employees	110	109
Net financial position: debt (cash)	(18,430)	(17,529)
Ipack Ima Srl		
Revenues from sales and services	-	-
Gross operating result	(712)	(1,434)
Employees	15	21
Net financial position: debt (cash)	1,710	1,605
* Sold on 24 April 2017.		

Significant events after the end of the reporting period

On 25 July 2017, an Ordinary Shareholders' Meeting was held that increased the number of Board members to nine and appointed as a new Director, Mr Fabrizio Curci, effective from 1 September 2017 with a mandate that expires with those of the other members of the Board of Directors at the Shareholders' Meeting to approve the Financial Statements at 31 December 2019.

The meeting of the Board of Directors, held immediately after the Shareholders' Meeting, appointed Mr Fabrizio Curci as Chief Executive Officer and General Manager of Fiera Milano SpA from 1 September 2017.

Business outlook

The performance in the first semester of the current financial year was positive albeit negatively impacted by the increase of some costs that were mainly consultancy fees for the overhaul of corporate procedures.

Given the lifting of the administration order on the subsidiary Nolostand, the Company is finalising all the initiatives to optimise, rectify, and introduce new working models and methodologies that ensure more effective and secure business management. The hearing for the outcome of the administration order on Fiera Milano, which relates to the stand-fitting business division of Fiera Milano, is scheduled to take place on 28 September 2017.

The remainder of the year should benefit from the effect of the exhibition calendar that includes, amongst other events, the important directly organised biennial exhibition Host, the world leader in the professional hospitality sector.

Therefore, barring any unforeseen events or circumstances, the Group expects a significant year-on-year improvement in the gross operating profit for full-year 2017.

The Company is confident that its governance issues have been resolved and that this will ensure management stability, a renewed business focus and the introduction of improved corporate strategies.

Interim Condensed Consolidated Financial Statements at 30 June 2017

- **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	Consolidated Statement of Financial Position	30/06/17	31/12/16
ASSETS			
Non-current assets			
5	Property, plant and equipment	15,103	14,509
5	Leased property, plant & equipment	1	2
	Investments in non-core property	-	-
6	Goodwill and intangible assets with an indefinite useful life	94,216	94,216
6-39	Intangible assets with a finite useful life	16,403	17,777
2-7	Equity accounted investments	17,031	18,198
7	Other investments	29	29
	Other financial assets	-	-
7	Trade and other receivables	12,317	12,473
39	<i>of which from related parties</i>	11,730	11,862
7	Deferred tax assets	1,594	3,678
	Total	156,694	160,882
Current assets			
8	Trade and other receivables	71,793	52,227
39	<i>of which from related parties</i>	8,218	8,372
9-39	Inventories	3,267	5,480
	Contracts in progress	-	-
10	Current financial assets	4,632	2,622
39	<i>of which from related parties</i>	4,632	2,622
11	Cash and cash equivalents	28,062	20,904
	Total	107,754	81,233
Assets held for sale			
3	Assets held for sale	-	3,436
	Total assets	264,448	245,551
EQUITY AND LIABILITIES			
12	Equity		
	Share capital	41,645	41,645
	Share premium reserve	10,354	35,668
	Revaluation reserve	-	-
	Other reserves	1,404	1,714
	Retained profits/(losses)	7,972	4,773
	Profit/(loss) for the period	5,863	(22,794)
	Total Group equity	67,238	61,006
	Equity attributable to non-controlling interests	161	673
	Total equity	67,399	61,679
Non-current liabilities			
	Bonds in issue	-	-
13	Bank borrowings	2,248	14,108
14-39	Other financial liabilities	43	42
15	Provision for risks and charges	2,310	3,584
16	Employee benefit provisions	9,093	9,302
19	Deferred tax liabilities	3,178	3,523
	Other non-current liabilities	-	-
	Total	16,872	30,559
Current liabilities			
	Bonds in issue	-	-
13	Bank borrowings	30,970	45,542
17	Trade payables	54,635	41,114
18-39	Advances	62,500	40,239
14	Other current financial liabilities	3,547	3,364
39	<i>of which to related parties</i>	2,817	2,503
15	Current provision for risks and charges	4,182	4,763
19	Current tax liabilities	2,000	1,605
20	Other current liabilities	22,343	16,513
39	<i>of which to related parties</i>	3,421	3,490
	Total	180,177	153,140
Liabilities held for sale			
3	Liabilities held for sale	-	173
	Total liabilities	264,448	245,551

		(€ '000)	
notes	Consolidated Statement of Comprehensive Income	1st Half at 30/06/17	1st Half at 30/06/16 restated*
24-39	Revenues from sales and services	141,870	138,587
	Total revenues	141,870	138,587
25-39	Cost of materials	1,956	1,289
26-39	Cost of services	77,462	68,061
39	<i>of which with related parties</i>	<i>1,269</i>	<i>651</i>
27	Cost of use of third-party assets	25,294	24,854
39	<i>of which with related parties</i>	<i>23,038</i>	<i>22,944</i>
28-39	Personnel expenses	23,505	22,821
29-39	Other operating expenses	2,685	2,430
	Total operating expenses	130,902	119,455
30-39	Other income	1,256	1,631
2-31	Results of equity accounted associates and joint ventures	1,277	358
	Gross operating result	13,501	21,121
32	Depreciation of property, plant and equipment	2,115	2,037
	Depreciation of property investments	-	-
32	Amortisation of intangible assets	1,307	2,033
33	Adjustments to asset values	11	1,899
34	Provisions for doubtful receivables and other provisions	1,650	965
	Net operating result (EBIT)	8,418	14,187
35-39	Financial income and similar	213	970
35-39	Financial expenses and similar	936	1,079
	Valuation of financial assets	-	-
	Profit/(loss) before tax	7,695	14,078
36-39	Income tax	2,056	5,260
	Profit/(loss) for the period from continuing operations	5,639	8,818
3	Profit/(loss) for the period from discontinued operations	-	(421)
37	Profit/(loss) for the period	5,639	8,397
	Profit/(loss) attributable to:		
	The shareholders of the controlling entity	5,863	8,564
	Non-controlling interests	(224)	(167)
	Other comprehensive income/(loss) that will not be reclassified subsequently to profit or loss for the period		
12	Revaluation of defined benefit schemes	274	(513)
	Tax effects	59	(138)
	Other comprehensive income/(loss) that will be reclassified subsequently to profit or loss of the period		
12	Currency translation differences of foreign subsidiaries	324	(449)
	Other comprehensive income/(loss) of equity accounted associates and joint ventures that will not be reclassified subsequently to profit or loss for the period		
2	Revaluation of defined benefit schemes	10	(35)
	Tax effects	2	(10)
	Currency translation differences of foreign subsidiaries	(170)	(256)
	Other comprehensive income/(loss) for the period net of related tax effects	377	(1,105)
	Total comprehensive income/(loss) for the period	6,016	7,292
	Total comprehensive income/(loss) for the period attributable to:		
	The shareholders of the controlling entity	6,240	7,611
	Non-controlling interests	(224)	(319)
38	Earnings/(losses) per share (€)		
	Basic	0.0826	0.1202
	Diluted	0.0826	0.1202

* Some figures in the Interim Condensed Consolidated Financial Statements at 30 June 2016 have been restated to reflect, under IFRS 5, the sale of the Chinese companies, Worldex and Haikou Worldex finalised on 24 April 2017.

		(€ '000)	
notes	Consolidated Statement of Cash Flows	1st Half at 30/06/17	1st Half at 30/06/16 restated*
	Net cash at beginning of the period	22,118	56,092
	Cash flow from operating activities		
10	Net cash from operating activities	33,299	(16,197)
38	of which from related parties	(23,020)	(27,388)
	Interest paid	(398)	(679)
	Interest received	47	68
	Income taxes paid	-	(2,595)
	Total from continuing operations	32,948	(19,403)
	Total from assets held for sale	686	(731)
	Cash flow from investing activities		
4	Investments in tangible assets	(2,800)	(1,631)
4	Write-downs of tangible assets	-	70
5	Investments in intangible assets	67	(1,852)
5	Write-downs of intangible assets	-	7
	Total from continuing operations	(2,733)	(3,406)
	Total from assets held for sale	-	-
	Cash flow from financing activities		
11	Share capital and reserves	260	(9)
12-13	Non-current financial assets/liabilities	(11,859)	12,497
9-12-13	Current financial assets/liabilities	(13,649)	(28,864)
38	of which from related parties	(1,695)	(16,040)
11	Dividends paid	-	(26)
	Total from continuing operations	(25,248)	(16,402)
	Total from assets held for sale	-	-
11	Total translation differences	291	(1,280)
	Net cash for the period from continuing operations	4,967	(39,211)
	Net cash for the period from assets held for sale	686	(731)
	Net cash at the end of the period from assets held for sale	28,062	13,997
	Net cash at the end of the period from continuing operations	-	873

* Some figures in the Interim Condensed Consolidated Financial Statements at 30 June 2016 have been restated to reflect, under IFRS 5, the sale of the Chinese companies, Worldex and Haikou Worldex finalised on 24 April 2017.

		(€ '000)	
		1st Half at 30/06/17	1st Half at 30/06/16 restated*
	Net cash from operating activities		
	Result of continuing operations	5,639	8,818
	<i>Adjustments for:</i>		
	Profit from equity accounted investments	(1,277)	(358)
	Depreciation and Amortisation	3,422	4,070
	Provisions, write-downs and impairment	11	2,114
	Capital gains and losses	81	7
	Net financial income/expenses	723	86
	Net change in employee provisions	65	(1,877)
	Changes in deferred taxes	1,680	2,457
	Inventories	2,213	(1,675)
	Trade and other receivables	(19,410)	5,208
	Trade payables	13,521	(7,721)
	Advances	22,261	(7,244)
	Tax payables	395	955
	Provisions for risks and charges and other liabilities (excluding payables to Organisers)	(459)	(17,248)
	Payables to Organisers	4,434	(3,789)
	Total	33,299	(16,197)

* Some figures in the Interim Condensed Consolidated Financial Statements at 30 June 2016 have been restated to reflect, under IFRS 5, the sale of the Chinese companies, Worldex and Haikou Worldex finalised on 24 April 2017.

Consolidated Statement of Changes in Equity

(€'000)

note 12	Share capital	Share premium reserve	Legal reserve	Other reserves	Retained profits/(losses)	Profit/(loss) for the period	Total Group equity	Capital and reserves attributable to non-controlling interests	Profit/(loss) for the financial year attributable to non-controlling interests	Total non-controlling interests	Total equity
Balance at 31 December 2015	41,818	65,679	-	(6,936)	(17,003)	1,014	84,572	1,281	(585)	696	85,268
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 period	-	-	-	(553)	-	8,564	8,011	(152)	(167)	(319)	7,692
Balance at 30 June 2016	41,815	36,016	8,489	(7,489)	4,804	8,564	92,199	518	(167)	351	92,550
	Share capital	Share premium reserve	Legal reserve	Other reserves	Retained profits/(losses)	Profit/(loss) for the period	Total Group equity	Capital and reserves attributable to non-controlling interests	Profit/(loss) for the financial year attributable to non-controlling interests	Total non-controlling interests	Total equity
Balance at 31 December 2016	41,645	35,668	8,489	(6,775)	4,773	(22,794)	61,006	729	(56)	673	61,679
Allocation of earnings at 31.12.16:	-	-	-	-	(22,794)	22,794	-	(56)	56	-	-
<i>use of reserves</i>	-	(25,314)	-	(464)	25,778	-	-	-	-	-	-
<i>dividend distribution</i>	-	-	-	-	-	-	-	-	-	-	-
Paying-in Fabbrica del Libro SpA	-	-	-	-	-	-	-	260	-	260	260
Sale of Worldex Ltd shareholding	-	-	-	-	-	-	-	(548)	-	(548)	(548)
Remeasurement of defined benefit plans	-	-	-	-	215	-	215	-	-	-	215
Total comprehensive income for the period	-	-	-	154	-	5,863	6,017	-	(224)	(224)	5,793
Balance at 30 June 2017	41,645	10,354	8,489	(7,085)	7,972	5,863	67,238	385	(224)	161	67,399

Illustrative Notes to the Interim Condensed Consolidated Financial Statements

The Fiera Milano Interim Condensed Consolidated Financial Statements at 30 June 2017 were approved and their publication authorised by the Board of Directors on 28 July 2017.

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 2017, 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 2016.

Given the financial and capital position of the Group in the first six months of 2016, the budget financial forecasts and the 2017-2020 Industrial Plan approved by the Board of Directors on 6 February 2017 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 2017.

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 22 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 standards 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 2016 and reference should be made to these Illustrative Notes.

The accounting standards below have been issued by the International Accounting Standards Board and are applicable from 1 January 2017 but have yet to be endorsed by the European Union:

- Amendment to IAS 12 – *Income taxes*
The amendment clarifies recognition and accounting of deferred tax assets for unrealised losses on debt instruments measured at fair value.
- Amendment to IAS 7 – *Disclosure initiative*

Paragraph 44A has been added, which requires an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

- *IFRS Annual improvements – 2014-2016 cycle*

This document introduced minor changes to IFRS 1 - *First-Time Adoption of IFRS*, IFRS 12 - *Disclosure of Interests in other Entities*, and IAS 28 - *Investments in Associates and Joint Ventures* and an interpretation of IFRIC 22 - *Foreign Currency Transactions and Advance Consideration*. One of the more important changes was that to IFRIC 22 that clarifies the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency.

The new accounting standard IFRS 15 – *Revenue from contracts with customers*, is applicable to annual reporting periods beginning on or after 1 January 2018 and early adoption is permitted. The Group will adopt the new standard when application is mandatory and will apply the full retrospective method.

During the first semester 2017, the Group conducted a detailed analysis to identify and evaluate the impact on revenues of adopting the new standard. Given the composition of its portfolio and the contracts that existed at 30 June 2017, the most significant accounting effects relate to revenues from catering services and insurance services that must be recognised net of specific related direct costs. This would give a reduction of Euro 7.977 million in revenues with no effect on the gross operating profit or the result for the period. There is also no impact on the opening value of equity at 1 January 2017 as the change constitutes a reclassification within the income statement.

The Group has carried out a preliminary analysis of all three aspects that have been amended in IFRS 9 – *Financial Instruments*, applicable from 1 January 2018: classification and measurement, impairment and hedging. This preliminary analysis was based on information currently available and could be subject to changes following a more detailed analysis or if the Group obtains further information in the future. However, in general the Group does not expect any material impact on its financial statements and equity.

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 2017 and of the same period in 2016. The Illustrative Notes 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 2017 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 companies consolidated at 30 June 2017 is shown in Attachment 1.

Translation of accounts prepared in currencies other than the Euro

The exchange rates used to translate the 2017 and 2016 half-year financial statements of foreign companies into Euro were as follows:

	average 1st Half 2017	average 1st Half 2016	30/06/2017	30/06/2016
South African rand	14.3063	17.1983	14.92	16.4461
Brazilian reals	3.4431	4.1295	3.76	3.5898
Russian rouble	62.8057	78.2968	67.5449	71.5200
Indian rupee	71.176	75.0019	73.7445	74.9603

Source: Banca d'Italia

1.4 Use of estimates

Preparation of interim financial statements and related notes under IFRS require 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.

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 neither has 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 41.41% at 30 June 2016 to 41.77% at 30 June 2017.

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

	(€'000)	
Hannover Milano Global Germany GmbH	30/06/17	30/06/16
Current assets	6,962	2,116
Non-current assets	8,623	9,077
Current liabilities	15,591	15,787
Non-current liabilities	-	-
Net financial debt/(cash)	(18,430)	(21,221)
Equity	18,424	16,627
Book value of the joint venture	8,798	8,040

	(€'000)	
Hannover Milano Global Germany GmbH	1st Half at 30/06/17	1st Half at 30/06/16
Total revenues and other income	19,124	14,798
Total operating costs	(12,480)	(10,095)
Depreciation and amortisation and write-downs	(326)	(337)
Interest income	56	74
Interest payable	(8)	(1)
Profit/(loss) before tax	6,366	4,439
Income tax	(2,418)	(2,133)
Profit/(loss) for the period	3,948	2,306
Group profit/(loss)	1,600	955

At 30 June 2016 and at 30 June 2017, there were no material potential liabilities or obligations relating to the shareholding that the Parent Company has in the joint venture.

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

The 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.

In the 2016 and 2017 financial periods, no proprietary exhibitions were held as the next event is scheduled for 2018.

The equity and income values of the joint venture and the Group's share show inventories and advances from deferred costs and revenues for events to be held subsequent to 30 June 2017; these are summarised in the following tables:

	(€'000)	
Ipack Ima Srl	30/06/17	30/06/16
Current assets	2,457	1,325
Non-current assets	5,867	6,367
Current liabilities	3,761	843
Non-current liabilities	684	1,617
Net financial debt/(cash)	1,710	1,605
Equity	2,169	3,627
Book value of the joint venture	1,063	1,777

	(€'000)	
Ipack Ima Srl	1st Half at 30/06/17	1st Half at 30/06/16
Total revenues and other income	75	46
Total operating costs	(787)	(1,480)
Depreciation and amortisation and write-downs	(120)	(178)
Interest income	-	-
Interest payable	(22)	(16)
Profit/(loss) before tax	(854)	(1,628)
Income tax	195	410
Profit/(loss) for the period	(659)	(1,218)
Group profit/(loss)	(323)	(597)

At 30 June 2016 and at 30 June 2017, there were no contingent liabilities or material obligations relating to the investment of the Parent Company in joint ventures.

3) Disclosure on discontinued operations

On 4 November 2016, the Board of Directors of the Parent Company approved the sale of the 75% shareholding in the Chinese subsidiary Worldex Fiera Milano Exhibitions Co. Ltd and its subsidiary Haikou Worldex Fiera Milano Exhibitions Co. Ltd, as well as the exhibition trademark Food Hospitality World China, to SingEx Exhibitions Pte. Ltd.

The sale agreement was signed on 22 February 2017 and authorised by the relevant Chinese Authorities with the issue of a new business license to SingEx for Worldex that was dated 24 April 2017. At this date, the ownership of Worldex passed to SingEx.

This transaction formed part of the Group strategy to concentrate all its activities in China in the joint venture agreement with its German partner Deutsche Messe.

The sale price consisted of a fixed sum of Euro 2.750 million and a variable sum of maximum Euro 1.000 million. The fixed element, already received, may be adjusted exclusively in favour of Fiera Milano SpA should the total of net cash and net working capital in Worldex have exceeded Euro 1.213 million at the date the transaction was finalised on 24 April 2017. This is currently being calculated based on the relevant financial and accounting documents.

The variable sum for the transaction is payable in three deferred *tranches* of equal amounts if Worldex reaches the EBITDA forecast for the three years 2017 - 2019.

At the same time the sale was agreed, the minority shareholder agreed not to exercise the put option it held on 25% of the company, which was valued at Euro 0.850 million and paid during the semester.

In accordance with IFRS 5 – *Non-current assets held for sale and discontinued operations*, the results of the company are recognised in the income statement in the entry, net result for the period of discontinued operations. The equity values are recognised in assets held for sale and liabilities held for sale.

4) 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, Ipack-Ima Srl and La Fabbrica del Libro SpA.

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

These activities are carried out by:

- Hannover Milano Global Germany GmbH, a joint venture with Deutsche Messe AG of 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.

- **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 2017 and 30 June 2016.

(€'000)

Income Statement 1st Half to 30/06/17	ITALIAN EXHIBITIONS	FOREIGN EXHIBITIONS	STAND-FITTING SERVICES	MEDIA	CONGRESSES	Adjustments	Consolidated
Revenues from sales and services to third-parties	119,764	3,620	1,545	4,042	12,899		141,870
Revenues from intersegment sales and services	2,484	-	17,086	1,293	3,334	(24,197)	
Total revenues	122,248	3,620	18,631	5,335	16,233	(24,197)	141,870
<i>of which from Italy</i>							138,250
<i>of which from foreign activities</i>							3,620
Cost of materials	662	25	1,200	95	36	(62)	1,956
Cost of services	70,573	3,468	14,056	3,343	11,284	(25,262)	77,462
Cost for use of third-party assets	22,067	349	1,020	122	2,039	(303)	25,294
Personnel expenses	16,719	961	1,987	2,045	2,311	(518)	23,505
Other operating expenses	1,999	231	157	33	267	(2)	2,685
Total operating expenses	112,020	5,034	18,420	5,638	15,937	(26,147)	130,902
Other income	2,591	109	166	197	143	(1,950)	1,256
Profit/(loss) of equity accounted companies	(323)	1,600					1,277
Gross operating result	12,496	295	377	(106)	439	-	13,501
<i>of which from Italy</i>							13,236
<i>of which from foreign activities</i>							265
Depreciation of property, plant & equipment	576	94	829	10	605	1	2,115
Depreciation of property investments							
Amortisation of intangible assets	933	152		175	15	32	1,307
Adjustments to asset values			11				11
Allowance for doubtful accounts and other provisions	1,311	81	187	23	48		1,650
Net operating result (EBIT)	9,676	(32)	(650)	(314)	(229)	(33)	8,418
<i>of which from Italy</i>							8,511
<i>of which from foreign activities</i>							(93)
Financial income and similar							213
Financial expenses and similar							936
Valuation of financial assets							-
Profit/(loss) before income tax							7,695
Income tax							2,056
Profit/(loss) from continuing operations							5,639
Profit/(loss) from discontinued operations							-
<i>Revenues</i>							
<i>Operating expenses</i>							
Profit/(loss) for the period							5,639
Profit/(loss) attributable to non-controlling interests							(224)
Group profit/(loss)							5,863

The table below gives investments by operating segment:

Statement of Financial Position data at 30/06/17		(€'000)
	Investments	
Italian exhibitions	1,067	
Foreign exhibitions	115	
Stand-fitting services	489	
Media	6	
Congresses	1,395	
Total	3,072	

(€'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	2,026	5,179	4,960	14,677		138,587
Revenues from intersegment sales and services	2,598	27	21,104	948	718	(25,395)	
Total revenues	114,343	2,053	26,283	5,908	15,395	(25,395)	138,587
<i>of which from Italy</i>							136,561
<i>of which from foreign activities</i>							2,026
Cost of materials	272	20	849	118	35	(5)	1,289
Cost of services	59,873	1,871	18,706	3,327	10,762	(26,478)	68,061
Cost for use of third-party assets	21,678	228	1,019	169	2,035	(275)	24,854
Personnel expenses	16,646	691	2,052	2,202	1,868	(638)	22,821
Other operating expenses	2,064	122	118	50	112	(36)	2,430
Total operating expenses	100,533	2,932	22,744	5,866	14,812	(27,432)	119,455
Other income	2,410	16	278	225	773	(2,071)	1,631
Profit/(loss) of equity accounted companies	(597)	955					358
Gross operating result	15,623	92	3,817	267	1,356	(34)	21,121
<i>of which from Italy</i>							21,139
<i>of which from foreign activities</i>							(18)
Depreciation of property, plant & equipment	686	69	806	21	455		2,037
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
Net operating result (EBIT)	12,753	(1,762)	3,072	(650)	835	(61)	14,187
<i>of which from Italy</i>							16,085
<i>of which from foreign activities</i>							(1,898)
Financial income and similar							970
Financial expenses and similar							1,079
Valuation of financial assets							
Profit/(loss) before income tax							14,078
Income tax							5,260
Profit/(loss) from continuing operations							8,818
Profit/(loss) from discontinued operations							(421)
<i>Revenues</i>							92
<i>Operating expenses</i>							513
Profit/(loss) for the period							8,397
Profit/(loss) attributable to non-controlling interests							(167)
Group profit/(loss)							8,564

* Some entries in the Consolidated Statement of Financial Position at 30 June 2016 have been restated in accordance with IFRS 5 following the sale of the Chinese subsidiaries, Worldex and Haikou Worldex, on 24 April 2017.

The table below gives investments by operating segment:

Statement of Financial Position data at 31/12/16	(€'000)
	Investments
Italian exhibitions	3,925
Foreign exhibitions	121
Stand-fitting services	1,968
Media	35
Congresses	1,338
Adjustments	-
Total	7,387

Notes to the Interim Condensed Consolidated Financial Statements

STATEMENT OF FINANCIAL POSITION

ASSETS

NON-CURRENT ASSETS

5) Property, plant and equipment

	(€'000)							
	Balance at 31/12/16	Changes during the period					Balance at 30/06/17	
	Incr.	Decr.	Depr.	Impairment	Currency translation differences	Reclassification		
Property, plant and equipment								
. historic cost	112,168	2,828	540	-	-	(45)	(41)	114,370
. depreciation	97,659	-	459	2,125	11	(38)	(31)	99,267
	14,509	2,828	81	2,125	11	(7)	(10)	15,103
Leased property, plant and equipment								
. historic cost	10	-	-	-	-	-	-	10
. depreciation	8	-	-	1	-	-	-	9
	2	-	-	1	-	-	-	1

The main increases in the semester were as follows:

- investments made by Nolostand SpA totalling Euro 0.489 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 0.846 million primarily for electronic equipment and furnishing, furniture and equipment for exhibitions held in the Rho exhibition site;
- investments of Euro 1.380 million made by Fiera Milano Congressi SpA mainly for audio-visual equipment and upgrades to the lighting equipment.

6) Goodwill and intangible assets

	(€'000)					
	Balance at 31/12/16	Changes during the period			Balance at 30/06/17	
	Incr.	Decr.	Depr.	Currency translation differences		
Goodwill and intangible assets with an indefinite useful life						
. Historic cost	110,813	-	-	-	110,813	
. Amortisation	16,597	-	-	-	16,597	
	94,216	-	-	-	94,216	
Intangible assets with a finite useful life						
. Historic cost	87,648	244	-	-	(628)	87,264
. Amortisation	69,871	-	-	1,307	(317)	70,861
	17,777	244	-	1,307	(311)	16,403

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 2016.

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.
- 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 from the acquisition of MiCo DMC Srl.

There were no significant indications of impairment to the intangible assets with an indefinite useful life and, therefore, they were not subject to impairment tests at 30 June 2017.

Intangible assets with a finite useful life

The increase in the period of Euro 0.244 million was mainly in the Parent Company and was for acquisitions of software and capitalised costs to implement digital projects.

The figure includes Euro 0.010 million of related-party transactions. Further details on related-party transactions are given in Note 39.

Intangible assets with a finite useful life include the following trademarks and publishing titles totalling Euro 14.465 million (Euro 15.372 million at 31 December 2016):

- Exhibition trademarks:
 - Host: Euro 1.885 million;
 - Mipap Milano Prêt-à-Porter: Euro 1.772 million;
 - Exposec: Euro 1.491 million;
 - Fisp: Euro 1.440 million;
 - Promotion Trade Exhibition: Euro 1.311 million;
 - Fluidtrans Compomac: Euro 0.789 million;
 - Transpotec & Logitec: Euro 0.490 million;
 - NF Travel & Tecnology Event: Euro 0.469 million;
 - Festivity: Euro 0.365 million;
 - Bias: Euro 0.350 million;
 - Miart: Euro 0.131 million;
 - BtoBio Expo: Euro 0.086 million;
 - Other: Euro 0.029 million;

- other trademarks and publishing titles:
 - Business International: Euro 2.021 million;
 - Technology publications: Euro 1.317 million;
 - Food & Beverage publications: Euro 0.519 million.

There were no significant indications of impairment to the intangible assets with a finite useful life and, therefore, they were not subject to impairment tests at 30 June 2017.

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

(€'000)

	Balance at	Changes during the period					Balance at
	31/12/16	Increase	Decrease	Results	Dividend distribution	Currency translation differences	30/06/17
Equity-accounted investments	18,198	-	-	1,277	2,272	(172)	17,031
Other investments	29	-	-	-	-	-	29
Trade and other receivables	12,473	-	156	-	-	-	12,317
Deferred tax assets	3,678	99	2,178	-	-	(5)	1,594
Totale	34,378	99	2,334	1,277	2,272	(177)	30,971

The entry for equity accounted investments was Euro 17.031 million (Euro 18.198 million at 31 December 2016) and was:

- Euro 15.272 million for the 49% shareholding in Hannover Milano Global Germany GmbH;
- Euro 1.759 million for the 49% shareholding in Ipack Ima Srl.

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

- other receivables from the controlling shareholder of Euro 11.730 million (Euro 11.862 million at 31 December 2016). 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 1.318 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 2016). These are almost entirely for the guarantee deposit on the real estate lease on the Palazzo Italia project in Berlin. The amount of Euro 0.498 million equates to the rent for a single quarter;
- other receivables totalling Euro 0.004 million (Euro 0.028 million at 31 December 2016).

Trade and other receivables included Euro 11.730 million (Euro 11.862 million at 31 December 2016) of related-party transactions. Further details on related-party transactions are given in Note 39.

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; the change in this figure was mainly due to their use in the Parent Company given the results generated in the semester.

CURRENT ASSETS

8) Trade and other receivables

Trade and other receivables		(€'000)		
	30/06/17	31/12/16	change	
Trade receivables	49,711	37,216	12,495	
Trade receivables from the controlling shareholder	4,114	4,186	(72)	
Trade receivables from subsidiaries	123	204	(81)	
Trade receivables from associates	11	-	11	
Other receivables	11,725	5,786	5,939	
Prepaid expenses from the controlling shareholder	3,970	3,982	(12)	
Accrued income and prepaid expenses	2,139	853	1,286	
Total	71,793	52,227	19,566	

The Euro 19.566 million increase in trade and other receivables in the semester under review was mainly due to:

- an increase in trade receivables from exhibition organisers and exhibitors due to the higher business volumes caused by the exhibition calendar;
- an increase in other receivables due mainly to the change in advances in MiCo DMC Srl for advances relating to events to be held in the second semester of the financial year;
- 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:

	31/12/16	Provisions	Utilisation and other changes	Currency translation differences	30/06/17
Provision for doubtful receivables	7,813	601	1,414	(26)	6,974

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 8.218 million of related-party transactions (Euro 8.372 million at 31 December 2016). Further details on related-party transactions are given in Note 39.

9) Inventories

Inventories		(€'000)		
	30/06/17	31/12/16	change	
Inventories	45	35	10	
Suspended costs for future exhibitions	3,222	5,445	(2,223)	
Total inventories	3,267	5,480	(2,213)	

Changes in suspended costs for future exhibitions was due to the net 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 2017.

The breakdown of suspended costs by event was as follows:

(€'000)			
Exhibition	30/06/17	31/12/16	change
Host	1,175	608	567
Sicurezza	294	176	118
Expodetergo	245	236	9
Homi II semester	223	-	223
Tubotech	168	-	168
Fisp	150	142	8
Print 4 All	104	-	104
Promotion Trade Exhibition	20	162	(142)
Bit	2	318	(316)
Homi I semester	1	313	(312)
Tuttofood	-	1,781	(1,781)
Fruit Innovation	-	237	(237)
Transpotec & Logitec	-	204	(204)
Miart	-	155	(155)
Other	840	1,113	(273)
Total	3,222	5,445	(2,223)

Inventories included Euro 0.002 million of related-party transactions (Euro 0.191 million at 31 December 2016). Further details on related-party transactions are given in Note 39.

10) Current financial assets

Current financial assets	(€'000)			
	31/12/16	Increases	Decreases	30/06/17
Financing given to Ipack-Ima Srl	2,622	-	262	2,360
Receivables for dividends from joint venture companies	-	2,272	-	2,272
Total	2,622	2,272	262	4,632

This entry included the following Parent Company financial assets:

- Euro 2.360 million for the financing given to the joint venture Ipack Ima Srl. The interest payable of three-month Euribor plus a spread of 220 basis points was changed from 1 October 2016 to an interest rate of 1.50%, in line with market rates, subject to quarterly revisions;
- Euro 2.272 million for dividends approved by the joint venture Hannover Milano Global Germany GmbH and payable in August 2017.

This entry relates entirely to transactions with related parties (Euro 2.622 million at 31 December 2016). Further details on related-party transactions are given in Note 39.

11) Cash and cash equivalents

This entry was Euro 28.062 million (Euro 20.904 million at 31 December 2016) and was almost entirely composed of short-term bank deposits carrying floating rate interest.

The change in financial flows in the first semester 2017 is shown in the Consolidated Statement of Cash Flows.

EQUITY AND LIABILITIES

12) Equity

Equity	(€'000)		
	30/06/17	31/12/16	change
Share capital	41,645	41,645	-
<i>of which treasury shares</i>	<i>(800)</i>	<i>(800)</i>	-
Share premium reserve	10,354	35,668	(25,314)
<i>of which treasury shares</i>	<i>(3,204)</i>	<i>(3,204)</i>	-
Legal reserve	8,489	8,489	-
Other reserves	(7,085)	(6,775)	(310)
Retained profits/(losses)	7,972	4,773	3,199
Profit/(loss) for the period	5,863	(22,794)	28,657
Group equity	67,238	61,006	6,232
Capital and reserves attributable to non-controlling interests	385	729	(344)
Profit/(loss) attributable to non-controlling interests	(224)	(56)	(168)
Equity attributable to non-controlling interests	161	673	(512)
Total	67,399	61,679	5,720

Share capital

At 30 June 2017, the share capital was Euro 41.645 million (Euro 41.645 million at 31 December 2016) net of Euro 0.800 million of treasury shares. The fully paid-up share capital is 71,917,829 ordinary shares, subject to no restrictions on dividend distribution and the repayment of capital, except as provided by laws governing 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:

	Number of shares at 31 December 2016	Change	Number of shares at 30 June 2017
Ordinary shares in issue	71,917,829	-	71,917,829
Treasury shares	939,018	-	939,018
Total shares outstanding	70,978,811		70,978,811

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 2017, the implicit nominal value of the shares was Euro 0.59 per share.

Share premium reserve

This was Euro 10.354 million (Euro 35.668 million at 31 December 2016) net of the reserve for treasury shares of Euro 3.204 million.

The decrease in this reserve of Euro 25.314 million follows the decision of the Parent Company Shareholders' Meeting of 21 April 2017 to use the share premium reserve to cover the losses carried forward from prior periods.

Legal reserve

This entry was Euro 8.489 million (Euro 8.489 million at 31 December 2016).

Other reserves

These were negative for Euro 7.085 million (negative for Euro 6.775 million at 31 December 2016).

Retained profits/(losses)

This entry was Euro 7.972 million (Euro 4.773 million at 31 December 2016).

The changes in the semester were as follows:

- a Euro 22.794 million decrease from the results of the previous financial year;
- a Euro 0.215 million increase for the re-measurement of the defined benefit plans net of the related tax effect;
- a Euro 25.778 million increase following the decision 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 2017, the Group had net profit of Euro 5.863 million.

In the financial year to 31 December 2016, the Group made a net loss of Euro 22.794 million.

Capital and reserves attributable to non-controlling interests

These totalled Euro 0.385 million (Euro 0.729 million at 31 December 2016).

The changes in the semester were as follows:

- a Euro 0.056 million decrease due to the loss made in the previous financial year;
- a Euro 0.548 million decrease due to the sale of the subsidiary Worldex Ltd;
- a Euro 0.260 million increase for advance payments for capital increases in the subsidiary La Fabbrica del Libro SpA paid by the minority shareholder Ediser Srl, which is responsible for covering 15% of the company's losses.

Net result attributable to non-controlling interests

The net result of the semester attributable to non-controlling interests was negative for Euro 0.224 million. In the financial year to 31 December 2016 it was negative for Euro 0.056 million.

LIABILITIES

13) Bank borrowings

Bank borrowings	(€'000)		
	30/06/17	31/12/16	change
Non-current bank borrowings	2,248	14,108	(11,860)
Current bank borrowings	30,970	45,542	(14,572)
Total	33,218	59,650	(26,432)

(€'000)		
Non-current bank borrowings	Fiera Milano	Total
Bank loans - non current portion	2,248	2,248
Total	2,248	2,248

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

- Euro 1.006 million (Euro 1.505 million at 31 December 2016) 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 1.242 million (Euro 2.484 million at 31 December 2016) for the non-current portion of a Euro 5.000 million financing given by Banca Nazionale del Lavoro on 22 December 2016, to be repaid in monthly *tranches* in arrears from 22 January 2017 until 22 December 2018 with an interest rate of one-month Euribor plus a spread of 1.50%.

The change in non-current bank borrowings compared to 31 December 2016 was due to a reduction in the non-current bank financing above and repayment of some non-current portions of the financing listed below (Euro 10.119 million at 31 December 2016):

- Euro 20.000 million of 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 2%;
- Euro 10.000 million of 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 15.000 million of 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 5.000 million of financing given by Banco Popolare di Lodi 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 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.

The financing received on 22 December 2016 is subject to commercial covenants on credit lines given by the bank.

At 30 June 2017 there were no bank loans expiring beyond five years.

(€'000)

Current bank borrowings	Fiera Milano	Cipa	Mico DMC	Total
Current credit lines	5,006	-	-	5,006
Current financing	-	1,429	30	1,459
Bank loans - current portion	24,505	-	-	24,505
Total	29,511	1,429	30	30,970

Bank loans were:

- Euro 5.006 million (Euro 18.019 million at 31 December 2016) of current credit lines to meet liquidity requirements.

The credit lines that are subject to financial covenants include that from Banca Nazionale del Lavoro SpA for advances on domestic receivables. Under the loan agreement, each year Fiera Milano SpA must channel through the bank incoming commercial funds in the form of payments, bank transfers, POS payments and notice payment forms (MAV) for an amount equal to a multiple of the credit line. At 30 June 2017, this credit line had not been used;

- Euro 1.459 million (Euro 1.474 million at 31 December 2016) for the Euro 1.429 million bank loan given to Cipa FM by BNP Paribas Brasil S.A. on 21 October 2015 (BRL 7.000 million) carrying a CDI rate of 13.76% plus a spread of 4.5%, as well as the bank loan of Euro 0.030 million of MiCo DMC Srl;

- Euro 24.505 million (Euro 26.049 million at 31 December 2016) for the Euro 5.000 million current loan agreed on 26 February 2016 with Banca di Credito Cooperativo di Carate Brianza and repayable in quarterly instalments in arrears from 25 May 2016 until 25 August 2017 with interest at 3-month Euribor plus a spread of 1.75%, as well as the current portions of the non-current financing already described under non-current bank borrowings.

Euro 4.401 million of this latter figure is for financing given on 6 December 2013, Euro 5.755 million for financing given on 23 May 2016, Euro 7.519 million for financing given on 25 May 2016, Euro 0.996 million for financing given on 27 May 2016, Euro 2.506 million for financing given on 22 June 2016 and Euro 2.485 million for financing given on 22 December 2016.

The loan received on 6 December 2013 is subject to financial covenants governing the maximum level for the net debt/equity ratio, which is measured annually.

Bank debt is subject to floating rate interest.

14) Other financial liabilities

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

Other financial liabilities	(€'000)		
	30/06/17	31/12/16	change
Other non-current financial liabilities	43	42	1
Other current financial liabilities	3,547	3,364	183
Total	3,590	3,406	184

Other non-current financial liabilities	(€'000)		
	30/06/17	31/12/16	change
Other non-current financing	43	42	1
Total	43	42	1

This entry is entirely related-party transactions (Euro 0.042 million at 31 December 2016). Further details on related-party transactions are given in Note 39.

Other current financial liabilities	(€'000)		
	30/06/17	31/12/16	change
Financial payables to the controlling shareholder	2,781	1,627	1,154
Valuation of the put option on the shares to acquire Worldex Ltd.	-	850	(850)
Other financial payables	766	836	(70)
Finance leases	-	51	(51)
Total	3,547	3,364	183

Financial payables to the controlling shareholder refer to the Parent Company and are the balance of the current account held with Fondazione Fiera Milano, which carries fixed interest at one-month Euribor plus a spread of 1.75%.

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

This entry included Euro 2.817 million of related-party transactions (Euro 2.503 million at 31 December 2016). Further details on related-party transactions are given in Note 39.

15) Provisions for risks and charges

Provisions for risks and charges						(€'000)
	31/12/16	Provisions	Utilisation	Other utilisation	Reclassification	30/06/17
Non current provisions:						
Provision for charges for "Palazzo Italia" project	1,119	-	-	-	-	1,119
Other provisions for risks and charges	2,465	-	39	(108)	(1,127)	1,191
Total non current provisions for risks and charges	3,584	-	39	(108)	(1,127)	2,310
Current provisions:						
Provision for charges for "Palazzo Italia" project	1,473	-	602	-	-	871
Loss on exhibitions	1,564	-	1,564	-	-	-
Other provisions for risks and charges	1,726	1,505	1,175	128	1,127	3,311
Total current provisions for risks and charges	4,763	1,505	3,341	128	1,127	4,182

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 0.871 million. At 30 June 2017, the total provision to cover this risk was Euro 1.990 million. In the previous financial year the provision totalled Euro 2.592 million and Euro 0.602 million was utilised in the period under review.

Other non-current provisions for risks and charges were mainly in the Parent Company and were various provisions for disputes with suppliers and were calculated on their probable outcome using both internal valuations and on those done with the help of external legal consultants; they included provisions for disputes with suppliers and other disputes. The reclassification referred to the provision for risks and charges of Cipa FM to cover eventual tax risks.

Other provisions for current risks were mainly attributable to the Parent Company and to Nolostand SpA for legal disputes with employees and to Cipa FM to cover potential tax risks.

No provisions were taken for costs directly attributable to the administration order as these costs, under prevailing law and at this state of the proceedings, are borne by the State.

However, the measures adopted as a result of the administration order have given rise to costs that are included in costs of services under services for technical, legal, commercial and administrative consultancy.

Use of current provisions for risks and charges were for costs associated with exhibition losses in 2017 and employee disputes in the Parent Company.

16) Employee benefit provisions

Employee benefit provisions (€'000)				
	31/12/16	Effect of defined benefit plans on debt	Indemnities and advances paid	30/06/17
Defined benefit plans	9,302	4	213	9,093
Total	9,302	4	213	9,093

Effect of defined benefit plans on debt (€'000)	
Personnel expenses:	
- indemnities related to defined benefit plans	216
Financial expenses:	
- actualisation charges	62
Other comprehensive income	
- Remeasurement of defined benefit plans	(274)
Total	4

The main hypotheses/assumptions used in the actuarial calculations of defined benefit plans at 31 December 2016 and 30 June 2017 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	Based on the probable employee turnover rate equal to 5% per annum 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	30/06/17	31/12/16
Annual technical discount rate	1.70%	1.30%
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 using 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 the CEO's termination benefit)	Increase in assumptions	Decrease in assumptions
Annual technical discount rate	+/- 0.5%	9,093	8,609	9,463
Annual rate of increase in total employees' salary	+/- 0.5%	9,093	9,096	8,949
Economic and financial assumptions				
Life expectancy	+/- 1 year	9,093	8,840	8,679

17) Trade payables

These were Euro 54.635 million, an increase of Euro 13.521 million compared to the figure at 31 December 2016. Trade payables were mainly to Italian suppliers for the acquisition of services required to mount the exhibitions that are the typical business of the Group. The increase reflects the higher number of transactions due to the increased level of activity caused by the different exhibition calendar.

18) Advances

Advances totalled Euro 62.500 million, an increase of Euro 22.261 million compared to the figure at 31 December 2016.

These were mainly pre-payments invoiced to clients for exhibitions to be held after 30 June 2017. Recognition as revenue is deferred until the exhibition is held.

The change in advances was due to the combined effect of a decrease in revenues recognised for exhibitions held during the semester under review and an increase in advances for exhibitions to be held after 30 June 2017.

The table below gives a breakdown by exhibition.

Advances	(€'000)		
	30/06/17	31/12/16	change
Host	27,715	4,789	22,926
Micam September	4,839	-	4,839
Homi II semester	4,398	-	4,398
Mostra Convegno Expocomfort	2,535	-	2,535
Lineapelle II September	1,800	-	1,800
Eicma Moto	1,773	-	1,773
Milano Unica September	1,564	-	1,564
Plast	1,376	-	1,376
Sicurezza	1,295	620	675
Ipac-Ima	694	166	528
Fisp	528	190	338
Viscom	429	-	429
Expodetergo	428	324	104
L'Artigiano in Fiera	283	-	283
Mido	283	1,756	(1,473)
Print 4 All	232	-	232
Vitrum	228	-	228
Fesqua	221	-	221
Mipel	161	-	161
Tubotech	151	-	151
Wire South	140	-	140
Fire Show	125	-	125
Myplant & garden	83	132	(49)
The One Milano	74	611	(537)
Exposec	69	504	(435)
Promotion trade exhibition	39	822	(783)
Bit	-	176	(176)
Euroluce	-	492	(492)
GF&WS Cape Town	-	133	(133)
Homi I semester	-	11,700	(11,700)
Lamiera	-	219	(219)
Lineapelle I semester	-	1,800	(1,800)
Made Expo	-	692	(692)
Made in Steel	-	103	(103)
Micam Spring	-	953	(953)
Milano Unica Spring	-	546	(546)
Mipel	-	144	(144)
Mostra Convegno Expocomfort	-	790	(790)
Salone del mobile/Complemento d'arredo	-	1,941	(1,941)
Simac Tanning-Tech	-	595	(595)
Sposaitalia	-	175	(175)
Transpotec & Logitec	-	1,534	(1,534)
Tuttofood	-	3,108	(3,108)
Congresses and other exhibitions	11,037	5,224	5,813
Total	62,500	40,239	22,261

This entry includes Euro 0.765 million of related-party transactions (Euro 0.178 million at 31 December 2016). Further details on related-party transactions are given in Note 39.

19) Deferred tax liabilities and tax payables

Deferred tax liabilities and tax payables	(€'000)		
	30/06/17	31/12/16	change
Deferred tax liabilities	3,178	3,523	(345)
Current tax liabilities	2,000	1,605	395
Total	5,178	5,128	50

The entry for deferred tax liabilities was Euro 3.178 million (Euro 3.523 million at 31 December 2016). This figure was 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 2.000 million (Euro 1.605 million at 31 December 2016).

20) Other liabilities

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

Other current and non current liabilities	(€'000)			
	30/06/17		31/12/16	
	ML/T term	S-term	ML/T term	S-term
Payables to the controlling shareholder	-	1,829	-	1,408
Payables to the controlling shareholder fot tax consolidation	-	268	-	268
Payables to associates	-	181	-	310
Payables to pension and social security entities	-	2,241	-	2,182
Payables to directors and statutory auditors	-	117	-	68
Payables to employees	-	6,080	-	4,994
Payables to exhibition organisers	-	8,395	-	3,961
Group VAT payables to the controlling shareholder	-	861	-	1,493
Other payables	-	1,276	-	1,533
Payables to related parties	-	274	-	11
Accrued liabilities to the controlling shareholder	-	8	-	-
Accrued liabilities to associates	-	81	-	-
Deferred income and Accrued liabilities	-	732	-	285
Total	-	22,343	-	16,513

The main changes compared to the previous financial year were an increase in payables in the Parent Company from the cash received on behalf of exhibition organisers.

Other liabilities included Euro 3.421 million of related-party transactions (Euro 3.490 million at 31 December 2016). Further details on related-party transactions are given in Note 39.

21) Financial assets and liabilities

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

Group Net Financial Position (Amounts in € '000)	<u>30/06/17</u>	<u>31/12/16</u>	<u>change</u>
A. Cash (including bank balances)	28,062	20,904	7,158
B. Other cash equivalents	-	-	-
C. Securities held for trading	-	-	-
D. Cash and cash equivalents (A+B+C)	28,062	20,904	7,158
E. Current financial assets	4,632	2,622	2,010
- E.1 of which Other non current liabilities to other related parties	4,632	2,622	2,010
F. Current bank borrowings	6,465	18,019	(11,554)
G. Current portion of non-current debt	24,505	27,523	(3,018)
H. Other current financial liabilities	3,547	3,364	183
- H.1 of which Other current financial liabilities to the controlling shareholder	2,781	1,627	1,154
- H.2 of which Other current financial liabilities to other related parties	36	876	(840)
I. Current financial debt (F+G+H)	34,517	48,906	(14,389)
J. Current net financial debt (cash) (I-E-D)	1,823	25,380	(23,557)
K. Non-current bank borrowings	2,248	14,108	(11,860)
L. Debt securities in issue	-	-	-
M. Other non-current liabilities	43	42	1
- M.1 of which Other non current liabilities to other related parties	43	42	1
N. Non-current financial debt (K+L+M)	2,291	14,150	(11,859)
Net financial debt/(cash) from continuing operations (J+N)	4,114	39,530	(35,416)
Net financial debt/(cash) from discontinued operations	-	(1,214)	1,214
O. Net financial debt/(cash)	4,114	38,316	(34,202)

The improvement in net debt was due to the positive operating cash flow generated in the semester under review and from the trend in net working capital and, in particular, payables and advances for exhibitions held in the semester or due to be held in the coming months. The Group also benefited from the cash received from the divestment of its shareholding in the Chinese company Worldex and from an increase in financial receivables relating to the dividend payable by the joint venture Hannover Milano Global Germany GmbH.

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 2017 and their fair value:

	(€'000)	
	<u>Book value</u>	<u>Fair value</u>
Financial assets		
Non-current trade and other receivables	12,317	12,317
Current trade and other receivables	71,793	71,793
Current financial assets	4,632	4,632
Cash and cash equivalents	28,062	28,062
Total	116,804	116,804
Financial liabilities		
Non-current bank borrowings	2,248	2,248
Other non-current financial liabilities	43	43
Current bank borrowings	30,970	30,970
Trade payables	54,635	54,635
Other current financial liabilities	3,547	3,547
Other current liabilities	22,343	22,343
Total	113,786	113,786

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

22) 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.

22.1 Credit risk

Credit risk is represented by the Group's exposure to potential losses from the non-fulfilment of obligations agreed by counterparties. Credit risk is adequately monitored, as is that pertaining to the cash management that characterises the business of the Group. Fiera Milano SpA hosts and organises exhibitions that are leaders in their sector and, therefore, the loyalty of exhibitors is high. For Fiera Milano SpA, the current system means that all receipts from exhibitors flow into the Fiera Milano SpA accounts and it is Fiera Milano SpA that retrocedes to its clients/organisers the amounts due them.

Part of the services supplied to exhibitors by the companies in the Stand-fitting Services and Media segments is invoiced and received on behalf of the Group company by Fiera Milano SpA. The companies in the Stand-fitting Services and Media segments always carry out solvency checks on potential clients and outstanding amounts are constantly monitored by the appropriate departments to ensure that any necessary recovery action is implemented.

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

The first category is the **exhibition organisers**; the receivables included in this category are considered to represent the lowest risk as the Company manages the cash flows of all the exhibitions at the two sites. Provisions for doubtful receivables are minimal in comparison to the amounts received and have been made for a few receivables that are proving difficult to recover.

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

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

The provision for doubtful receivables is based on presumed recoverability using internal assessments supported by those of external legal consultants.

22.2 Liquidity risk

Although the Company has taken measures to ensure that it has adequate levels of working capital and liquidity, a drop in business volumes caused by the seasonality and cyclicity that characterise the exhibition business could affect its financial results and its ability to generate cash flow. The Group net debt at 30 June 2017, which had decreased compared to the figure at 31 December 2016, was influenced by the more favourable exhibition calendar and the consequent effect on advances paid by organisers to participate 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 the Company risk management and use of debt is to guarantee an adequate level of liquidity, minimising the opportunity cost and maintaining a balance in terms of the duration and composition of debt. To cover its investments, over the years, the Company has transferred part of its current debt to non-current debt by agreeing a series of loans that last from two to five years. The Group intends to proceed with this strategy during the remainder of 2017 in order to support its financial requirements, which include the repayment of expiring portions of its debt.

As indicated in Note 13, the non-current loan given to the Parent Company by Banca Popolare di Milano SpA on 6 December 2013, of which Euro 4.401 million was still outstanding at 30 June 2017, is subject to financial covenants that are measured annually and which will next be measured on the financial statements for the full-year 2017.

The credit lines currently existing with banks, together with forecast operating cash flows, are considered sufficient to cover short-term financial requirements despite the peaks in cash absorption that are concentrated in the months when there are no exhibitions and when financial requirements are covered using the funds available in the current account held with the controlling shareholder Fondazione Fiera Milano.

Maintaining the financial equilibrium of the Company is also dependent on attaining the targets of the Industrial Plan, as well as on the performance of the economy, forecasts for which necessitate an assessment of the outcome of future events and circumstances that by their very nature are uncertain.

22.3 Market risk

The Group reserves the right to use appropriate hedging instruments if the market risks become significant.

a) Interest rate risk

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

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 period, 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 both the costs and revenues of Group companies are in the exchange rate of the country of operations. Any risk is mainly due to intragroup 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 intragroup 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.

23) Disclosure on guarantees given, undertakings and other potential liabilities

Guarantees given

These totalled Euro 7.080 million and were as follows:

- Euro 3.201 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) 7.700 million, equivalent to Euro 2.048 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 loans given by the bank;
- Euro 1.243 million for two bank guarantees given as a security deposit at the request of Expo 2015 Raggruppamento Temporaneo di Imprese that includes Nolostand SpA, Fiera Milano Congressi SpA and Siram SpA to guarantee the contractual obligations under the TCP1 and TCP2 (Auditorium) contracts;
- Euro 0.564 million of guarantees for the lease contracts of the subsidiaries Nolostand SpA, Fiera Milano Congressi SpA and Fiera Milano Media SpA;
- Euro 0.024 million for other guarantees.

Potential liabilities

There are currently several legal proceedings involving the Group and the estimated potential adverse outcome of these affects the following companies:

- Cipa FM for Euro 1.911 million (BRL 7.186 million) Tax Assessments – Municipality of São Paulo Brazil;
- Fiera Milano SpA for approximately Euro 0.333 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

24) Revenues from sales and services

The breakdown of revenues was as follows:

Revenues from sales and services	(€'000)		
	1st Half 2017	1st Half 2016	change
Sales of exhibition space	44,291	49,625	(5,334)
Exhibitor fees	38,679	20,981	17,698
Rental of stands, fittings and equipment	22,593	31,154	(8,561)
Catering and canteen services	11,823	11,687	136
Revenues from exhibition and congress organisation	5,827	5,911	(84)
Advertising space and services	5,572	5,795	(223)
Exhibition site services	4,309	4,665	(356)
Supplementary exhibition services	2,228	1,539	689
Exhibition insurance services	1,404	1,354	50
Miscellaneous fees and royalties	1,285	1,999	(714)
Access surveillance and customer care services	1,173	1,384	(211)
Administrative, telephone and internet services	1,170	1,401	(231)
Ticket office sales	980	324	656
Congress organisation	426	468	(42)
Multimedia and on-line catalogue services	110	300	(190)
Total	141,870	138,587	3,283

The higher revenues mainly reflected the new exhibitions Lamiera, Tempo di Libri Milano, Versilia Yachting Rendez-Vous and MAM-Mostra A Milano Arte e Antiquariato. There were also positive results from: LineaPelle and the ancillary exhibition Simac Tanning-Tech, Milano Unica, and Promotion Trade Exhibition, which in the first semester 2017 was directly organised for the first time by Fiera Milano.

The positive trend in revenues was also helped by the more favourable exhibition calendar which, in the semester under review, included the directly organised biennial exhibition Tuttofood and the hosted exhibition Made Expo. It was negatively affected by the absence of the important biennial exhibition Mostra Convegno Expocomfort.

There was also a negative impact from lower revenues in the stand-fitting segment, in particular due to lower business volumes coming from outside the exhibition sites and to the absence of the revenues for dismantling the structures of Expo 2015 that were present in the first semester of the preceding financial year.

This entry includes Euro 0.095 million of related-party transactions (Euro 0.124 million at 30 June 2016). Further details on related-party transactions are given in Note 39.

OPERATING EXPENSES

25) Costs of materials

The breakdown was as follows:

Cost of materials	(€'000)		
	1st Half 2017	1st Half 2016	change
Subsidiary materials and consumables	1,351	932	419
Printed materials, forms and stationery	537	262	275
Raw materials	79	65	14
Finished goods and packaging	5	9	(4)
Change in inventories of raw materials	(7)	21	(28)
Uses of provisions	(9)	-	(9)
Total	1,956	1,289	667

This entry includes Euro 0.054 million of related-party transactions (zero at 30 June 2016). Further details on related-party transactions are given in Note 39.

26) Costs of services

The breakdown of costs of services is shown in the following table:

Cost of services	(€'000)		
	1st Half 2017	1st Half 2016	change
Equipment hire	11,425	11,996	(571)
Stands and equipment for exhibitions	10,449	12,852	(2,403)
Catering services	9,504	9,255	249
Advertising	6,930	5,034	1,896
Technical, legal, commercial and administrative services	6,720	3,631	3,089
Energy costs	4,746	4,776	(30)
Maintenance	3,883	3,898	(15)
Cleaning and waste disposal	3,349	2,787	562
Collateral events connected to exhibitions	3,279	200	3,079
Security and gate services	2,918	2,971	(53)
Change in suspended costs for future exhibitions	1,930	(1,683)	3,613
Insurance	1,586	1,569	17
Ticketing	1,119	1,021	98
Telephone and internet expenses	1,117	1,198	(81)
IT services	977	844	133
Transport	914	788	126
Technical assistance and ancillary services	791	685	106
Conference and congress services	229	212	17
Remuneration of Statutory Auditors	136	118	18
Expenses for statutory bodies	6	12	(6)
Other	6,719	6,229	490
Uses of provisions	(1,265)	(332)	(933)
Total	77,462	68,061	9,401

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 increased by Euro 9.401 million compared to the figure at 30 June 2016 in correlation to the higher exhibition and congress business volumes.

The changes were as follows:

- an increase in technical, legal, commercial and administrative services primarily for the consultancy fees linked to the overhaul of the corporate procedures and the model and Legislative Decree 231/2001;

- an increase in the entry for change in suspended costs for future exhibitions mainly due to the recognition of costs for the exhibition Tuttofood;
- an increase in the entry for collateral events connected to exhibitions, which was for hotel management costs in MiCo DMC.

The entry included Euro 1.269 million (Euro 0.651 million at 30 June 2016) of related-party transactions. Further details on related-party transactions are given in Note 39.

27) Cost of use of third-party assets

The breakdown of these costs was as follows:

Cost of use of third-party assets	(€'000)		
	1st Half 2017	1st Half 2016	change
Rent and expenses for exhibition sites	23,200	23,039	161
Other rental expenses	2,249	2,189	60
Vehicle hire	287	289	(2)
Lease of company division	31	113	(82)
Office equipment and photocopier hire	23	28	(5)
Other rents	9	1	8
Uses of provisions	(505)	(805)	300
Total	25,294	24,854	440

The rents and expenses for exhibition and congress areas included Euro 23.037 million for the rent payable to the controlling shareholder Fondazione Fiera Milano.

Other rental expenses included the rent of Euro 0.976 million for the Palazzo Italia in Berlin and Euro 0.949 million for the rent payable for the warehouses of Nolostand SpA.

The entry includes Euro 23.038 million (Euro 22.944 million at 30 June 2016) of related-party transactions. Further details on related-party transactions are given in Note 39.

28) Personnel expenses

The breakdown of personnel costs was as follows:

Personnel expenses	(€'000)		
	1st Half 2017	1st Half 2016	change
Salaries	15,816	15,395	421
Social Security payments	4,824	4,887	(63)
Redundancy incentives	992	1,550	(558)
Directors' remuneration	750	743	7
Defined contribution plan charges	715	730	(15)
External and temporary employees	383	178	205
Defined benefit plan charges	216	267	(51)
Seconded employees expenses	273	193	80
Other expenses	492	412	80
Uses of provisions	(956)	(1,534)	578
Total	23,505	22,821	684

This entry includes Euro 0.082 million (Euro 0.054 million at 30 June 2016) of related-party transactions. Further details on related-party transactions are given in Note 39.

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

Breakdown of personnel by category

	1st Half 2017	1st Half 2016	change
Managers	34	39	(5)
Middle managers and white collar	696	741	(45)
Total personnel	730	780	(50)

29) Other operating expenses

The breakdown of other operating expenses was as follows:

Other operating expenses		(€'000)	
	1st Half 2017	1st Half 2016	change
Doubtful receivables	1,199	1,239	(40)
Other taxes	1,181	1,222	(41)
Contributions and donations	242	244	(2)
Copyright royalties (SIAE)	182	179	3
Balancing item from closure of prior year exhibition accounts	172	35	137
Municipal tax on advertising	89	129	(40)
Gifts and promotional merchandise	87	57	30
Losses on intangible assets	81	7	74
Other expenses	659	609	50
Uses of provisions	(1,207)	(1,291)	84
Total	2,685	2,430	255

The entry includes Euro 0.115 million (Euro 0.441 million at 30 June 2016) of related-party transactions. Further details on related-party transactions are given in Note 39.

30) Other income

The breakdown of other income was as follows:

Other income		(€'000)	
	1st Half 2017	1st Half 2016	change
Other recovered costs	609	563	46
Office rent and expenses	209	239	(30)
Recovery of expenses for seconded employees	100	106	(6)
Insurance indemnities	30	432	(402)
Other income	308	291	17
Total	1,256	1,631	(375)

The entry includes Euro 0.476 million (Euro 0.731 million at 30 June 2016) of related-party transactions. Further details on related-party transactions are given in Note 39.

31) Result of equity accounted companies

This entry totalled Euro 1.277 million (Euro 0.358 million at 30 June 2016); Euro 1.600 million was from the investment in the joint venture with Deutsche Messe AG and a negative figure of Euro 0.323 million for Ipack Ima Srl.

32) Depreciation and amortisation

Depreciation of property, plant and equipment

This was Euro 2.115 million (Euro 2.037 million at 30 June 2016).

The entry includes a negative figure of Euro 0.011 million (negative for Euro 0.017 million at 30 June 2016) 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.

The entry also includes depreciation of leased property, plant and machinery.

Amortisation of intangible assets

Amortisation of intangible assets totalled Euro 1.307 million (Euro 2.033 million at 30 June 2016). Details of amortisation are given in the Note on intangible assets.

33) Adjustments to asset values

Adjustments to asset values	(€'000)		
	1st Half 2017	1st Half 2016	change
Impairment of goodwill on acquisitions	11	-	11
<i>Impairment of exhibition trademarks and publications</i>	-	1,899	(1,899)
Total	11	1,899	(1,888)

34) Provision for doubtful receivables and other provisions

Changes in this entry are shown in the following table:

Provision for doubtful receivables and other provisions	(€'000)		
	1st Half 2017	1st Half 2016	change
Write-downs of receivables	601	750	(149)
<i>provisions</i>	<i>601</i>	<i>750</i>	<i>(149)</i>
Personnel disputes	1,455	250	1,205
<i>provisions</i>	<i>1,455</i>	<i>250</i>	<i>1,205</i>
Provisions for personnel reorganisation	-	36	(36)
<i>provisions</i>	<i>-</i>	<i>36</i>	<i>(36)</i>
Other legal disputes	(406)	(71)	(335)
<i>provisions</i>	<i>50</i>	<i>49</i>	<i>1</i>
<i>release of excess provisions</i>	<i>(456)</i>	<i>(120)</i>	<i>(336)</i>
Total	1,650	965	685

Further details on changes in provisions for risks and charges are given in Note 15.

35) Financial income and expenses

Financial income and expenses	(€'000)		
	1st Half 2017	1st Half 2016	change
Exchange rate gains	145	867	(722)
Interest income on bank deposits	28	14	14
Interest income from cautionary deposits related to the rent of the exhibition site	5	17	(12)
Interest income on receivables from the controlling shareholder	1	2	(1)
Other financial income subsidiaries	19	10	9
Other financial income	15	60	(45)
Total income	213	970	(757)
Interest payable on bank accounts	350	544	(194)
Exchange rate losses	418	188	230
Interest payable on the current account with the controlling shareholder Fondazione Fiera Milano	89	77	12
Charges on discounting defined benefit plans	62	101	(39)
Other financial expenses	19	222	(203)
Uses of provisions	(2)	(53)	51
Total expenses	936	1,079	(143)
Balance financial income (expenses)	(723)	(109)	(614)

This entry includes Euro 0.025 million of financial income and Euro 0.089 million of financial costs from related-party transactions (a negative figure of Euro 0.048 million at 30 June 2016). Further details on related-party transactions are given in Note 39.

36) Income tax

Income tax	(€'000)		
	1st Half 2017	1st Half 2016	change
Current income tax	427	1,813	(1,386)
Deferred income tax	1,629	3,447	(1,818)
Total	2,056	5,260	(3,204)

Current income tax decreased mainly because of the lower taxable income of Group companies. 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.

This entry includes a negative figure of Euro 0.038 million (zero at 30 June 2016) for related-party transactions. Further details on related-party transactions are given in Note 39.

37) Profit/(loss) for the period

The net profit in the first semester 2017 was Euro 5.639 million compared to Euro 8.397 million in the first semester 2016.

38) Earnings/(losses) per share

Basic earnings per share went from Euro 0.1202 in the first semester 2016 to Euro 0.0837 in the

first semester 2017 and was calculated by dividing the net profit by the average weighted number of shares of Fiera Milano SpA in circulation in each period.

	1st Half 2017	1st Half 2016
Profit/(loss) (€'000)	5,863	8,564
Average no. of shares in circulation ('000)	70,979	71,273
Basic earnings/(losses) per issued share (€)	0.0826	0.1202
Earnings/(losses) per fully diluted no. of shares (€)	0.0826	0.1202

The number used as the numerator to calculate basic earnings per share and diluted earnings per share was Euro 5.938 million in the period to 30 June 2017 (Euro 8.564 million for the first semester 2016).

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)	1st Half 2017	1st Half 2016
Weighted average no. of shares used for calculation of EPS	70,979	71,273
+ Potential no. of shares issued without payment	-	-
Weighted average no. of shares used to calculate diluted EPS	70,979	71,273

39) 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 2016 Annual Financial Statements.

Commercial transactions among the companies of the Fiera Milano Group 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 generated by the Group 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

On 31 March 2014 new lease agreements were signed for the exhibition sites of Rho and Milan. The new lease agreements have a duration of nine years from 1 July 2014 and may be automatically renewed for a further nine years.

The rent for the Rho exhibition site was set at Euro 24.400 million for the second semester 2014 and Euro 38.800 million per annum from 2015 and for each subsequent year of the agreement annually adjusted for 100% of the change in the ISTAT consumer price index.

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 the Consob Regulation on related-party transactions and of Article 10.2 of the Procedure regarding transactions with related parties adopted by the Company, it was carried out under the Procedure for related-party transactions and, on 21 March 2014, an Information Document for a related-party transaction of greater importance ("Information Document OPC") was published.

To ensure that market conditions applied, the rental agreements were prepared by 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 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 and was renewed until 30 June 2017. On 9 February 2016, Fondazione Fiera Milano communicated to Fiera Milano Congressi that it would not exercise its right to cancel the contract under Article 3 of the existing lease agreement and, therefore, extended the contract until the new expiry date of 30 June 2023.

The annual fixed rent for Pavilion 17 of the downtown exhibition site, now known as MiCo NORTH WING, is Euro 0.350 million (annually adjusted for the change in the ISTAT consumer price index) whilst there is also a variable element which is 5% of any revenues of the subsidiary Fiera Milano Congressi that exceed a minimum of Euro 15.000 million.

The rental agreement for MiCo - Milano Congressi SOUTH WING (previously pavilions 5 and 6) with Fondazione Fiera Milano was finalised in 2011 and has a duration of nine years from 1 May 2011. The contract is automatically renewable for a further nine years unless terminated by one of the parties. The annual fixed rent is Euro 3.000 million with a variable component of 5% of revenues realised by Fiera Milano Congressi SpA on the site that exceed the revenue targets in its 2011–2014 industrial plan. The rent is adjusted annually by an amount equal to 100% of the change in the ISTAT index for the previous year.

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 decided that, starting in 2016 for the three-year period 2016-2018, it would take advantage of the tax consolidation facility and act as the consolidating entity with Fiera Milano SpA and the Italian companies it controls (Fiera Milano Media SpA, Nolostand SpA and Fiera Milano Congressi SpA) as the consolidated entities.

Under the tax consolidation, Fondazione Fiera Milano may use the tax losses of the consolidated companies generated in each of the years that the option is available to offset the taxes generated in the same financial year by the companies participating in the tax consolidation once the tax losses of Fiera Milano SpA and the consolidating entity have been calculated; compensation for the tax losses of the companies consolidated are repaid for the amount of the effective benefit generated by the tax consolidation.

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 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 Exhibition Management Activity business division conferred on 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

On 24 June 2016, a new contract for the current account was agreed. The contract expired on 31 December 2016 and is automatically renewed each year unless one of the parties cancels by 30 September preceding the date of expiry.

Under the contract, the parties agreed to terminate the pre-existing contract for the current account and this was done prior to its replacement by the new contract.

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; the account carries interest of 1-month Euribor plus a spread of 1.75% that may be periodically revised by the parties.

Credits for invoices issued by the parties accrue interest 60 days from the end of the month in which the invoice is issued although the interest may not be collected and will remain unavailable until the current account is closed, except for invoices that are overdue by more than 180 days which are payable immediately.

Invoices for the rent of the exhibition sites are part of the agreement but carry interest and are payable under the specific terms of the rental contracts. The balance of any invoices that are overdue by at least 180 days, together with the balance of the invoices for the leasing contracts on the exhibition sites that are due under the terms of the relevant contracts, represent the collectable balance.

Credits which are not due for repayment are not included in the current account.

The party for which the overdue credit or debit balance exceeds Euro 5 million has the right to request payment of the balance, or to pay the balance. Where a request for payment has been made, the amount of the payment must be settled within 15 working days of the date of the said request.

The current account is closed and all interest paid every quarter.

Related-party transactions with joint ventures

On 19 April 2017, Hannover Milano Global Germany GmbH, a joint venture between Fiera Milano SpA and Deutsche Messe AG, approved the 2016 Financial Statements and also approved a dividend distribution of Euro 5.588 million. The amount attributable to Fiera Milano Group is Euro 2.272 million.

On 21 February 2016, Fiera Milano SpA and Ipack Ima Srl, a company in joint venture with UCIMA, signed a financing agreement for a maximum of Euro 3.000 million, which is automatically renewed each year, as described in Note 10. At 30 June 2017, Euro 2.360 million had been paid.

Transactions with other related parties

Transactions with other related parties are part of the normal management activity and are carried out at market conditions.

Non-current financial payables refer to the ten-year loan given to MiCo DMC Srl by the minority shareholder AIM Group International SpA, which expires on 6 May 2025 and carries interest at 3%. Details of current financial payables are given in Note 14.

Ediser Srl mainly supplied promotional services to La Fabbrica del Libro SpA.

Information on the remuneration paid to the Administrative and Control Bodies and to Executives with strategic responsibilities in the first semester 2017 is given in the table included in the section below on other information.

Financial, capital and economic transactions 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 2017

(€'000)	Change in other non-current assets	Trade and other non-current receivables	Trade and other receivables	Inventories	Current financial assets	Other non-current financial liabilities	Advances	Other current financial liabilities	Other current liabilities	Revenues from sales and services	Cost for materials	Cost of services	Cost of use of third-party assets	Personnel Expenses	Other operating expenses	Other income	Financial income and similar	Financial expenses and similar	Income tax	
Controlling shareholder and other Group companies																				
Fondazione Fiera Milano		11,730	8,084					2,781	2,966	6		658	23,037	15	115	386	6	89	-38	
Companies under joint control																				
Hannover Milano Global Germany GmbH					2,272															
Isack Insa Srl	10		123	2	2,360		765		181	75		186	1	66		90	19			
Other related parties																				
AIM Group International SpA						43		36												
Ediser Srl			11						274	14	54	425		1						
Total related parties transac	10	11,730	8,218	2	4,632	43	765	2,817	3,421	95	54	1,269	23,038	82	115	476	25	89	-38	
Total reported	-	12,317	71,793	3,267	4,632	43	62,500	3,547	22,343	141,870	1,956	77,462	25,294	23,505	2,685	1,256	213	936	2,056	
% Rel. party transactions/Total reported	-	95%	11%	-	100%	100%	1%	79%	15%	-	3%	2%	91%	-	4%	38%	12%	10%	-2%	

	(€'000)	
Statement of related party cash flow	30/06/17	30/06/16
Cash flow from operating activities		
Revenues and income	571	855
Costs and expenses	(24,558)	(24,090)
Interest receivable	25	29
Interest payable	(89)	(77)
Losses/income from tax consolidation	38	-
Changes in trade and other receivables	475	(686)
Change in other current liabilities	518	(3,419)
Total	(23,020)	(27,388)
Cash flow from investment activities		
Investments in non-current activities		
. Tangible and intangible	(10)	-
. Other non-current assets	-	-
Total	(10)	-
Cash flow from financing activities		
Change in financial (assets)/liabilities	(1,695)	(16,040)
Total	(1,695)	(16,040)
Cash Flow in the period	(24,725)	(43,428)

The table below shows cash flow from related party transactions:

	Cash flow from operating activities	Cash flow from investment activities	Cash flow from financing activities
FY to 30.06.17:			
Total	33,634	(2,733)	(25,248)
Related party transactions	(23,020)	(10)	(1,695)
FY to 30.06.16			
Total	(20,134)	(3,406)	(16,402)
Related party transactions	(27,388)	-	(16,040)

40) Significant events after the end of the semester

On 25 July 2017, an Ordinary Shareholders' Meeting was held that increased the number of Board members to nine and appointed as a new Director Mr Fabrizio Curci effective from 1 September 2017 with a mandate that expires with those of the other members of the Board of Directors at the Shareholders' Meeting to approve the Financial Statements at 31 December 2019.

The meeting of the Board of Directors, held immediately after the Shareholders' Meeting, appointed Mr Fabrizio Curci as Chief Executive Officer and General Manager of Fiera Milano SpA from 1 September 2017.

41) Other information

Administration orders

On 20 June 2017, the Milan Court – Prevention Court Independent Section lifted the administration order imposed on the subsidiary Nolostand SpA. This was done following significant work carried out in collaboration with the Court-appointed Administrator on the Model 231 procedures and controls, the new Supervisory Board, and the adoption of Group procedures governing supplier contracts and management of suppliers. The order had been imposed for a period of six months with a decree issued on 23 June 2016 and notified on 6 July 2016 that was subsequently extended for a further six months.

The hearing for the final outcome of the administration order of the stand-fitting business division of Fiera Milano SpA is scheduled for 28 September 2017. In the meantime, the Company intends to complete all the initiatives to optimise, rectify and introduce new rules that ensure safer business management founded on new working models and methodologies.

Non-recurring events and transactions

There were no material non-recurring transactions or events in the semester under review.

Remuneration of the Administrative and Control Bodies 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 the 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.

The total remuneration for this category of executives was Euro 0.622 million at 30 June 2017, (Euro 0.960 million at 30 June 2016) and the breakdown was as follows:

Remuneration	1st Half 2017		
	Directors	Statutory Auditors	Others
Short-term benefits	410	96	95
Post-employment benefits	17	-	4
Other non current benefits	-	-	-
Staff-leaving indemnities	-	-	-
Notional income from stock option plans	-	-	-
Total	427	96	99

(€'000)

(€'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	-	-	-
Total	487	80	393

At 30 June 2017, the outstanding amount payable to this category was Euro 0.104 million (Euro 0.158 million at 30 June 2016).

Rho, 28 July 2017

On behalf of the Board of Directors

The Chairperson
Lorenzo Caprio

List of companies included in the consolidation area and other investments at 30 June 2017

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	%
A) List of companies included in the area of consolidation						
Parent Company						
Fiera Milano SpA	Organisation and hosting of exhibitions in Italy	42,445				
Fully consolidated companies						
Fiera Milano Media SpA	Media services	2,803	100	100		100 Fiera Milano SpA
Fiera Milano Congressi SpA	Management of congresses	2,000	100	100		100 Fiera Milano SpA
Mico DMC S.r.l.	Management of congresses	10	51		51	51 Fiera Milano Congressi SpA
La Fabbrica del Libro SpA	Organisation of exhibitions in Italy	120	51	51		51 Fiera Milano SpA
Nolostand SpA	Stand fitting services	7,500	100	100		100 Fiera Milano SpA
Ipack-Ima SpA	Organisation of exhibitions in Italy	200	100	100		100 Fiera Milano SpA
Eurofairs International Consultoria e Participações Ltda	Organisation of exhibitions outside of Italy	R \$ 47,032	100	99.98	0.02	99.98 Fiera Milano SpA 0.02 Nolostand SpA
CIPA Fiera Milano Publicações e Eventos Ltda	Organisation of exhibitions outside of Italy	R \$ 7,003	100	1	99	99 Consultoria e Participações Ltda 1 Fiera Milano SpA
Fiera Milano India Pvt Ltd	Organisation of exhibitions outside of Italy	INR 20,000	99.99	99.99		99.99 Fiera Milano SpA
Limited Liability Company "Fiera Milano"	Organisation of exhibitions outside of Italy	RUB 10,000	100	100		100 Fiera Milano SpA
Fiera Milano Exhibitions Africa Pty Ltd	Organisation of exhibitions outside of Italy	ZAR 0.6	100	100		100 Fiera Milano SpA
B) List of jointly controlled companies equity-accounted						
Hannover Milano Global Germany GmbH	Organisation of exhibitions outside of Italy	25	49	49		49 Fiera Milano SpA
Hannover Milano Fairs Shanghai Co. Ltd	Organisation of exhibitions outside of Italy	USD 500	49		100	Hannover Milano Global Germany GmbH
Hannover Milano Fairs China Ltd	Organisation of exhibitions outside of Italy	HKD 10	49		100	Hannover Milano Global Germany GmbH
Hannover Milano Fairs India Pvt Ltd	Organisation of exhibitions outside of Italy	INR 274,640	48.99		99.99	Hannover Milano Global Germany GmbH
Global Fairs & Media Private Ltd	Organisation of exhibitions outside of Italy	INR 207,523	24.5		50	Hannover Milano Fairs India Pvt Ltd
Ipack Ima Sri	Organisation of exhibitions in Italy	20	49		49	49 Ipack-Ima SpA
C) List of companies accounted at cost						
Company name and registered office	Main activity	Share capital (000) (*)	Group total	Directly held by Fiera Milano	Indirectly held through other Group companies	Shareholding of Group companies %
Esperia SpA	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, Marina Natale, as Chief Executive Officer, and Sebastiano Carbone, 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 2017.

2. In the first semester 2017, due to the administration order for the entire exhibition stand-fitting business division of the Parent Company Fiera Milano SpA that is still in force, the activities to update certain corporate procedures has continued, including those for procurement and the purchasing cycle. The evaluation process of the adequacy of the administrative and accounting procedures for the preparation of the Interim Condensed Consolidated Financial Statements at 30 June 2017 took account of these circumstances in identifying the periodic monitoring activities.

3. It is also declared that:
 - 3.1 the Interim Condensed Consolidated Financial Statements at 30 June 2017:
 - 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 in the accounting records and documents;
 - provide a true and fair 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.

28 July 2017

Signed
Chief Executive Officer
Marina Natale

Signed
**Manager responsible for preparing the
Company's financial statements**
Sebastiano Carbone

Independent Auditor's Report



EY S.p.A.
Via Meravigli, 12
20123 Milano

Tel: +39 02 722121
Fax: +39 02 722122037
ey.com

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 2017, 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 2017 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) on point 4. "Other risks" of the Management Report and on note 41. "Other information – Administration orders" of the Illustrative Notes to the condensed consolidated financial statements which describe the preventive measures notified by the Milan Tribunal to Nolostand S.p.A. and Fiera Milano S.p.A.;

EY S.p.A.
Sede Legale: Via Po, 32 - 00198 Roma
Capitale Sociale deliberato Euro 3.250.000,00, sottoscritto e versato Euro 2.950.000,00 i.v.
Iscritta alla S.O. del Registro delle Imprese presso la C.C.I.A.A. di Roma
Codice fiscale e numero di iscrizione 00434000584 - numero R.E.A. 280904
P.IVA 00891231003
Iscritta all'Albo Revisori Legali al n. 70945 Pubblicato sulla G.U. Suppl. 13 - IV Serie Speciale del 17/2/1998
Iscritta all'Albo Speciale delle società di revisione
Consob al progressivo n. 2 delibera n.10831 del 16/7/1997

A member firm of Ernst & Young Global Limited



- b) on note 39. "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, 2 August 2017

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.