MEDIASET

Half Year Financial Report at 30 June 2017

This Half Year Report has been translated from the original issued in italian into English language solely for the convenience of international readers.

MEDIASET S.p.A. - via Paleocapa, 3 - 20121 Milan
Share Capital Euros 614,238,333.28 fully paid up
Tax Code, VAT number and inscription number in the
Milan Enterprises Register: 09032310154
Website: www.mediaset.it

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CORPORATE BOARDS

Board of Directors	**Chairman** Fedele Confalonieri **Deputy Chairman and** **Chief Executive Officer** Pier Silvio Berlusconi **Directors** Giuliano Adreani Marina Berlusconi Franco Bruni Pasquale Cannatelli Mauro Crippa Bruno Ermolli Marco Giordani Fernando Napolitano Gina Nieri Michele Perini Alessandra Piccinino Niccolo' Querci Stefano Sala Carlo Secchi Wanda Ternau
Executive Committee	Fedele Confalonieri Pier Silvio Berlusconi Giuliano Adreani Marco Giordani Gina Nieri
Risk and Control Committee	**Carlo Secchi (Chairman)** Franco Bruni Fernando Napolitano
Compensation Committee	**Michele Perini (Chairman)** Bruno Ermolli Fernando Napolitano
Governance and Appointments Committee	**Carlo Secchi (Chairman)** Michele Perini Wanda Ternau
Committee of Independent Directors for Related-Party Transactions	**Michele Perini (Chairman)** Alessandra Piccinino Carlo Secchi
Board of Statutory Auditors	**Mauro Lonardo (Chairman)** Francesca Meneghel (*Regular Auditor*) Ezio Maria Simonelli (*Regular Auditor*) Stefano Sarubbi (*Alternate Auditor*) Flavia Daunia Minutillo (*Alternate Auditor*) Riccardo Perotta (*Alternate Auditor*)
Independent Auditors	**Deloitte & Touche S.p.A.**

MEDIASET GROUP: FINANCIAL HIGHLIGHTS

MAIN INCOME STATEMENT DATA

FY 2016 mio €	%		1H 2017 mio €	%	1H 2016 mio €	%
3,667.0		**Total net Revenues**	**1,845.7**		**1,870.6**	
2,675.9	*73.0%*	Italy	1,337.8	*72.5%*	1,349.7	*72.2%*
992.0	*27.1%*	Spain	508.5	*27.6%*	521.6	*27.9%*
(189.2)		**EBIT**	**212.8**		**96.1**	
(413.6)		Italy	53.5		(54.1)	
224.4		Spain	159.2		150.1	
(274.4)		**EBT**	**204.6**		**54.8**	
(294.5)		**Net Result**	**74.8**		**(28.2)**	

MAIN BALANCE SHEET AND FINANCIAL DATA

FY 2016 mio €		30/06/2017 mio €	30/06/2016 mio €
3,698.3	**Net Invested Capital**	**3,667.5**	**3,723.6**
2,535.9	**Total Net Shareholders' Equity**	**2,426.3**	**2,763.6**
1,947.7	Net Group shareholders' Equity	1,950.2	2,189.9
588.2	Minorities Shareholders' Equity	476.0	573.7
1,162.4	**Net Financial Position** Debt/(Liquidity)	**1,241.2**	**959.1**
58.8	**Cash Flow from ordinary operations** (Free Cash Flow)	**199.4**	**152.8**
710.4	**Investments**	**418.9**	**501.7**
22.7	**Dividens paid by the Parent Company**	**-**	**22.7**
83.6	**Dividens paid by Subsidiares**	**175.6**	**83.4**

PERSONNEL

FY 2016	%		1H 2017	%	1H 2016	%
5,519	***100.0%***	**Mediaset Group Personnel (headcount)**	**5,493**		**5,491**	
4,245	*76.9%*	Italy	4,211	*76.7%*	4,210	*76.7%*
1,274	*23.1%*	Spain	1,282	*23.3%*	1,281	*23.3%*

MAIN INDICATORS

FY 2016		1H 2017	1H 2016
n.s.	**EBIT/Net Revenues**	**11.5%**	**5.1%**
n.s.	Italy	*4.0%*	*-4.0%*
22.6%	Spain	*31.3%*	*28.8%*
n.s.	**EBT/Net Revenues**	**11.1%**	**2.9%**
n.s.	**Net Profit/Net Revenues**	**4.1%**	**-1.5%**
n.s.	**EPS** (euro per share)	0.07	(0.02)
-	**Diluted EPS** (euro per share)	0.07	(0.02)

*Figures contained in the restated tables in the Management Interim Statement.

INTRODUCTION

This Interim Financial Report, prepared pursuant to Art. 154-ter of Italian Legislative Decree no. 58/1998, includes the Management Interim Statement, the half-yearly condensed consolidated financial statements and the Certification pursuant to Article 154-bis of Italian Legislative Decree no. 58/98.

The half-yearly condensed consolidated financial statements are prepared in accordance with International Accounting Standards (IAS/IFRS) applicable under EC Regulation no. 1606/2002 of the European Parliament and of the Council dated 19 July 2002, and in particular IAS 34 - Interim Financial Reporting, as well as the regulations issued to implement Article 9 of Italian Legislative Decree no. 38/2005.

The presentation of the reclassified consolidated financial statements and of the statutory financial statements provided in this Management Interim Statement corresponds to the presentation adopted for the annual financial statements.

The explanatory notes have been prepared in accordance with the content prescribed by IAS 34 - Interim Financial Reporting, also taking into account the provisions issued by Consob Communication No. 6064293 dated 28 July 2006. As such, the information disclosed in this report is not comparable to that of complete financial statements prepared in accordance with IAS 1.

MANAGEMENT INTERIM STATEMENT AT 30 JUNE 2017

Significant events in the first half of the year

On **12 January**, Mediaset acquired a 5.5% equity investment in Studio 71, the leading Multichannel Network in Europe - and one of the largest five in the world - controlled by the German Group ProSiebenSat.1Media.

Multichannel Networks like Studio 71 operate on the major free video distribution platforms (starting from YouTube), ensuring greater visibility and monetisation to content creators thanks to the network's critical mass. Studio 71 develops over 6 billion videos viewed per month and operates in five Countries with over 200 employees. In Italy, it already manages an inventory of over 40 million videos viewed per month.

Mediaset and the French group TF1 (which at the same time acquired a 6.1% stake in the share capital) have invested in Studio 71 with the aim of creating the largest European operator of digital content from local creators, combined with generalist television, and developing the free-access Advertising Video On Demand business model. Publitalia '80 will be the network's exclusive agency for Italy, thus strengthening its increasingly cross-media focus. As a result of the agreements signed, on 4 August the joint venture "Studio 71 Italia" has been established, in which Mediaset has a major shareholder (49%) and through which the entire Italian business of Studio 71 will be managed.

On **17 January**, the Board of Directors of Mediaset approved the guidelines for the growth and economic and financial targets for 2017-2020, which provide for an increase in Mediaset's share of the total advertising market from 37.4% to 39% and an expected improvement of EUR 468 million in the EBIT of Italian media operations by 2020.

On **1 February**, Mediaset redeemed EUR 300 million at maturity of the corporate bond that had originally been issued on February 2010, by using existing credit facilities.

On **13 April**, the Italian Ministry of Economic Development, by Decree (published in the Italian Official Gazette on 22/05/2017), revised the contribution fees for the digital terrestrial television broadcasting user rights due for 2017 by the network operators, to an amount of EUR 2,042,058 for each national network (multiplex), thereby increasing the amounts (of EUR 1,966,990) set in the Decree of 4 August 2016 for the years 2014, 2015, and 2016. As in previous years, Elettronica Industriale paid the amounts due for 2017 on a precautionary basis by the deadline set at 31 July and, in line with the actions already taken in 2016 for the previous years, it filed an appeal with the Lazio Regional Administrative Court.

On **18 April**, the Italian Media Authority ascertained that Vivendi's position was not compliant with the provisions of paragraph 11 of Article 43 of the Italian Legislative Decree no. 177 of 31 July 2015, due to the equity interests held by the company in Telecom Italia S.p.A. and Mediaset S.p.A. and ordered Vivendi to unwind this unlawful position within the next 12 months, submitting within 60 days an action plan that the company intends to implement. The measure has been challenged by Vivendi before the Lazio Regional Administrative Court in a hearing set for 7 February 2018.

On **4 May**, the subsidiary RTI S.p.A. purchased 100% of the company Unione Trasmissioni Televisive S.r.l. which holds the authorisation for the broadcasting of the general national digital terrestrial channel Retecapri, associated with LCN 20, Retecapri +1 (LCN 120), Retecapri HD (LCN 121).

On **10 June**, in accordance with the report submitted by Mediaset to the Italian Antitrust Authority to obtain a new formulation of the tender, the Board of Directors of Mediaset decided not to submit any offer at the auction for the allocation of the pay TV broadcasting rights for the Serie A championship for the three-year period 2018-2021, because it considered the formulation of the tender published by Lega Calcio on 26 May to be totally unacceptable. On the same date, after having examined the offers received, Lega Calcio announced that it had not allocated the rights to any operator and that it wanted to issue a new tender by the end of 2017.

On **19 June**, RTI S.p.A. purchased the equity investment of 11.1% of Mediaset Premium S.p.A. from Telefonica. At the end of this transaction, RTI held 100% of the share capital of Mediaset Premium S.p.A..

On **27 June**, Mediaset's Board of Directors identified the recipients of the medium-long term incentive and retention plan for 2015- 2017, established with resolution of the Shareholders' Meeting of 29 April 2015, and assigned to them the rights accrued for 2017, calculating the relevant amount based on the criteria set out by the Plan's rules, approved by the Board of Directors in the meeting of 12 May 2015. The rights entitle each recipient to the free allocation of an ordinary share for each right assigned, subject to the achievement of performance targets as well as the existence of an Employment Relationship with the Company at the end of the vesting period.

At **30 June**, the Group’s equity interest in EI Towers S.p.A. had risen from 40.6% at 31 December 2016 to 41.4%, as a result of additional share buybacks by EI Towers (3.3% of the share capital at 30 June), under the programme approved in 2016, which provided for a buyback of up to 5% of the share capital of that company.

At **30 June**, the Group's equity interest in Mediaset España S.A. had risen from 50.2% at 31 December 2016 to 50.5%, as a result of buybacks by Mediaset España, under the buyback programme, for a total amount of EUR 100 million approved by the Shareholders’ Meeting of 27 April.

Group Performance and Highlights

Television audience figures

In **Italy**, total audience over the 24-hour period averaged **10.147 million viewers** in the first half of 2017.

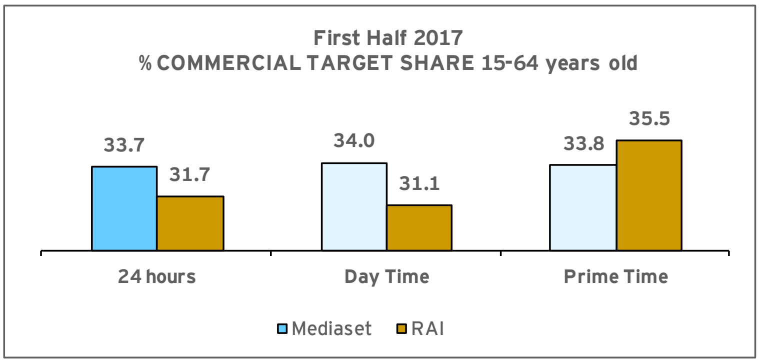
Auditel statistics show that Mediaset networks as a whole, including both free-to-air and pay television (Premium Calcio) channels broadcast over the digital terrestrial network, obtained an audience share of 31.7% over the 24-hour period, 32.0% in the Day Time slot and 31.8% in Prime Time.

The table below shows the breakdown of audience share by network for the reporting period.

(Source: Auditel)

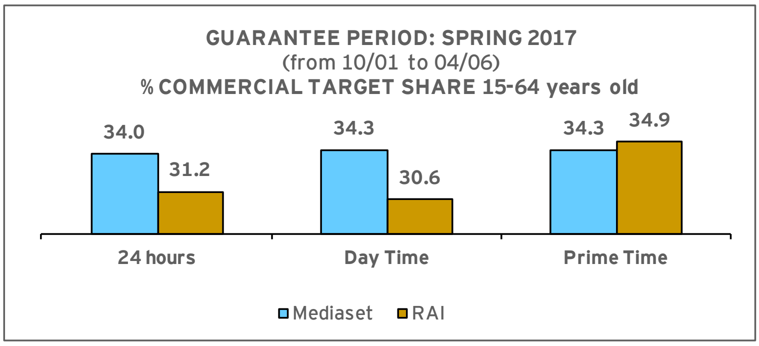
	Individuals			Commercial Target		
	24 hours	Prime Time	Day Time	24 hours	Prime Time	Day Time
	16.2%	15.6%	16.6%	16.6%	16.7%	16.8%
	5.0%	5.2%	5.0%	6.8%	6.8%	6.9%
	4.0%	4.2%	4.0%	3.2%	3.3%	3.3%
TOTAL GENERALIST NETWORKS	25.2%	25.0%	25.6%	26.6%	26.8%	27.0%
TOTAL MULTI CHANNEL AND PREMIUM CALCIO	6.5%	6.8%	6.4%	7.1%	7.0%	7.0%
MEDIASET	31.7%	31.8%	32.0%	33.7%	33.8%	34.0%

The Group continues to be the market leader for the commercial target audience in both the 24-hour period and the Day Time slot. Notably, Canale 5 is ranked first and Italia 1 is third in all time slots with the 15-64 year-old viewer target.



Mediaset's general interest channels held an audience share in the spring season of 25.5% over the 24-hour period, 25.7% in the Day Time slot and 25.3% in Prime Time. Considering the contribution of the Group's digital channels, total audience share over the 24-hour period came to 32.2% of all viewers, 32.2% in the Day Time slot and 32.3% in Prime Time.

A positive contribution also came from the Multichannel Free and Pay networks, which added more than six points of audience share for overall viewers and seven points for the commercial target audience.



In **Spain**, Mediaset España Group's free-to-air networks at 30 June 2017 included Telecinco and Cuatro and the thematic channels Factoría de Ficción, Boing, Divinity, Energy and, from April 2016, the HD channel Be Mad TV. In terms of audience figures, Mediaset España consolidated its leadership position in the period. In particular, Mediaset España Group's **average audience share** over the 24-hour period in the half-year under review was **29.2%** of *all viewers* and 30.7% of the *commercial target audience*. Telecinco was also the audience leader with a 13.8% share of all viewers over the 24-hour period, and 13.8% of the commercial target audience.

Mediaset España consolidated its web leadership position also in the half-year under review, in terms of unique visitors and page views.

The audience share breakdown for the Mediaset España Group's general interest and thematic channels is shown below.

	INDIVIDUALS			COMMERCIAL TARGET		
Audience Share Mediaset España 30th June 2017	24 hours	Prime Time	Day Time 7:00-2:00	24 ore	Prime Time	Day Time
	13.8%	14.0%	13.8%	12.8%	12.2%	13.0%
	6.2%	6.4%	6.1%	7.3%	8.1%	6.9%
TOTAL GENERALIST NETWORKS	**20.0%**	**20.3%**	**19.9%**	**20.0%**	**20.3%**	**19.9%**
TOTAL MULTI CHANNEL	**9.2%**	**8.4%**	**9.6%**	**10.7%**	**9.0%**	**11.5%**
MEDIASETespaña.	**29.2%**	**28.7%**	**29.5%**	**30.7%**	**29.3%**	**31.4%**

Main financial results

In the first six months of the year, in an advertising market that, despite stronger signs of economic recovery, was still difficult, Mediaset strengthened its market shares both in Italy and in Spain. The positive performance of advertising revenues and the significant reduction in operating costs enabled the Company to achieve a marked improvement in earnings margins and consolidated cash flow generation, in line with forecasts.

The key consolidated financial results for the period, compared to those for 2016, are summarised below. Please note that, since the second half of 2016, RadioMediaset and its subsidiaries have been consolidated on a line-by-line basis, whereas they were measured using the equity method in the first half of 2016.

Consolidated net revenues amounted to **EUR 1,845.7 million** compared to EUR 1,870.6 million for 2016, a figure that had benefited from the outstanding success of the Italian films distributed by Medusa Film.

- **EBITDA** amounted to **EUR 744.3 million** compared to EUR 714.2 million, with a margin on revenues of 40.3% compared to 38.2% for the same period of 2016;
- **EBIT** rose to **EUR 212.8 million** from EUR 96.1 million for the same period of 2016. Operating profitability came to 11.5%, compared to 5.1% in 2016;
- The **net result from continuing operations, before tax and minority interests**, rose to **EUR 204.6 million**, compared to EUR 54.8 million for the first half of 2016, also benefiting from the significant reduction in financial expenses, which in 2016 included the one-off costs connected to the Vivendi transaction.
- The **Group net result** was positive at **EUR 74.8 million**, compared to a negative figure of EUR -28.2 million in the same period of 2016.
- **Consolidated net financial debt** at 30 June 2017 amounted to **EUR 1,241.2 million**, compared to EUR 1,162.4 million at 31 December 2016. **Free cash flow** came to **EUR 199.4 million**, a sharp improvement on the figure of EUR 152.8 million for the first half of 2016. During the first half of the year, capital expenditure was also incurred for business combinations, investments and other strategic assets totalling EUR 54.6 million, for payments made by the subsidiaries EI Towers and Mediaset España for their share buyback programmes totalling EUR 53.0 million, and for the distribution of dividends totalling EUR 175.6 million.

Breaking down income results by geographical area:

In **Italy**:

- In the first half of 2017, **consolidated net revenues** from the Group's Italian operations totalled **EUR 1,337.8 million**, compared to EUR 1,349.7 million for the same period of the previous year.
- **Gross advertising revenues** from the total licensed media, generated from sales in the free and pay television channels and the revenues from the Group's websites and radio stations operated under sub-license by Mediamond, increased by 2.2% to EUR **1,076.8 million** compared to the same period of 2016. On a like-for-like basis, considering the figure for the first half of 2016 inclusive of the period revenues of RadioMediaset, the change in advertising revenues for the first half of this year would have been +0.3%. According to the figures published by Nielsen, during the same period the overall advertising market in Italy fell by 3% compared to the same period of 2016.
- **Core Pay TV revenues** from the sale of subscriptions and prepaid cards and from the Infinity On Demand service totalled EUR 299.7 million (compared to EUR 308.5 million for the first six months of 2016).
- **Other revenues from integrated television operations** came to **EUR 76.0 million** compared to EUR 105.1 million in the same period of the previous year, which had benefited from the box office success of the Italian films distributed by the subsidiary Medusa Film ("Quo Vado" produced by the subsidiary Taodue and "Perfetti sconosciuti").

- The revenues of **EI Towers** came to EUR **131.0 million**, an increase of 4.7% over the figure of EUR 125.1 million for 2016, mainly due to acquisitions made in the second half of the previous year and the progressive entry into operation of the agreement for the management of the Cairo Communication Group's network.
- In the half-year being reported, the **overall operating costs** of Italian operations (personnel expenses, purchasing and service costs and other expenses, amortisation, depreciation and write-downs of television broadcasting rights and other fixed assets) amounted to EUR **1,284.3 million**, decreasing by EUR 119.5 million (-8.5%), of which EUR 86.5 million attributable to the impacts on the costs for the period of the write-downs of the remaining amounts for the pay TV sports broadcasting rights, which were carried out for the preparation of the consolidated financial statements at 31 December 2016. If the changes in the scope of consolidation (mainly related to the additions to the radio segment from the second half of 2016) are also excluded, there was a sharp reduction in operating costs compared to the same period of the previous year.
- **EBIT from Italian operations** was positive for the period at EUR **53.5 million**, compared to EUR -54.1 million at 30 June 2016.

In **Spain**:

- **Consolidated net revenues** for the Mediaset España Group at the end of the first half of 2017 amounted to EUR **508.5 million**, down slightly on the same period of the previous year.
- **Gross television advertising revenues** amounted to **EUR 501.0 million. In particular, advertising revenues from the Group's media totalled EUR 491.1 million, in line with the previous year.** According to the latest figures released by Infoadex, television advertising investments in the Spanish market during the first half of the year were stable compared to the same period of the previous year. During the period, Mediaset España had a television market share of 43.2%.
- **Total costs** amounted to EUR **349.3 million**, down by 6.0% on the same period of the previous year thanks to ongoing cost control. With respect to 2010, the optimisation policies have resulted in a cumulative half-yearly reduction of operating costs of EUR 162.1 million (-31.9%), without affecting the quality of the television product offered.
- As a result of the above performance **EBIT** came to **EUR 159.2 million**, compared to EUR 150.1 million for the same period of 2016, corresponding to an operating profitability of **31.3%** compared to 28.8% in the first half of 2016.

Performance by geographical area and business segment

In this section, we give a breakdown of the consolidated income statement, balance sheet and cash flow statement to show the contribution to Group performance of the two geographical areas of business, Italy and Spain. For each geographical area, revenues and operating performance are reported, broken down by business segment.

The presentation of the income statement, balance sheet and cash flow figures provided below corresponds to the presentation adopted in the Report on Operations accompanying the Annual Consolidated Financial Statements. As such, the figures are restated with respect to the financial statements attached, in order to highlight the intermediate aggregates considered most significant for understanding the performance of the Group and of the individual business units. Although not required by law, the criteria adopted in preparing the aggregates and notes referring the reader to the relevant statutory financial statement items have been disclosed in accordance with guidance provided by Consob Communication no. 6064293 of 28 July 2006, Consob Communication no. 0092543 of 3 December 2015 and ESMA Guidance 2015/1415 concerning alternative performance measures (or non-GAAP measures).

The performance figures provided refer to progressive totals at the end of the first half and second quarter of 2017 and 2016; balance sheet figures are stated at 30 June 2017 and at 31 December 2016.

Finally, please note that the figures contained in the group income statements for the Italy geographic sector for the first half of 2016 have been restated to retroactively include the effects of the purchase price allocation process for assets and liabilities recognised as a result of the acquisitions made by the EI Towers Group in previous years. As a result, the restated figures for the first half of 2016 show higher amortisation and depreciation for the period, by approximately EUR 1.3 million, and lower net earnings attributable to the Group, by EUR 0.4 million.

Group Performance

The consolidated income statement reported below shows the intermediate aggregates making up *earnings before interest, taxes, depreciation and amortisation* (EBITDA) and *earnings before interest and taxes* (EBIT).

EBITDA measures the difference between *consolidated net revenues* and *operating costs*, including costs of a non-monetary nature relating to *amortisation, depreciation and write-downs* (net of any write-backs) of current and non-current assets.

EBIT is measured by deducting from *EBITDA* costs of a non-monetary nature relating to *amortisation, depreciation and write-downs* (net of any write-backs) of current and non-current assets.

(values in EUR million)

MEDIASET GROUP *Income Statement*	**IH 2017**	**IH 2016**	**2nd Quarter 2017**	**2nd Quarter 2016**
Total consolidated net revenues	**1,845.7**	**1,870.6**	**956.4**	**958.6**
Personnel expenses	270.5	269.0	137.4	132.6
Purchases, services, other costs	830.8	887.3	426.3	474.0
Operating costs	**1,101.4**	**1,156.4**	**563.7**	**606.6**
EBITDA	**744.3**	**714.2**	**392.7**	**352.0**
TV and movie rights amortization	467.5	549.2	223.9	242.4
Other amortization and depreciation	64.1	69.0	32.6	34.9
Amortization and depreciation	**531.6**	**618.2**	**256.5**	**277.3**
EBIT	**212.8**	**96.1**	**136.2**	**74.7**
Financial income/(losses)	(10.5)	(43.0)	(5.3)	(34.9)
Income/(expenses) from equity investments	2.4	1.7	0.9	2.0
EBT	**204.6**	**54.8**	**131.8**	**41.7**
Income taxes	(54.8)	(22.8)	(34.8)	(16.7)
Net profit from continuing operations	**149.7**	**32.0**	**97.0**	**25.0**
Net profit from discontinued operations	-	-	-	-
Minority interests in net profit	(75.0)	(60.2)	(38.1)	(35.1)
Group net result	**74.8**	**(28.2)**	**58.9**	**(10.0)**

The following table shows key Group income statement figures stated as a percentage of consolidated net revenues.

MEDIASET GROUP	IH 2017	IH 2016	2nd Quarter 2017	2nd Quarter 2016
Total consolidated net revenues	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Operating costs	59.7%	61.8%	58.9%	63.3%
EBITDA	**40.3%**	**38.2%**	**41.1%**	**36.7%**
Amortization and depreciation	28.8%	33.0%	26.8%	28.9%
EBIT	**11.5%**	**5.1%**	**14.2%**	**7.8%**
EBT	**11.1%**	**2.9%**	**13.8%**	**4.3%**
Group net result	**4.1%**	**-1.5%**	**6.2%**	**-1.0%**
Tax rate (EBT %)	26.8%	41.6%	26.4%	40.0%

Below we look at the breakdown of the income statement by geographical area to report the contribution to performance of the Group's Italian and Spanish operations.

Breakdown by geographical area: Italy

The following is a condensed income statement of Mediaset Group's domestic business:

(values in EUR million)

ITALY *Income Statement*	**IH 2017**	**IH 2016**	**2nd Quarter 2017**	**2nd Quarter 2016**
Total consolidated net revenues	**1,337.8**	**1,349.7**	**688.5**	**667.7**
Personnel expenses	218.1	217.1	111.0	105.5
Purchases, services, other costs	617.6	670.8	311.5	346.2
Operating costs	**835.7**	**887.9**	**422.5**	**451.7**
EBITDA	**502.1**	**461.8**	**266.0**	**216.1**
TV and movie rights amortization	393.2	456.7	184.0	195.8
Other amortization and depreciation	55.3	59.2	28.2	30.2
Amortization and depreciation	**448.5**	**515.9**	**212.2**	**226.0**
EBIT	**53.5**	**(54.1)**	**53.8**	**(10.0)**
Financial income/(losses)	(9.7)	(42.6)	(4.6)	(35.1)
Income/(expenses) from equity investments	1.3	0.8	0.3	0.2
EBT	**45.1**	**(95.9)**	**49.6**	**(44.9)**
Income taxes	(20.8)	10.3	(17.4)	2.3
Net profit from continuing operations	**24.3**	**(85.6)**	**32.1**	**(42.6)**
Net profit from discontinued operations	-	-	-	-
Minority interests in net profit	(12.8)	(1.7)	(6.1)	(1.4)
Group net result	**11.5**	**(87.2)**	**26.1**	**(44.0)**

The following table shows key income statement figures stated as a percentage of consolidated net revenues.

ITALY	IH 2017	IH 2016	2nd Quarter 2017	2nd Quarter 2016
Total consolidated net revenues	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Operating costs	62.5%	65.8%	61.4%	67.6%
EBITDA	**37.5%**	**34.2%**	**38.6%**	**32.4%**
Amortization and depreciation	33.5%	38.2%	30.8%	33.9%
EBIT	**4.0%**	**-4.0%**	**7.8%**	**-1.5%**
EBT	**3.4%**	**-7.1%**	**7.2%**	**-6.7%**
Group net result	**0.9%**	**-6.5%**	**3.8%**	**-6.6%**
Tax rate (EBT %)	46.2%	n.s.	35.2%	n.s.

The performance of the Group's Italian operations by business segment is detailed below.

- **Integrated Television Operations**, including free-to-air and pay television broadcasting and accessory operations consisting of radio broadcasting, Web publishing, teleshopping, publishing, licensing and merchandising, and movie production and distribution.
- **EI Towers** including hosting, maintenance and management operations in relation to radio, television and wireless telecommunications networks run by the listed company EI Towers S.p.A..

The two abridged statements that follow report revenues and EBIT for the ***business segments*** identified.

REVENUES **Business segments breakdown**	IH 2017	IH 2016	2nd Quarter 2017	2nd Quarter 2016
Integrated Television Operations	1,298.1	1,314.8	668.0	650.3
EI Towers	131.0	125.1	66.4	62.5
Eliminations	(91.3)	(90.2)	(45.9)	(45.1)
Total	**1,337.8**	**1,349.7**	**688.5**	**667.7**

OPERATING RESULT **Business segments breakdown**	**IH 2017**	**IH 2016**	**2nd Quarter 2017**	**2nd Quarter 2016**
Integrated Television Operations	6.6	(91.7)	30.6	(26.8)
EI Towes	47.0	37.6	23.2	16.7
Total	**53.5**	**(54.1)**	**53.8**	**(10.0)**

The income statements for the two areas identified are presented below.

Integrated Television Operations	**IH 2017**	**IH 2016**	**2nd Quarter 2017**	**2nd Quarter 2016**
Gross advertising revenues	1,076.8	1,053.4	564.6	553.1
Agency discounts	(154.4)	(153.3)	(80.9)	(80.5)
Total net advertising revenues	**922.4**	**900.1**	**483.8**	**472.6**
Revenues from subscriptions/ pre-paid cards and Infinity	**299.7**	308.5	**148.3**	149.3
Other revenues	76.0	106.2	35.9	28.5
Total Revenues	**1,298.1**	**1,314.8**	**668.0**	**650.3**
Personnel expenses	195.7	195.2	99.6	94.4
Operating costs	576.0	627.3	289.9	323.2
TV and movie rights amortisation	393.2	456.7	184.0	195.8
Other amortisation and write-downs	36.5	38.6	18.7	19.3
Inter-segment costs	90.1	88.6	45.2	44.3
Total Costs	**1,291.6**	**1,406.5**	**637.4**	**677.1**
Operating Result	**6.6**	**(91.7)**	**30.6**	**(26.8)**
% on total revenues	0.5%	-7.0%	4.6%	-4.1%

The EBIT from television broadcasting showed a marked improvement in the first half compared to the same period of the previous year due to the growth in advertising revenues, which from the second half of 2016, following the completion of the acquisition of the radio broadcasting operations, benefited from the completion of the Group's cross-media offering and the significant reduction in costs.

In particular, following the completion of the scope of the radio broadcasting operations in the second part of 2016, the item "*Advertising revenues*" includes the income from advertising sales managed under exclusive concession by the associate Mediamond for the radio broadcasters consolidated in the two periods. In the first half of 2016, this revenue item, amounting to EUR 4.5 million and relating to the sales of Monradio, the parent of the radio broadcaster Radio 101, was included in the item *Other revenues*. As noted earlier, the reduction in *other revenues* related to the movie distribution revenues, which in the first quarter of 2016 had benefited from the success of the Italian films distributed by Medusa Film.

The write-downs of pay TV broadcasting rights carried out for the financial statements at 31 December 2016 have had a positive impact on costs in 2017, totalling EUR 86.5 million (EUR 41.2 million in the item *operating costs* and EUR 45.2 million in the item *rights amortisation*). However, compared to the same period of 2016 there was an increase in costs of Euro 22.8 million, connected to the completion of the radio segment at the beginning of the second half of 2016.

Net of these items, total television costs were down by 3.7% on the same period of 2016. This change reflects both the lower operating costs due to the streamlining and efficiency improvement of the main company operating processes and the reduction in the item rights amortisation, attributable to structural components due to the decreasing trend in investments as well as seasonal factors relating to the cost of the movie broadcasting rights for box office hits distributed by the Group in the early months of 2016.

(values in EUR million)

EI Towers	**IH 2017**	**IH 2016**	**2nd Quarter 2017**	**2nd Quarter 2016**
Revenues toward third parties	39.7	34.9	20.5	17.4
Intersegment revenues	91.3	90.2	45.9	45.1
Total revenues	**131.0**	**125.1**	**66.4**	**62.5**
Personnel expenses	22.4	21.9	11.4	11.1
Operating costs	41.7	43.5	21.6	22.9
Amortization and depreciation	18.8	20.5	9.5	10.9
Inter-segment costs	1.2	1.6	0.7	0.8
Total Costs	**84.0**	**87.5**	**43.2**	**45.7**
Operating Result	**47.0**	**37.6**	**23.2**	**16.7**
% on total revenues	35.8%	30.1%	35.0%	26.8%

The EI Towers Group posted significant growth for the half year in its EBIT, which came to EUR 47.0 million, with operating profitability rising to 35.8%. Specifically, revenues rose by EUR 5.9 million, primarily generated by agreements for infrastructure use and the provision of services to wireless telecommunications providers, originating from the corporate acquisitions in the second half of 2016, and the progressive entry into operation of the agreement for the management of the Cairo Communication Group's network. Inter-segment revenues, relating to hosting, assistance, maintenance and logistics services, broadcasting infrastructure use and engineering services provided to the subsidiary Elettronica Industriale increased by EUR 1.1 million.

Breakdown by geographical area: Spain

The following is an abridged income statement of the Group's Spanish business; figures are those of the Mediaset España Group (consolidated figures).

(values in EUR million)

SPAIN *Income Statement*	**IH 2017**	**IH 2016**	**2nd Quarter 2017**	**2nd Quarter 2016**
Total consolidated net revenues	**508.5**	**521.6**	**268.1**	**290.8**
Personnel expenses	52.4	51.9	26.4	27.1
Purchases, services, other costs	213.7	217.1	114.8	127.8
Operating costs	**266.1**	**269.0**	**141.2**	**154.9**
EBITDA	**242.4**	**252.6**	**126.9**	**135.9**
Rights amortization	74.4	92.6	40.0	46.7
Other amortization and depreciation	8.8	9.9	4.4	4.7
Amortization and depreciation	**83.2**	**102.4**	**44.4**	**51.4**
EBIT	**159.2**	**150.1**	**82.5**	**84.6**
Financial income/(losses)	(0.8)	(0.4)	(0.7)	0.1
Income/(expenses) from equity investments	1.1	1.0	0.5	1.8
EBT	**159.5**	**150.7**	**82.3**	**86.5**
Income taxes	(34.0)	(33.1)	(17.4)	(19.0)
Net profit from continuing operations	**125.5**	**117.6**	**64.9**	**67.5**
Net profit from discontinued operations	-	-	-	-
Minority interests in net profit	0.2	0.2	0.2	0.1
Group net result	**125.7**	**117.7**	**65.1**	**67.6**

The following table shows key income statement figures stated as a percentage of consolidated net revenues from Spanish operations.

SPAIN	IH 2017	IH 2016	2nd Quarter 2017	2nd Quarter 2016
Total consolidated net revenues	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Operating costs	52.3%	51.6%	52.7%	53.3%
EBITDA	**47.7%**	**48.4%**	**47.3%**	**46.7%**
Amortization and depreciation	16.4%	19.6%	16.6%	17.7%
EBIT	**31.3%**	**28.8%**	**30.8%**	**29.1%**
EBT	**31.4%**	**28.9%**	**30.7%**	**29.7%**
Group net result	**24.7%**	**22.6%**	**24.3%**	**23.2%**
Tax rate (EBT %)	21.3%	22.0%	21.1%	21.9%

The table below provides the breakdown of revenues and costs of the Mediaset España Group showing the most significant items:

(values in EUR million)

	IH 2017	IH 2016	2nd Quarter 2017	2nd Quarter 2016
Gross advertising revenues	**501.0**	**508.0**	**265.6**	**285.7**
Agency discounts	(20.4)	(18.9)	(10.9)	(10.7)
Net advertising revenues	**480.6**	**489.1**	**254.7**	**275.0**
Other revenues	28.0	32.5	13.4	15.8
Total net consolidated revenues	**508.5**	**521.6**	**268.1**	**290.8**

The change in the item **Other revenues** mainly relates to the reduction in the distribution of movie co-productions compared to the previous period.

Total costs for the Mediaset España Group for the first half of 2017 fell by Euro 22.2 million compared to the same period of the previous year, due to the presence in the previous half-year of the costs connected to the broadcasting of the EURO 2016 European soccer championships, as well as to the adoption of optimisation policies which have generated (respect to 2010) a cumulative half-yearly reduction of operating costs of EUR 162.1 million (-31.9%), without affecting the quality of the television product offered.

At 30 June 2017, **EBIT** from Spanish operations totalled **EUR 159.2 million**, up from EUR 150.1 million in the first half of 2016, with an operating profitability of 31.3%.

Other income statement components for the Mediaset Group as a whole are shown below.

	IH 2017	IH 2016	2nd Quarter 2017	2nd Quarter 2016
Financial (income)/losses	**(10.5)**	**(43.0)**	**(5.3)**	**(34.9)**

In the first half of 2016, the improvement in financial expenses reflected the redemption of the corporate bond issued by Mediaset in 2010. In the same period of 2016, an amount of EUR 24.1 million was recognised for early repayments of credit facilities and costs for hedges connected to the Mediaset Premium – Vivendi transaction.

	IH 2017	IH 2016	2nd Quarter 2017	2nd Quarter 2016
Result from equity investments	**2.4**	**1.7**	**0.9**	**2.0**

Income/(expenses) from equity investments reflects the improvement in the results of the main associates and joint ventures.

	IH 2017	IH 2016	2nd Quarter 2017	2nd Quarter 2016
EBT	**204.6**	**54.8**	**131.8**	**41.7**
Income taxes	(54.8)	(22.8)	(34.8)	(16.7)
Tax Rate (%)	26.8%	41.6%	26.4%	40.0%
Net profit from discontinued operations				
Minority interests in net result	(75.0)	(60.2)	(38.1)	(35.1)
Group Net Result	**74.8**	**(28.2)**	**58.9**	**(10.0)**

Earnings for the reporting period are stated net of the estimated income **taxes** for the period.

Minority interests refer to the share of consolidated earnings attributable to Mediaset España (49.8% at 30 June 2016, 49.5% at 30 June 2017), El Towers (60% at 30 June 2016, 58.621%), Mediaset Premium S.p.A. (11.1%) and Monradio S.r.l. (20%).

Statement of Financial Position

The Group's balance sheet and its breakdown by geographical area are reported below in abridged form, restated to show the two main aggregates **Net Invested Capital** and **Net Financial Position**, the latter consisting of *Total Financial Debt* less *Cash and Other Cash Equivalents* and *Other Financial Assets*. Details of the items making up the *net financial position* are provided in Note 5.9.

The following tables therefore differ in their layout from the statutory balance sheet, which primarily distinguishes current from non-current assets and liabilities.

Equity Investments and Other Financial Assets include assets recognised in the *Consolidated statement of financial position* as *Equity investments in associates and joint ventures*, and *Other Financial Assets* recognised in the consolidated statement of financial position as *equity investments* and *non-current financial receivables* (thus excluding *hedging derivatives*, which are included as *Net Working Capital* and *Other Assets/Liabilities*).

Net Working Capital and *Other Assets/Liabilities* include *current assets* (apart from *cash and cash equivalents* and *current financial assets* included in the *Net Financial Position*), *deferred tax assets and liabilities*, *non-current assets held for sale*, *provisions for risks and charges*, *trade payables* and *tax liabilities*.

(values in EUR million)

Balance Sheet Summary	**30/06/2017**	**31/12/2016**
TV and movie rights	1,568.9	1,629.7
Goodwill	971.5	964.7
Other tangible and intangible non current assets	1,256.5	1,296.4
Equity investments and other financial assets	114.4	92.7
Net working capital and other assets/liabilities	(154.8)	(193.6)
Post-employment benefit plans	(89.1)	(91.8)
Net invested capital	**3,667.5**	**3,698.3**
Group shareholders' equity	1,950.2	1,947.7
Minority interests	476.0	588.2
Total Shareholders' equity	**2,426.3**	**2,535.9**
Net financial position	**1,241.2**	**1,162.4**

The breakdown of the balance sheet by geographical area (Italy and Spain) is shown below.

(values in EUR million)

Balance Sheet Summary (geographical breakdown)	Italy		Spain	
	30-Jun-17	31-Dec-16	30-Jun-17	31-Dec-16
TV and movie rights	1,376.2	1,476.8	193.9	154.1
Goodwill	320.2	313.5	288.1	288.1
Other tangible and intangible non current assets	975.0	1,018.8	281.5	277.7
Equity investments and other financial assets	1,042.9	1,012.5	24.2	32.9
Net working capital and other assets/liabilities	(159.3)	(246.9)	4.3	53.1
Post-employment benefit plans	(89.1)	(91.8)	-	-
Net invested capital	**3,466.0**	**3,482.9**	**792.0**	**805.9**
Group shareholders' equity	2,076.8	2,040.4	902.2	975.4
Minority interests	30.1	102.7	7.7	7.9
Total Shareholders' equity	**2,106.9**	**2,143.1**	**909.9**	**983.3**
Net financial position Debt/(Liquidity)	**1,359.1**	**1,339.8**	**(117.9)**	**(177.4)**

In the table below, the Group's summary balance sheet at 30 June 2016 is broken down to show the effects of the line-by-line consolidation of Mediaset España.

(values in EUR million)

Balance Sheet Summary (geographical breakdown)	Italy	Spain	Eliminations/ Adjustments	Mediaset Group
TV and movie rights	1,376.2	193.9	(1.2)	1,568.9
Goodwill	320.2	288.1	363.2	971.5
Other tangible and intangible non current assets	975.0	281.5	-	1,256.5
Equity investments and other financial assets	1,042.9	24.2	(952.7)	114.4
Net working capital and other assets/liabilities	(159.3)	4.3	0.2	(154.8)
Post-employment benefit plans	(89.1)	-	-	(89.1)
Net invested capital	**3,466.0**	**792.0**	**(590.5)**	**3,667.5**
Group shareholders' equity	2,076.8	902.2	(1,028.7)	1,950.2
Minority interests	30.1	7.7	438.2	476.0
Total Shareholders' equity	**2,106.9**	**909.9**	**(590.5)**	**2,426.3**
Net financial position Debt/(Liquidity)	**1,359.1**	**(117.9)**	**-**	**1,241.2**

The tables below show a summary consolidated **cash flow statement**, broken down by geographical area, showing cash flows over the two periods. Items have been restated with respect to the standard IAS 7 layout, used to prepare the statutory cash flow statement, in order to show changes in Net

Financial Position, considered the most significant indicator of the Group's ability to meet its financial obligations. The statement shows the free cash flow items separately from the cash flow generated or used by M&A transactions (scope of consolidation changes, acquisition and/or sale of equity investments or minority interests in subsidiaries, and other strategic/financial assets), the distribution and/or receipt of dividends, and share buybacks by the holding company or its subsidiaries.

(values in EUR million)

Consolidated Cash Flow Statement	**1H 2017**	**1H 2016**
Net Financial Position at the beginning of the year	**(1,162.4)**	**(859.4)**
Free Cash Flow	**199.4**	**152.8**
Cash Flow from operating activities (*)	656.6	677.6
Investments in fixed assets	(418.8)	(501.8)
Disposals of fixed assets	8.7	2.1
Changes in net working capitaland other current assets/liabilities	(47.1)	(25.1)
Change in the consolidation perimeter	(14.4)	(20.2)
Own share's sell/buyback	(53.0)	(91.4)
Equity investments/Invesment in other financial assets	(40.2)	(37.0)
Cashed-in dividends	4.9	2.2
Dividends paid	(175.6)	(106.1)
Financial Surplus/(Deficit)	**(78.8)**	**(99.7)**
Net Financial Position at the end of the period	**(1,241.2)**	**(959.1)**

(*): Net profit +/- minority interests + amortisations +/- net provisions +/- valuation of investments recorded using the net equity method +changes in valuation reserves - gains/losses on equity investments

	Italy		Spain	
Cash Flow Statement (geographical breakdown)	**1H 2017**	**1H 2016**	**1H 2017**	**1H 2016**
Net Financial Position at the beginning of the year	**(1,339.8)**	**(1,051.8)**	**177.4**	**192.4**
Free Cash Flow	**58.0**	**21.4**	**141.4**	**131.5**
Cash Flow from operating activities (*)	436.1	451.5	220.7	241.7
Investments in fixed assets	(291.1)	(365.3)	(127.9)	(136.6)
Disposals of fixed assets	8.1	1.5	0.6	0.6
Changes in net working capitaland other current assets/liabilities	(95.2)	(66.3)	48.1	25.8
Change in the consolidation perimeter	(14.4)	(20.2)	-	-
Own share's sell/buyback	(27.3)	-	(25.7)	(91.4)
Equity investments/Invesment in other financial assets	(38.8)	(35.7)	(1.4)	(1.3)
Cashed-in dividends	91.3	84.5	1.8	1.7
Dividends paid	(88.1)	(22.7)	(175.7)	(167.4)
Financial Surplus/(Deficit)	**(19.3)**	**27.3**	**(59.5)**	**(127.0)**
Net Financial Position at the end of the period	**(1,359.1)**	**(1,024.5)**	**117.9**	**65.4**

(*): Net profit +/- minority interests + amortisations +/- net provisions +/- valuation of investments recorded using the net equity method +changes in valuation reserves - gains/losses on equity investments

The Group's **free cash flow** amounted to EUR **199.4 million**. In particular, in Italy free cash flow of EUR 58.0 million was generated compared to EUR 21.4 million for the first half of 2016.

The table below shows the **increase of fixed assets** reported in the cash flow statement, broken down by geographical area.

	Italy		Spain	
Increased in fixed assets First Half	**1H 2017**	**1H 2016**	**1H 2017**	**1H 2016**
Investments in TV and movie rights	(293.4)	(341.1)	(114.7)	(132.8)
Changes in advances on TV rights	18.2	2.4	(7.3)	1.3
TV and movie rights: investments and advances	**(275.1)**	**(338.7)**	**(122.1)**	**(131.5)**
Investments in other fixed assets	(16.0)	(26.5)	(5.9)	(5.1)
Total investments in fixed assets	**(291.1)**	**(365.3)**	**(127.9)**	**(136.6)**

Please note that, unlike the same item shown in the cash flow statement below, prepared in accordance with IAS 7, for the presentation of the restated cash flow statement described above, the item *Investments in other fixed assets* does not include the increases in the period for the Italy sector totalling EUR 19.8 million, for asset acquisitions within development/M&A operations. Specifically, EUR 4.8 million (EUR 6.1 million in the first half of 2016) relate to purchases and the acquisition of surface rights for the land and rooftops on which the towers are located and the related agreements held by the subsidiary EI Towers, and EUR 15.0 million to the acquisition of LCN 20 by RTI S.p.A..

The cash flow related to those investments, net of the connected changes in working capital, are shown in the statement in the items *changes in the scope of consolidation* and *acquisition and/or sale of equity investments and investments in subsidiaries*.

The negative cash flow connected with the item **Changes in the scope of consolidation** was driven by outflows for expenses incurred by the EI Towers Group for corporate acquisitions in the telecommunications tower sector in the period being reported and in the previous year, including EUR 4.6 million in the first half of 2017 for the acquisition of the surface rights for the land and rooftops the towers are located on.

For 2017, the item **Own share sales/buybacks** relates to the expenditure incurred by the subsidiaries EI Towers and Mediaset España.

For the first half of 2017, the item **Investments/other financial assets and changes in investments held in subsidiaries** mainly refers to the acquisition of an equity investment in Studio 71 for EUR 25 million, the advance payments made for the acquisitions of the companies Unione Trasmissioni Televisive S.r.l., which holds LCN 20, and Radio Subasio S.r.l. and Radio Aut S.r.l., which were completed at the beginning of the third quarter, and the investments within the *Ad4Ventures* operations. In 2016, it mainly included the expenditure of EUR 33 million for the purchase of financial instruments designated as hedges in relation to the Mediaset Premium – Vivendi transaction and investments made within the *Ad4Ventures* business.

In 2017, in Italy, the item **dividends** refers to the extraordinary and ordinary dividend paid by EI Towers, whereas in 2016 it consisted of EUR 22.7 million for the profits distributed by Mediaset S.p.A..

Group headcount

At 30 June 2017, the Mediaset Group headcount came to **5,493 employees** (5,491 at 30 June 2016 and 5,519 at 31 December 2016).

The following tables show the change in the workforce for the reporting period, broken down by employment grade for the two geographical areas of operation.

Number of employees (including temporary staff) as at 30 June	**ITALY**		**SPAIN**	
	2017	**2016**	**2017**	**2016**
Managers	281	282	118	117
Journalists	349	357	140	142
Middle managers	851	831	82	79
Office workers	2,728	2,729	919	920
Industry workers	2	11	23	23
Total	**4,211**	**4,210**	**1,282**	**1,281**

Average workforce (including temporary staff) 1H	ITALY		SPAIN	
	2017	2016	2017	2016
Managers	285	283	118	118
Journalists	337	338	140	142
Middle managers	850	838	82	80
Office workers	2,745	2,747	919	919
Industry workers	1	21	23	23
Total	**4,218**	**4,227**	**1,282**	**1,282**

Related-party transactions

Transactions conducted with related parties do not qualify as "atypical" or "unusual", and are part of the normal course of business of the Group companies. Such transactions are conducted at arm's length, considering the nature of the goods and services provided. Detailed information on the impact on Group performance, financial position and cash flow of transactions conducted with holding companies, associates, joint ventures and affiliates is provided in Note 8, together with the disclosures required by the Consob Communication of 29 July 2006.

Right to opt-out of the obligation to publish reports in the event of significant transactions

Pursuant to Article 3 of Consob Resolution no. 18079 of 20 January 2012, on 13 November 2012 the Board of Directors decided to apply the opt-out mechanism established in Article 70, paragraph 8 and Article 71, paragraph 1-bis of Consob Regulation no. 11971/99, as amended, thereby taking advantage of the right to opt-out of obligations to publish the reports required in the event of significant transactions such as mergers, spin-offs, and share capital issues through the transfer of assets in kind, acquisitions and disposals.

Events after 30 June 2017

On **25 July**, Publitalia 80 and Publiespaña S.A. established the joint venture AdTech Ventures S.p.A.. The company will have a 33.3% share in the joint venture European Broadcaster Exchange (EBX), in which both TF1 (France) and ProsiebenSat1 (Germany) will have the same percentage holding. This innovative joint venture will meet the increasing demand for brand safety and high quality, large-scale pan-European video campaigns.

EBX will be headquartered in London, where most of the media agencies specialised in planning pan-European campaigns are based. The agreement has been authorised by the EU Competition Authority. For the first time, several of the major European television groups have entered into an alliance to guide the development of television advertising, which will increasingly converge towards digital media. EBX will mainly work on programmatic video campaigns involving automated management and on databases for digital advertising sales and purchases.

The strategic alliance between broadcasters such as Mediaset Italia, Mediaset España, ProSiebenSat.1 and TF1 will be able to reach over 250 million people, a critical mass capable of competing with the giants of the global web. In addition, the shared innovation strategy will create new opportunities for investors: the programmatic video advertising market is growing fast, with Western Europe alone currently rising at 45% per year. In addition, thanks to the open model, other European media groups may decide to join EBX in the future.

On **31 July**, RadioMediaset S.p.A., after having obtained the necessary authorisations, acquired the companies RadioSubasio S.r.l. and Radio Aut S.r.l. with effect from 1 August, for a total of Euro 25 million. These companies own the regional broadcasters Radio Subasio (the leader in central Italy in terms of coverage and listeners), Radio Subasio+ and Radio Suby. This transaction has further strengthened RadioMediaset's broadcasting coverage in Italy and its offering in the radio segment, which is based on the national broadcasters Radio105, Virgin and R101.

On **28 August**, Mediaset España S.A. completed the share buyback programme approved by the Shareholders' Meeting on 27 April 2017 with a total outlay of EUR 100 million and a purchase of 9,282,275 shares corresponding to 2.756% of the share capital. Following this transaction, the Group's interest in the share capital of Mediaset España has risen to 51.63%.

Risks and uncertainties for the remaining part of the year

In carrying on its business, the Group is structurally exposed to risks and uncertainties primarily connected with the general economic context and competition in the sectors and markets in which it operates.

In the coming months one of the main sources of uncertainty for the Group will continue to be the performance of the advertising market, which during the first half was well below the forecasts and the figure for the previous year, both in Italy and in Spain. Specifically, in the television segment in Italy, a persistent source of uncertainty for advertising sales continues to be the extremely aggressive commercial approach of the main competitors. In this scenario, the Group's commercial strategy will continue to focus on defending profit margins, in addition to seeking to increase market share by renewing the cross-media offering planned for the coming months.

In relation to Pay TV, the auction for the allocation of the Serie A championship broadcasting rights for the three-year period 2018-2021 will be held in the last quarter. Irrespective of the outcome of that auction, in the second half of the year the Group's efforts will continue to be aimed at achieving its objectives of increasing the customer base and revenues, by leveraging its unique content offering and the presence of three Italian teams in the group stage of the 2017/2018 edition of the UEFA Champions League.

As usual, the consolidated annual results will be subject to impairment testing of goodwill and other company assets; these measurement processes will be conducted in full when preparing the draft financial statements as at December 31, when the updated multiannual plans of the respective Cash Generating Units will also be available. At the date of this half year report, consideration of the main external and internal factors has not, in any case, led to the revision of the measurements made during the preparation of the last consolidated financial statements.

Forecast for the year

As of today, the Group's total advertising revenues are in a positive trend, despite a market that continues to be characterised by weakness. In the final quarter of the year, advertising revenues, in both Italy and Spain, are expected to consolidate the positive trend, also as a result of a possible progressive recovery in the market, driven by improvements in both consumer and business confidence. On the basis of these expectations, as well as the results already recorded at the end of the first half, the company confirms its aim of ending the year with positive results both in its EBIT and consolidated net profit.

for the Board of Directors
the Chairman

Mediaset Group

Interim Consolidated Financial Statements and Explanatory Notes

MEDIASET GROUP

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(values in EUR million)

ASSETS	Notes	30/06/2017	31/12/2016
Non current assets			
Property, plant and equipment	5.1	420.3	445.7
Television and movie rights	5.1	1,568.9	1,629.7
Goodwill	5.1	971.5	964.7
Other intangible assets	5.1	836.2	850.7
Investments in associates and joint venture	5.2	33.8	47.3
Other financial assets	5.2	80.6	61.2
Deferred tax assets	5.3	512.7	518.4
TOTAL NON CURRENT ASSETS		**4,424.1**	**4,517.8**
Current assets			
Inventories		29.9	33.0
Trade receivables	5.4	1,103.1	1,258.0
Tax receivables		45.0	53.3
Other receivables and current assets	5.5	257.9	288.8
Current financial assets	5.11	35.7	55.2
Cash and cash equivalents	5.11	152.8	328.8
TOTAL CURRENT ASSETS		**1,624.4**	**2,017.1**
Non current assets held for sale	5.6	8.8	-
TOTAL ASSETS		**6,057.2**	**6,534.9**

MEDIASET GROUP

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(values in EUR million)

SHAREHOLDERS' EQUITY AND LIABILITIES	Notes	30/06/2017	31/12/2016
Share capital and reserves			
Share capital		614.2	614.2
Share premium reserve		275.2	275.2
Treasury shares		(416.7)	(416.7)
Other reserves	5.7	807.8	828.0
Valuation reserve	5.8	(42.8)	(10.0)
Retained earnings		637.7	951.4
Net profit for the period		74.8	(294.5)
Group Shareholders' Equity		**1,950.2**	**1,947.7**
Minority interests in net profit		75.0	68.0
Minority interests in share capital, reserves and retained earnings		401.0	520.2
Minority interests		**476.0**	**588.2**
TOTAL SHAREHOLDERS' EQUITY		**2,426.3**	**2,535.9**
Non current liabilities			
Post-employment benefit plans		89.1	91.8
Deferred tax liabilities	5.3	117.9	117.5
Financial liabilities and payables	5.11	987.5	1,004.1
Provisions for non current risks and charges	5.9	89.3	96.4
TOTAL NON CURRENT LIABILITIES		**1,283.8**	**1,309.8**
Current liabilities			
Financial payables	5.11	160.3	158.3
Trade and other payables	5.10	1,510.7	1,765.8
Provisions for current risks and charges	5.9	98.0	154.3
Current tax liabilities		13.3	5.2
Other financial liabilities	5.11	310.0	372.7
Other current liabilities		247.8	232.8
TOTAL CURRENT LIABILITIES		**2,340.0**	**2,689.2**
Liabilities related to non current assets held for sale	5.6	7.2	-
TOTAL LIABILITIES		**3,631.0**	**3,999.0**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**6,057.2**	**6,534.9**

MEDIASET GROUP

INTERIM CONSOLIDATED INCOME STATEMENT

(values in EUR million)

STATEMENT OF INCOME	Notes	1H 2017	1H 2016 *
Sales of goods and services		1,827.9	1,852.3
Other revenues and income		17.8	18.3
TOTAL NET CONSOLIDATED REVENUES		**1,845.7**	**1,870.6**
Personnel expenses	6.1	270.5	269.0
Purchases, services, other costs	6.1	830.8	887.3
Amortisation, depreciation and write-downs	6.2	531.6	618.2
TOTAL COSTS		**1,632.9**	**1,774.6**
EBIT		**212.8**	**96.1**
Financial expenses	6.3	(10.5)	(43.0)
Income/(expenses) from equity investments		2.4	1.7
EBT		**204.6**	**54.8**
Income taxes	6.4	54.8	22.8
NET PROFIT FROM CONTINUING OPERATIONS		**149.7**	**32.0**
Net Gains/(Losses) from discontinued operations		-	-
NET PROFIT FOR THE PERIOD		**149.7**	**32.0**
Attributable to:			
- Equity shareholders of the parent company		74.8	(28.2)
- Minority Interests		75.0	60.2
Earnings per share	6.5		
- Basic		0.07	(0.02)
- Diluted		0.07	(0.02)

(*) As required by IFRS 3, paragraph 49, comparative amounts at 30 June 2016 have been restated

MEDIASET GROUP

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(values in EUR million)

	Notes	1H 2017		1H 2016	
PROFIT OR (LOSS) FOR THE PERIOD			**149.7**		**32.0**
OTHER COMPREHENSIVE INCOME RECYCLED TO PROFIT AND LOSS			**(34.0)**		**(12.5)**
Effective portion of gains and losses on hedging instruments (cash flow hedge)	5.8	(44.6)		(16.2)	
Other gains and losses of associates valued by equity method	5.7	(0.0)		-	
Other gains and losses		-		(0.0)	
Tax effects		10.7		3.8	
OTHER COMPREHENSIVE INCOME NOT RECYCLED TO PROFIT AND LOSS			**-**		**(6.3)**
Actuarial gains and losses on defined benefit plans	5.8	-		(7.7)	
Other gains and losses of associate valued by equity method	5.7	-		(0.2)	
Other gains and losses		-		(0.2)	
Tax effects		-		1.8	
TOTAL OTHER COMPREHENSIVE INCOME FOR THE PERIOD NET OF TAX EFFECTS (B)			**(34.0)**		**(18.7)**
TOTAL COMPREHENSIVE INCOME (A)+(B)			**115.8**		**13.3**
attributable to: - oweners of parent		40.8		(46.3)	
- non controlling interests		75.0		59.6	

MEDIASET GROUP

INTERIM CONSOLIDATED CASH FLOW STATEMENT

(values in EUR million)

	Notes	1H 2017	1H 2016
CASH FLOW FROM OPERATING ACTIVITIES:			
Operating profit		212.8	96.1
+ Depreciation and amortisation		531.7	618.2
+ Other provisions and non-cash movements		7.9	7.9
+ Change in trade receivables		(23.9)	(2.3)
+ Change in trade payables		30.4	104.7
+ Change in other assets and liabilities		52.6	(3.2)
- Interests (paid)/received		(0.7)	(1.7)
- Income tax paid		(28.5)	(20.8)
Net cash flow from operating activities [A]		**782.3**	**798.9**
CASH FLOW FROM INVESTING ACTIVITIES:			
Proceeds from the sale of fixed assets		9.3	2.1
Proceeds from the sale of equity investments		-	-
Interests (paid)/received		0.0	-
Purchases in television rights		(407.9)	(473.9)
Changes in advances for television rights		10.8	3.7
Purchases of other fixed assets		(41.6)	(37.7)
Equity investments		(0.0)	(3.0)
Changes in payables for investing activities		(154.4)	(155.7)
Proceeds/(Payments) for hedging derivatives		10.9	(30.4)
Changes in other financial assets		(33.4)	(25.5)
Dividends received		4.9	2.1
Business Combinations net of cash acquired	7.1	(9.4)	(15.4)
Changes in consolidation area	7.2	(0.5)	-
Net cash flow from investing activities [B]		**(611.4)**	**(733.7)**
CASH FLOW FROM FINANCING ACTIVITIES:			
Change in treasury shares	7.3	(53.0)	(91.4)
Changes in financial liabilities		228.1	58.2
Corporate bond		(300.0)	-
Dividends paid		(175.6)	(106.0)
Changes in other financial assets/liabilities		0.0	(0.3)
Interests (paid)/received		(46.3)	(20.7)
Net cash flow from financing activities [C]		**(346.8)**	**(160.3)**
CHANGE IN CASH AND CASH EQUIVALENTS [D=A+B+C]		**(175.9)**	**(95.1)**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD [E]		**328.8**	**351.6**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD [F=D+E]		**152.8**	**256.5**

MEDIASET GROUP

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(values in EUR million)

	Share capital	Share premium reserve	Legal reserve and other reserves	Company's treasury shares	Valuation reserve	Retained earnings/(accumulate losses)	Profit/(loss) for the period	Total Group shareholders'equity	Total shareholder Equity attribtable to minority interests	TOTAL SHARE HOLDERS' EQUITY
Balance at 1/1/2016	**614.2**	**275.2**	**834.3**	**(416.7)**	**(19.3)**	**1,002.1**	**4.0**	**2,293.9**	**653.6**	**2,947.5**
Business Combinations	-	-	-	-	-	4.0	(4.0)	-	-	-
Allocation of the parent company's 2015 net profit	-	-	-	-	-	(22.7)	-	(22.7)	(83.3)	(106.0)
Dividends paid by the parent company	-	-	-	-	(2.5)	3.2	-	0.7	-	0.7
(Purchase)/sale of treasury shares	-	-	-	-	-	-	-	-	-	-
Profits/(losses) from negotiation of treasury shares	-	-	-	-	-	-	-	-	-	-
Changes in controlling stake on subsidiaries	-	-	-	-	-	(29.7)	-	(29.7)	(60.0)	(89.8)
Business Combinations	-	-	-	-	-	-	-	-	-	-
Other changes	-	-	(6.0)	-	-	-	-	(6.0)	3.7	(2.3)
Comprehensive income/(loss)	-	-	(0.3)	-	(17.9)	-	(27.8)	(45.9)	60.2	14.3
Balance at 30/06/2016	**614.2**	**275.2**	**828.0**	**(416.7)**	**(39.7)**	**956.9**	**(27.8)**	**2,190.2**	**574.3**	**2,764.5**
Final 2016 Purchase Price Allocation							**(0.4)**	**(0.4)**	**(0.6)**	**(0.9)**
Balance at 30/06/2016	**614.2**	**275.2**	**828.0**	**(416.7)**	**(39.7)**	**956.9**	**(28.2)**	**2,189.9**	**573.7**	**2,763.6**
Balance at 1/1/2017	**614.2**	**275.2**	**828.0**	**(416.7)**	**(10.0)**	**951.4**	**(294.5)**	**1,947.7**	**588.2**	**2,535.9**
	-	-	-	-	-	(294.5)	294.5	-	-	-
Allocation of the parent company's 2016 net profit	-	-	-	-	-	-	-	-	(175.6)	(175.6)
Dividends paid by the parent company	-	-	-	-	1.1	0.2	-	1.3	-	1.3
(Purchase)/sale of treasury shares	-	-	-	-	-	-	-	-	-	-
Profits/(losses) from negotiation of treasury shares	-	-	-	-	-	-	-	-	-	-
Changes in controlling stake on subsidiaries	-	-	(20.1)	-	-	(20.3)	-	(40.4)	(12.7)	(53.1)
Business Combinations	-	-	-	-	-	-	-	-	-	-
Other changes	-	-	-	-	-	1.1	-	1.1	1.1	2.2
Comprehensive income/(loss)	-	-	-	-	(34.0)	-	74.8	40.8	75.0	115.8
Balance at 30/06/2017	**614.2**	**275.2**	**807.8**	**(416.7)**	**(42.8)**	**637.7**	**74.8**	**1,950.2**	**476.0**	**2,426.3**

EXPLANATORY NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS AT 30 JUNE 2017

1. Basis of preparation

These half-yearly condensed consolidated financial statements, prepared in accordance with IAS 34 - Interim Financial Reporting - are based on the same accounting standards and measurement criteria as those adopted in preparing the consolidated financial statements at 31 December 2016, to which reference is made, except for some complex measurement processes, including the impairment tests designed to ascertain any impairment of fixed assets. In the absence of indicators, events, or circumstances that could alter the measurements previously made, these tests are generally carried out in preparing the annual financial statements, when the information is available for this process to be completed in a comprehensive manner. Finally, please note that the actuarial valuations needed to determine *employee benefits provisions* will be produced annually starting from this year.

These half-yearly condensed consolidated financial statements do not contain all information and disclosures required for the annual financial statements and should therefore be read in conjunction with the Consolidated Financial Statements at 31 December 2016.

The preparation of the interim financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, costs, assets and liabilities and the disclosure of contingent assets and liabilities at the reporting date.

Income taxes for the period were recognised based on the best estimate of the weighted average tax rate expected for the entire year.

The consolidated interim results of the Mediaset Group are affected by the seasonal nature of advertising revenues, traditionally more concentrated in the first half of the year.

The values of the items in the Consolidated Financial Statements, in view of their size, are shown in millions of Euros.

In addition, the comparative amounts in the income statement and balance sheet at 30 June 2016 were restated to reflect the purchase price allocation process for the assets and liabilities recorded as a result of the acquisitions made by the EI Towers Group in previous years. In particular, these effects resulted in an increase of EUR 1.3 million in amortisation to take account of the amortisation of the assets allocated to customer relations, net of the relative tax effect, with a lower impact on the Group of EUR 0.4 million.

These half-yearly condensed consolidated financial statements have been subject to limited audit.

2. New accounting standards, amendments and interpretations effective from 1 January 2017

Since no new accounting standards, interpretations and amendments to previously applicable standards were due to come into force from 1 January 2017, the Group has prepared the condensed consolidated financial statements using the same accounting standards as those adopted for the consolidated financial statements at 31 December 2016.

Accounting policies, amendments and IFRS and IFRIC interpretations endorsed by the European Union, not yet mandatorily applicable and not early-adopted by the Group at 30 June 2017

IFRS 15 – Revenue from Contracts with Customers

On 28 May 2014, the IASB published the standard **IFRS 15 – Revenue from Contracts with Customers** which will replace the standards IAS 18 – Revenue and IAS 11 – Construction Contracts, as well as the interpretations IFRIC 13 – Customer Loyalty Programmes, IFRIC 15 – Agreements for the Construction of Real Estate, IFRIC 18 – Transfers of Assets from Customers, and SIC 31 – Revenues-Barter Transactions Involving Advertising Services. The standard establishes a new model for revenue recognition, which will apply to all contracts with customers, except those within the scope of other IAS/IFRS such as leases, financial instruments and insurance contracts. The fundamental steps for the recognition of revenues according to the new model are:

- identifying a contract with the customer;
- identifying the performance obligations in the contract;
- determining the transaction price;
- allocating that price to the performance obligations of the contract;
- recognising revenue when the entity satisfies each performance obligation.

The standard will be applicable from 1 January 2018, with full or amended retrospective application. Earlier application is permitted. The Group will apply the new standard from the mandatory effective date.

In the previous year, the Group carried out a preliminary assessment to identify potentially critical impacts related to the operating sectors, the financial statements, financial reporting and accounting systems. The Group will only be able to provide a reasonable estimate of the impacts once it has completed the detailed analysis of the existing contractual arrangements.

IFRS 9 Financial Instruments

In July 2015, the IASB issued the final version of **IFRS 9 Financial Instruments**, which reflects all phases of the project relating to financial instruments and replaces IAS 39 Financial Instruments: Recognition and measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification, measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018 and early adoption is permitted. With the exception of hedge accounting, retrospective application of the standard is required, but it is not compulsory to provide comparative information. For hedge accounting, the standard generally applies prospectively with a few exceptions.

The Group will adopt the new standard from its date of entry into force. The Group has conducted a preliminary impact analysis based on currently available information, which may be subject to change as a result of more detailed analysis and additional information that becomes available to the Group in the future.

Accounting standards, amendments and IFRS interpretations not yet endorsed by the European Union

Standards already issued, but for which the endorsement process required for their adoption has not been completed at the date of preparation of these Interim condensed consolidated financial statements, are listed below. This list is of standards and interpretations that the Group reasonably expects to be applicable in the future. The Group intends to adopt those standards when they become effective.

IFRS 16 Leases

IFRS 16 was published in January 2016 and supersedes IAS 17 Leasing, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases - Incentives, and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 establishes principles for the recognition, measurement, presentation and disclosure of leases, requiring lessees to account for all leases in the financial statements on the basis of a single model similar that used to account for finance leases in accordance with IAS 17. The standard provides two exemptions for recognition by lessees: leases where the underlying asset has a low value (such as personal computers) and short-term leases (e.g. leases with a term of 12 months or less). Upon lease commencement, a lessee recognises a liability for the lease payments (lease liability) and an asset for the right to use the underlying asset for the duration of the lease (right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will be required to remeasure the lease liability upon the occurrence of certain events. The lessee generally recognises remeasurements as adjustments to the right-of-use asset.

Accounting under IFRS 16 for lessors is mainly unchanged from the current accounting under IAS 17. Lessors shall continue to classify each lease using the same classification as under IAS 17, distinguishing between two types of lease: an operating lease or a finance lease. IFRS 16 requires more extensive disclosures by lessors and lessees compared to IAS 17.

IFRS 16 will be effective for annual periods beginning on or after 1 January 2019. Early application is permitted, but not before the entity applies IFRS 15. Lessors may choose to apply the standard using a fully retrospective approach or a modified retrospective approach.

IAS 7 Disclosure Initiative – Amendments to IAS 7

The amendments to **IAS 7 Statement of Cash Flows** (published on 29 January 2016) are part of the IASB’s Disclosure Initiative and require 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. On first-time application of this amendment, the entity is not required to provide comparative disclosures with previous periods. The amendments are effective for annual periods beginning on or after 1 January 2017, and early adoption is permitted. The Group has not applied these amendments, because they have not yet been endorsed by the European Union. The adoption of these amendments is not expected to have a significant impact on the Group's consolidated financial statements.

IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses – Amendments to IAS 12

The amendments state that an entity must determine whether tax law restricts the sources of taxable profits against which a deductible temporary difference can be utilised. The amendment also provides guidance on how an entity should determine future taxable profits and explains the circumstances in which the taxable profits could include the recovery of certain assets for more than their carrying amount. Entities must apply these amendments retrospectively. However, on initial application of the amendment, the change in the opening shareholders' equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact. The amendments are effective for annual periods beginning on or after 1 January 2017, and early adoption is permitted. The Group has not applied these amendments, because they have not yet been endorsed by the European Union. The adoption of these amendments is not expected to have a significant impact on the Group's consolidated financial statements.

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments address the conflict between IFRS 10 and IAS 28 in relation to the loss of control of a subsidiary through the sale or contribution of such subsidiary to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or transfer of assets constituting a business as defined in IFRS 3, between an investor and its associate or joint venture should be fully recognised. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, is also recognised only within the limits of the amount held by third-party investors in the associate or joint venture. The IASB has indefinitely postponed the effective date of these changes, but if an entity decides to apply them in advance, it should do so on a prospective basis.

IFRS 2 Classification and Measurement of Share-based Payment Transactions — Amendments to IFRS 2

The IASB has issued amendments to **IFRS 2 Share-based payments** that relate to three main areas: the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; the classification of share-based payment transactions with a net settlement feature for withholding tax obligations; and accounting for a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled. Upon adoption, entities must apply the amendments without restating previous periods, but retrospective application is permitted if chosen for all three amendments and if other conditions are met. Companies are required to apply the amendments for annual periods beginning on or after 1 January 2018. Earlier adoption is permitted.

Annual Improvements to IFRSs: 2014-2016 Cycle

The document published on 8 December 2016 (including IFRS 1 First-Time Adoption of International Financial Reporting Standards - Deletion of short-term exemptions for first-time adopters, IAS 28 Investments in Associates and Joint Ventures – Measuring investees at fair value through profit or loss: an investment-by-investment choice or a consistent policy choice, IFRS 12 Disclosure of Interests in Other Entities – Clarification of the scope of the Standard) partially supplements the existing standards.

IFRIC 22 - Foreign Currency Transactions and Advance Consideration (published on 8 December 2016)

This interpretation provides guidelines for foreign currency transactions when non-monetary prepayments or advances are recorded in the financial statements, before the recognition of the related asset, cost or revenue. It provides guidance on how an entity must determine the date of a transaction, and consequently, the spot exchange rate to be used for foreign currency transactions in which payment is made or received an advance. IFRIC 22 applies from 1 January 2018, but early adoption is permitted.

IFRIC 23 – Uncertainty over Income Tax Treatments (published on 7 June 2017)

This document addresses the matter of uncertainties regarding the tax treatment to be adopted for income tax and specifies that uncertainties in determining tax liabilities or assets should only be reflected in the financial statements when it is likely that the entity will pay or receive the amount in question. In addition, the document does not contain any new disclosure requirement, but emphasises that the entity must establish whether it is necessary to provide information regarding the considerations made by management concerning the uncertainty in the accounting for taxes, in accordance with IAS 1. The new interpretation applies from 1 January 2019, but early adoption is permitted.

3. Key information relating to the scope of consolidation

The main changes in the scope of consolidation during the period under review are summarised below.

Incorporation, acquisition of new companies, capital increases and sale of subsidiaries

- on **11 January 2017**, the Mediaset España Group established the company **Concursos Multiplataformas S.A.**. This company has been consolidated on a line-by-line basis;
- on **24 January 2017**, the subsidiary Mediaset España Comunicación S.A. sold 100% of the investment held in the company **Integración Transmedia SAU**;
- on **23 March 2017**, the subsidiary Mediaset España Comunicación S.A. sold its 100% holding in the company **Premiere Megaplex S.A.U.**;
- on **3 April 2017**, three companies operating in Veneto belonging to the Rova Group were acquired by the subsidiary EIT Radio S.r.l., and were later merged into the parent EIT Radio S.r.l. on 22 June.
- on **4 May 2017**, the subsidiary RTI S.p.A. acquired 100% of the share capital of the company **Unione di Trasmissioni Televisive S.r.l.**, which holds the broadcasting authorization for the digital terrestrial channel 20 (LCN20). This company has been consolidated on a line-by-line basis and, based on the substance of the transaction, has been designated as an asset acquisition rather than an IFRS 3 business combination;
- on **18 May 2017**, the subsidiary Videotime S.p.A. established the company **Videotime Produzioni S.p.A.**, and the business unit relating to the production and creation of television programmes will be transferred to that company from 1 July as part of the corporate restructuring of the Mediaset Group. At 30 June, this company has been consolidated on a line-by-line basis;

- on **19 June 2017**, the subsidiary RTI S.p.A. purchased the 11.11% equity interest held in the company **Mediaset Premium S.p.A.** from its shareholder Telefonica, bringing its holding up to 100% of the share capital;
- on **22 June 2017**, the shareholders' meeting of **FP Tower S.r.l.** (a subsidiary of Towertel S.p.A.) approved the merger of FP Tower into its parent;
- on **22 June 2017**, the subsidiary EIT Radio acquired 100% of the share capital of **Ganora TV S.r.l.**;

At **30 June 2017**, the Group's equity interest in **EI Towers S.p.A.** rose from 40.6% at 31 December 2016 to 41.4%, as a result of additional purchases, during the half year, of own shares by EI Towers under the share buyback programme approved in July 2016, which provides for the buyback of up to 5% of the share capital of that company.

At **30 June 2017**, the equity interest in the **Mediaset España Group** has risen from 50.2% at 31 December 2016 to 50.5%, as a result of buybacks by Mediaset España in the half year, under the share buyback programme approved by the Shareholders' Meeting of 27 April this year, which provides for purchases of a total amount of EUR 100 million.

Incorporation, acquisition of new companies, capital increases and sale of associates

- on **25 January 2017**, the subsidiary Mediaset España Comunicación S.A. purchased a 40% interest in the share capital of the company **Alea Media S.A.**. This equity investment is consolidated using the equity method;
- on **5 April 2017**, the subsidiary Mediaset España Comunicación S.A. purchased a 40% interest in the share capital of the company **Melodía Producciones S.L.**. This equity investment is consolidated using the equity method.

Incorporation, acquisition of new companies, capital increases and sale of minority interests

- on **11 January 2017**, the subsidiary RTI S.p.A. purchased a 5.618% equity interest in the companies **Prosiebensat.1 Digital Content GP LTD** and **Prosiebensat.1 Digital Content LP**, which operate in the main free on-line video distribution platforms;
- on **20 January 2017**, RTI S.p.A. completed the purchase of 9.26% of the share capital of the company Midnight Call S.r.l., an online market place for household services;
- on **22 June 2017**, the subsidiary Medusa Film S.p.A. sold its 15% equity interest in the company **Cinecittà Digital Factory S.r.l.**;
- with regard to the investment held in **Deporvillage SL**, following the capital increase on **15 May 2017**, which was solely subscribed by Advertisement 4 Adventures SLU, the equity interest held in that company changed, increasing from 11.82% to 12.54% for the company Advertisement 4 Adventures SLU and decreasing from 7.17% to 6.99% for RTI S.p.A..

4. Business combinations

As discussed in the section *Key information relating to the scope of consolidation*, on 3 April 2017 the EI Towers Group acquired three companies in Veneto belonging to the Rova Group (merged into EIT Radio S.r.l. on 22 June) as part of the acquisition of assets and companies operating in the tower business. On the same date, the subsidiary EIT Radio acquired 100% of the share capital of the Ligurian company Ganora TV S.r.l..

The transactions constitute business combinations, and in accordance with IFRS 3 the purchase price of the net assets acquired was provisionally allocated to goodwill at the reporting date of these half-yearly condensed consolidated financial statements. A specific analysis of the consideration paid shall be made within twelve months from the acquisition date in order to determine the fair value of the net assets acquired. If at the end of the evaluation period, any tangible or intangible assets with a finite useful life are identified, an adjustment will be made to the provisional amounts recognised at the acquisition date, with retrospective effect as of the acquisition date.

The table below summarises the fair value of the assets acquired and the liabilities assumed at the acquisition date, cumulatively for the transactions reported above.

Net acquired asset	**Book values recorded in the acquired company at the acquisition date (provisional allocation)**
Tangible and Intangible assets	0.3
Other assets/(liabilities)	0.3
Cash adn cash equivalent	0.5
Total net asset acquired	**1.1**
Total acquisition cost	6.2
Goodwill	**5.1**

Cash and cash equivalents acquired	0.5
Purchase price	6.2
Portion of price not paid at June 30, 2017	1.3
Net cash flows absorbed by the acquisition	**4.3**

5. Comments on the main changes in assets and liabilities

5.1 Tangible and intangible fixed assets, Television and movie broadcasting rights

	Property, plant and equipment	Television and movie rights	Goodwill	Other intangible assets	TOTAL
Balance at 31/12/2016	**445.7**	**1,629.7**	**964.7**	**850.7**	**3,890.8**
Changes in the consolidation area	0.3	-	5.1	-	5.4
Additions	18.5	358.1	1.6	60.7	438.9
Other changes	0.5	49.1	-	(51.3)	(1.7)
Disposals	(8.3)	(0.5)	-	(0.0)	(8.8)
Amortisation, depreciation and write-downs	(36.4)	(467.5)	-	(23.9)	(527.8)
Balance at 30/06/2017	**420.3**	**1,568.9**	**971.5**	**836.2**	**3,796.9**

The main changes with respect to the figures shown in the consolidated financial statements as at 31 December 2016 are summarised below:

- increases in **television and movie broadcasting rights** of EUR 407.9 million, of which EUR 358.1 million for purchases in the period and EUR 49.8 million for capitalisation of advances paid to suppliers (recognised as Assets in progress and advances at 31 December 2016).
- increases in **property, plant and equipment** of EUR 19.0 million, of which EUR 13.3 million consisted of advances for technical investments in transmission network equipment and the purchase of land and towers;
- increases in **other intangible assets**, totalling EUR 60.7 million, of which EUR 15.0 million for the value recognised for the authorisation to provide audiovisual services in Italy and the accompanying allocation of the automatic numeration of the general digital terrestrial channel ReteCapri associated with LCN 20, LCN 120 (+1 delayed simulcast), and LCN 520 (HD version), owned by the company Unione di Trasmissioni Televisive S.r.l. (UTT) purchased by RTI in the second quarter. Based on the remaining life, and the procedures and requirements for the renewal of the authorisation, this asset's remaining useful life is estimated to be until October 2032. In the half year, there were also increases of EUR 2.6 million for the investments made by the EI Towers Group as part of the development of the tower business. These relate to the part of the value allocated to customer relations for the long-term contracts the group has become a party to following the acquisition of the surface rights for the land and rooftops the towers are located on and increases in assets in progress and advances relating to advances paid to suppliers for the purchase of rights. As already commented for Television and movie broadcasting rights, the item *Other changes* includes decreases of EUR 49.8 million relating to the capitalisation as broadcasting rights of advances paid to suppliers;
- increases of EUR 6.7 million in the item **Goodwill**, consisting of EUR 1.6 million for the final determination of the purchase price of the business combinations carried out by EI Towers during the fourth quarter of 2016 and EUR 5.1 million for the provisional allocation of part of the price paid for the acquisitions made by the EI Towers Group in the first half of 2017.

With respect to impairment test, the verification carried out on 30 June both compared to the management performance of Cash Generating Units for the period and key external indicators did not highlight facts that would have led to a change in the estimate of recoverable values made during the preparation of the Consolidated Financial Statements at 31 December 2016. In particular, with respect to external indicators, it should be noted that the market capitalisation of Mediaset, Mediaset España and EI Towers at 30 June 2016 was greater than the carrying amount of the related assets.

5.2 Equity Investments in associates and joint ventures and other financial assets

	Equity investments in associates and joint venture	Investments in other companies	Receivables and other financial assets	Total equity investments and other financial assets
Balance at 31/12/2016	**47.3**	**32.2**	**29.0**	**108.5**
Additions	-	29.1	6.2	35.3
Disposals	-	(0.4)	(16.7)	(17.1)
Write-ups /(Write-offs)	2.0	(0.1)	-	1.8
Other changes	(15.5)	-	1.4	(14.1)
Final balance at 30/06/2017	**33.8**	**60.8**	**19.8**	**114.4**

With regard to the item *Equity Investments in associates and joint ventures*, it should be noted that the item *Other changes* includes the reclassification in accordance with IFRS 5 of an amount of EUR 8.8 million of the investment held in Sociedad Emision Digital Cataluña to the item *Non-current assets available for sale*, following the agreements signed by the subsidiary Mediaset España for the sale of the entire investment of 34.66% of the share capital. The item also includes dividends distributed by associates and joint ventures.

The increases in the item *Investments in other companies* relate to both the equity investments that form part of the *AD4Venture* equity investment operation, totalling EUR 4.1 million, and the subscription by the subsidiary RTI S.p.A. of a 5.618% equity interest in the companies Prosiebensat.1 Digital Content GP LTD and Prosiebensat.1 Digital Content LP, operating in the main free on-line video distributions platforms, for a total amount of EUR 25 million.

The main changes in the item *Receivables and other financial assets* relate to the reclassification to the item *Other receivables and current assets* of the current portion of receivables due within one year from the associate Boing S.p.A. and the decrease in the non-current amount of derivative instruments hedging exchange-rate risk.

5.3 Deferred Tax Assets and Liabilities

The decrease in *Deferred tax assets* of EUR 5.7 million, mainly relates to uses generated by the temporary differences of the tax and financial values of assets and liabilities and the recognition of deferred tax assets generated during the period in respect of the estimated IRES tax base of the companies scoped in for Italian tax consolidation purposes. As at 30 June 2017, based on the estimate of deferred and current taxes for the period in accordance with IAS 34, deferred tax assets relative to tax losses carried forward for an unlimited period for IRES tax purposes amounted to EUR 177.2 million. With regard to the recoverable amount of the deferred tax assets recognised, there were no events or indicators during the period requiring changes to the medium/long-term recovery forecasts made during the preparation of the consolidated financial statements at 31 December 2016, which were based on the estimated future taxable income of the companies included in the national tax consolidation scheme, taken from the most recent business plans, maintaining constant the forecasted results for the last explicit period.

5.4 Trade receivables

	30/06/2017	31/12/2016
Receivables from customers	1,047.8	1,199.0
Receivables from related parties	55.3	59.0
Total	**1,103.1**	**1,258.0**

Receivables from customers include receivables from Sky Italia S.r.l., amounting to EUR 184.2 million at 30 June (EUR 336.9 million at 31 December 2016), relating to the sub-license of the D package for the broadcasting rights of 132 matches of the Serie A League Championship for each football season in the 2015-2018 three-year period.

The breakdown of receivables from related parties is reported in Note 9 (*Related-Party Transactions*).

5.5 Other receivables and current assets

	30/06/2017	31/12/2016
Other receivables	134.1	166.8
Prepayments and accrued income	123.7	122.1
TOTAL	**257.9**	**288.8**

Other receivables mainly include:

- advances to suppliers, agents and professionals for television productions totalling EUR 35.0 million (EUR 49.6 million at 31 December 2016);
- receivables of EUR 50.9 million due from factoring companies (EUR 62.1 million at 31 December 2016).

5.6 Non-current assets available for sale/Liabilities related to non-current assets held for sale

This item relates to the sale price (equal to the carrying amount) for the equity investment held in Sociedad Emision Digital Cataluña following the agreements signed by Mediaset España for the sale of the entire equity investment of 34.66% of the share capital. This sale is subject to approval by the competent authorities, which is expected to be received by the end of this year.

5.7 Other reserves

	30/06/2017	31/12/2016
Legal reserve	122.8	122.8
Equity investment evaluation reserve	(6.2)	(6.2)
Consolidation reserve	(79.1)	(79.1)
Reserves for minority transaction	446.1	466.2
Other reserves	324.3	324.3
TOTAL	**807.9**	**828.0**

The change in the item *Reserves for minority transactions* shows the effects of the purchase by RTI S.p.A. of 11.11% of the share capital of the company Mediaset Premium from the Telefonica Group as noted in the section *Key information relating to the scope of consolidation*.

5.8 Valuation reserves

The table below shows the changes occurred during the period.

	Cash flow hedge reserve	Stock option and incentive plans	Actuarial Gains/(Losses)	Total valuation reserves
Balance at 31/12/2016	**15.3**	**2.8**	**(28.1)**	**(10.0)**
Increase/(decrease)	(0.8)	1.3	-	0.5
Through Profit and Loss account	(0.3)	-	-	(0.3)
Opening balance adjustment of the hedged item	2.9	-	-	2.9
Fair value adjustments	(46.4)	-	-	(46.4)
Deferred tax effects	10.7	-	-	10.7
Other changes	-	(0.2)	-	(0.2)
Balance at 30/06/2017	**(18.5)**	**3.8**	**(28.1)**	**(42.8)**

The ***Valuation reserve for financial assets for cash flow hedging purposes*** is connected with valuations of derivative instruments designated as hedges against the foreign exchange risk associated with the acquisition of television and movie broadcasting rights in foreign currencies and designated as hedges against the interest-rate risk associated with medium- and long-term financial liabilities. The transfers to the income statement relate almost exclusively to derivative instruments hedging exchange rate risks.

The **Reserve for stock option plans and incentive plans** at 30 June 2017 consists of the contra-entries for costs accrued, measured in accordance with IFRS 2, related to the three-year Stock Option Plans and the medium-long term incentive plans assigned by Mediaset S.p.A. and, for the portion attributable to the Group, to the plans assigned by the subsidiary Mediaset España Comunicación S.A.. The change for the period includes EUR 1.3 million for the cost accrued in relation to the incentive plans issued by the Mediaset Group in 2015 and 2016 and EUR 0.2 million for the reclassification to *Retained earnings* for the portion of the reserve relating to the parties that no longer accrue rights to receive shares as a result of the termination of the employment relationship.

The ***Reserve for actuarial gains/(losses)*** consists of components arising from the actuarial valuation of defined benefit plans, recognised directly through shareholders' equity.

The changes in the ***Valuation reserve for financial assets for cash flow hedging purposes*** and in the ***Valuation reserve for actuarial gains/(losses)***, before tax, are shown in the Statement of Comprehensive Income.

5.9 Risk provisions and contingent liabilities

The reduction in risk provisions, compared to 31 December 2016, was mainly due to the use of EUR 41.3 million of the provision for the period of EUR 123.6 million, made at 31 December 2016 to reflect the cost of several long-term contracts for sports events. During the first half of the year, no significant events or circumstances occurred with respect to the main legal proceedings and contingent liabilities reported in the financial statements at 31 December 2016. With regard to the proceedings initiated during the period, on 21 June Publitalia'80 S.p.A. was notified of the legal proceedings brought by the Bankruptcy Receivership of the company Radio e Reti S.r.l. in relation to the alleged breach of agreements made between those companies, which were already subject to civil proceedings brought by Radio e Reti S.r.l., which ended with a favourable ruling for Publitalia'80 S.p.A. on January 2013 that had not been appealed. The first hearing for this dispute has been set at 6 November 2017. In view of the status of this dispute, the company, also supported by the opinion of external legal advisors, has not made any provisions in these interim financial statements.

5.10 Trade and other payables

	30/06/2017	**31/12/2016**
Due to suppliers	1,464.0	1,686.1
Due to related parties	46.7	79.8
Total	**1,510.7**	**1,765.9**

The change compared to the previous year mainly relates to the decrease in the payable to the supplier Lega Nazionale Professionisti Serie A.

Amounts due to related parties include payables to associates, affiliates and the holding company. Details of these payables are provided in Note 9 below (Related-Party Transactions).

5.11 Net Financial Position

Below is a breakdown of the ***consolidated net financial position*** as required by Consob communication no. 6064293 dated 28 July 2006; the Group's current and non-current financial debt is detailed separately in the table.

For a breakdown of changes in the net financial position over the period, see the section on the Group's balance sheet and financial structure in the Management Interim Statement.

	30/06/2017	**30/06/2016**
Cash in hand and cash equivalents	0.4	0.5
Bank and postal deposits	152.4	328.2
Securities	16.3	9.8
Total securities and liquidity	**169.1**	**338.6**
Receivables and other current financial assets	**25.6**	**35.5**
Due to banks	(149.6)	(155.1)
Current portion of non current debt	(260.6)	(342.6)
Other current payables and financial liabilities	(44.0)	(35.6)
Current Net Financial Position	**(454.2)**	**(533.3)**
Net current financial position	**(259.4)**	**(159.2)**
Due to banks	(618.5)	(395.7)
Corporate bonds	(363.0)	(600.3)
Other non current payables and financial liabilities	(0.3)	(7.2)
Non current financial debt	**(981.7)**	**(1,003.2)**
Net Financial Position	**(1,241.2)**	**(1,162.4)**

The item **Bank and postal deposits** includes EUR 6.1 million for the EI Towers Group and EUR 128.8 million for the Mediaset España Group.

The item **Securities** consists of bonds held by the subsidiary Mediaset Investments S.a.r.l. amounting to EUR 16.3 million (EUR 9.8 million as at 31 December 2016).

The item **Receivables and other current financial assets** includes EUR 13.0 million (EUR 19.0 million at 31 December 2016) in government subsidies for movie productions made by Medusa Film and Taodue, which had been approved by the entities concerned, but not paid at the reporting date, EUR 4.0 million in financial receivables due from associates, and EUR 0.3 million in financial receivables held by the Mediaset España Group, and the fair value of the derivatives hedging against foreign exchange risk exceeding the change in the foreign-currency payables hedged and the fair value of the derivatives designated as hedges against interest-rate risk. The change mainly relates to the collection of receivables for government grants and the decrease compared to 31 December 2016 in current accounts operated by Mediaset S.p.A. on behalf of associates and joint ventures.

The item **Due to banks (current portion)** refers to short term credit lines.

Current amounts of non-current financial debt primarily consist of the current amounts of the corporate bonds, totalling EUR 249.4 million (EUR 338.9 million at 31 December 2016), the current amounts of medium- and long-term bank loans, totalling EUR 10.7 million (EUR 3.2 million at 31 December 2016), current amounts of lease payables and the current amounts of the fair value of derivatives held to hedge against interest rate fluctuations, totalling EUR 0.2 million (EUR 0.6 million at 31 December 2016). The change mainly relates to the payment of EUR 300 million for the 7-year corporate bond issued by the Mediaset Group in 2010, which matured on 1 February 2017, to the reclassification of the corporate bond issued by EI Towers, maturing in April 2018, amounting to EUR 230.7 million, and to the payment of the interest due for the first half.

Other current payables and financial liabilities mainly include current accounts managed by the parent Mediaset S.p.A. on behalf of associates and joint ventures totalling EUR 33.2 million (EUR 24.0 million at 31 December 2016), amounts owed to factoring companies totalling EUR 1.3 million (EUR 1.5 million at 31 December 2016), and loans totalling EUR 1.7 million received to finance film development, distribution and production operations (EUR 4.5 million at 31 December 2016). This item includes EUR 7.2 million of financial payables of the subsidiary Mediaset España due to Sociedad Emissions Digital Cataluña. At 30 June 2017, pursuant to IFRS 5, this payable has been recorded under *Liabilities related to non-current assets held for sale*.

Financial payables (non-current) refer to the portion of committed credit facilities (revolving) maturing beyond 12 months attributable to Mediaset S.p.A.. These payables are recognised in the financial statements using the amortised cost method.

A breakdown of the change of EUR 222.8 million for the year is provided below:

- use of the committed credit facility agreed with UniCredit S.p.A. last year for a total nominal amount of EUR 150 million;
- new committed credit facility agreed with UBI Banca S.p.A. on 8 February 2017 for a total nominal amount of EUR 50 million;
- new credit facility maturing in May 2020 taken out by the EI Towers Group for a total nominal amount of EUR 30 million.

Existing loans and credit facilities are subject to financial covenants on a half-year consolidated basis. Any breach of financial covenants, both for the loans and credit facilities, will require Mediaset S.p.A. to repay all amounts drawn. At the reference date these parameters have been met.

The item **Corporate bonds** refers to the non-current amount of the bond issued by Mediaset S.p.A. on 23 October 2013 for a total nominal value of EUR 375.0 million, whose amortised cost (including the current portion) is EUR 363.0 million;

The item **Other non-current financial payables and liabilities** mainly consists of the non-current amounts of the fair value of derivatives held to hedge against interest rate risk. The change mainly relates to the payable attributable to Mediaset España, which has been reclassified to *Liabilities related to non-current assets held for sale*.

6. Comments on main changes on costs and revenues

6.1 Revenues and operating costs

Comments on the changes in revenues and operating costs are provided in the section of the Management Report commenting on the Group's results.

6.2 Depreciation, amortisation and write-downs

	1H 2017	1H 2016
Amortisation of TV and movie rights	467.5	549.2
Amortisation of other intangible assets	23.9	19.4
Amortisation of tangible assets	36.4	38.4
Write downs of receivables	3.8	11.2
Total amortisation, depreciation and write-downs	**531.6**	**618.2**

The change in the item *amortisation of television broadcasting rights* mainly reflects the positive effect of the write-downs made for the financial statements at 31 December 2016.

6.3 Financial income and expenses

	1H 2017	1H 2016
Interests on financial assets	1.1	1.6
Interests on financial liabilities	(19.1)	(24.5)
Other financial income/(losses)	(2.3)	(29.2)
Foreign exchange gains/(losses)	9.7	9.1
Total financial income/(losses)	**(10.5)**	**(43.0)**

The item *Interest expense on financial liabilities* includes the interest expense for the first half on corporate bonds issued by the Mediaset Group and the EI Towers Group totalling EUR 16.3 million (EUR 22.6 million at 30 June 2016).

In the first half of 2016, the item *Other financial income/(charges)* mainly included financial expenses resulting from the early repayment of committed credit facilities and costs connected to the hedging of the Mediaset Premium – Vivendi transaction.

6.4 Taxes for the period

	1H 2017	1H 2016
IRES and IRAP tax expenses	17.3	(14.8)
Tax expenses (foreign companies)	20.8	13.2
Deferred tax expense	16.7	24.4
Total	**54.8**	**22.8**

The item *IRES and IRAP taxes* includes costs relative to estimated IRAP tax for the half year amounting to EUR 4.8 million and to estimated IRES tax for the EI Towers Group.

The item *deferred tax assets and liabilities* comprises the main financial movements for the period for the posting and/or use generated by the impact of the progress of temporary mismatch of the tax and financial values of assets and liabilities, and income recognised in relation to the estimated negative consolidated IRES tax base for Mediaset Group companies that are part of the Italian tax consolidation scheme, with a corresponding amount recognised in the balance sheet as deferred tax assets.

The *taxes of foreign companies* primarily include charges for current taxes recognised by companies of the Mediaset España Group.

6.5 Profit/loss per share

The calculation of basic and diluted earnings per share is based on the following data:

	1H 2017	1H 2016
Net result for the period (millions of euro)	74.8	(28.2)
Weighted average number of ordinary shares (without own shares)	1,136,402,064	1,136,402,064
Basic EPS	**0.07**	**(0.02)**
Weighted average number of ordinary shares for the diluted EPS computation	1,136,402,064	1,136,402,064
Diluted EPS	**0.07**	**(0.02)**

The figure for earnings per share is calculated using the ratio of the Group's net profit/loss to the weighted average number of shares in circulation during the period, net of treasury shares. The figure for earnings per diluted share is calculated using the number of shares in circulation and the potential diluting effect from the allocation of treasury shares to the beneficiaries of vested stock option rights.

7. Cash flow statement

7.1 Business combinations net of cash and cash equivalents acquired

For the first half of 2017, this item shows the impact on cash and cash equivalents of the expenditure incurred by the EI Towers Group for the acquisition of the companies of the Rova Group and of the company Ganora TV S.r.l.. In the first half of the previous year, this item showed the impact on cash and cash equivalents for the period of the expenditure incurred for the acquisition by the EI Towers Group of the companies Fortress Italia S.r.l. and SA OGHE T.C. S.r.l..

7.2 Changes in stakes in subsidiaries

This item relates to the buyback of 11.11% of the subsidiary Mediaset Premium S.p.A. from Telefonica.

7.3 Change in treasury Shares

In the first half of 2017, this item related to the total expenditure for share buyback programmes made by the subsidiaries Mediaset España S.A. and EI Towers S.p.A. under their respective share buyback programmes. In the same period of the previous year, the amount related to the outlay for the share buyback by Mediaset España under the share buyback programme approved by the Board of Directors of the Company.

8. Segment reporting

As required under IFRS 8, the following information relates to the operating segments identified on the basis of the Group's present organisational structure and internal reporting system.

The Group's main operating segments, already included in the analysis of results contained in the *Management Interim Statement*, are the same as the *geographical areas* (Italy and Spain) identified according to the location of operations. These segments are then segmented further, to monitor the performance of the *business areas* operating in each country. In relation to Spain, which corresponds to the Mediaset España Group, no relevant activities have been identified other than the core business of television, which is therefore the same as that entity.

The following paragraphs contain the information and reconciliations required under IFRS 8 in relation to profits, losses, assets and liabilities, based on this segmentation process. The information can be extrapolated from the two sub-consolidated financial statements prepared at that level, while the information provided for the three operating segments based in Italy (Integrated Television Operations and EI Towers) has been given with reference to the earnings and operational activities directly attributable to them.

Geographical sectors

The following tables report key financial information for the two geographical operational areas of Italy and Spain, at 30 June 2017 and 2016 respectively.

The tables have been prepared on the basis of specific sub-consolidated financial statements in which the carrying amount of the equity investments held by companies belonging to a segment in companies belonging to another segment have been kept at their respective purchase cost and eliminated upon consolidation. Likewise, in the sector income statement, income and expenses (relating to any dividends received from these investments) have been included under *Income from other equity investments*.

The inter-segment assets figures relate to the elimination of equity investments recognised under the assets of the Italy geographic sector in Mediaset España and Mediacinco Cartera (25%-owned, and already fully consolidated into the Spain area, which owns 75% of it) and the loan granted to Mediacinco Cartera S.L. by Mediaset Investment S.a.r.l., which amounted to EUR 7.6 million at 30 June 2017.

Non-monetary costs relate to the provisions for risks and charges.

1H 2017	ITALY	SPAIN	Eliminations/ Adjustments	MEDIASET GROUP
MAIN INCOME STATEMENT FIGURES				
Revenues from external customers	1,337.3	508.3	-	1,845.7
Inter-segment revenues	0.5	0.2	(0.7)	-
Consolidated net revenues	**1,337.8**	**508.5**	**(0.7)**	**1,845.7**
%	*72.5%*	*27.6%*	-	***100.0%***
EBIT	**53.5**	**159.2**	**(0.0)**	**212.8**
%	*25.2%*	*74.8%*	-	***100.0%***
Financial income/(losses)	(9.7)	(0.8)	-	(10.5)
Income/(expenses) from equity investments valued with the equity method	1.4	0.9	-	2.3
Income/(expenses) from other equity investments	(0.1)	0.2	-	0.1
EBT	**45.1**	**159.5**	**(0.0)**	**204.6**
Income taxes	(20.8)	(34.0)	-	(54.8)
NET PROFIT FROM CONTINUING OPERATIONS	**24.3**	**125.5**	**(0.0)**	**149.7**
Net Gains/(Losses) from discontinued operations	-	-	-	-
NET PROFIT FOR THE PERIOD	**24.3**	**125.5**	**(0.0)**	**149.7**
Attributable to:				
- Equity shareholders of the parent company	11.5	125.7	(62.5)	74.8
- Minority Interests	12.8	(0.2)	62.4	75.0
OTHER INFORMATION				
Assets	5,399.7	1,257.3	(599.8)	6,057.2
Liabilities	3,292.8	347.4	(9.3)	3,631.0
Investments in tangible and intangible non current assets	291.1	128.0	(0.2)	418.9
Amortization	448.5	83.2	(0.2)	531.6
Other non monetary expenses	5.8	(0.6)	-	5.2

(*) Includes the change in "Advances for the purchase of broadcasting rights"

1H 2016	ITALY	SPAIN	Eliminations/ Adjustments	MEDIASET GROUP
MAIN INCOME STATEMENT FIGURES				
Revenues from external customers	1,349.2	521.4	-	1,870.6
Inter-segment revenues	0.6	0.1	(0.7)	-
Consolidated net revenues	**1,349.7**	**521.6**	**(0.7)**	**1,870.6**
%	*72.2%*	*27.9%*	-	***100.0%***
EBIT	**(54.1)**	**150.1**	**(0.0)**	**96.1**
%	*-56.3%*	*156.3%*	-	***100.0%***
Financial income/(losses)	(42.6)	(0.4)	-	(43.0)
Income/(expenses) from equity investments valued with the equity method	0.6	(1.4)	-	(0.8)
Income/(expenses) from other equity investments	0.1	2.4	-	2.5
EBT	**(95.9)**	**150.7**	**(0.0)**	**54.8**
Income taxes	10.3	(33.1)	-	(22.8)
NET PROFIT FROM CONTINUING OPERATIONS	**(85.6)**	**117.6**	**(0.0)**	**32.0**
Net Gains/(Losses) from discontinued operations	-	-	-	-
NET PROFIT FOR THE PERIOD	**(85.6)**	**117.6**	**(0.0)**	**32.0**
Attributable to:				
- Equity shareholders of the parent company	(87.2)	117.7	(58.7)	(28.2)
- Minority Interests	1.7	(0.2)	58.7	60.2
OTHER INFORMATION				
Assets	6,104.9	1,269.6	(601.7)	6,772.8
Liabilities	3,680.2	339.4	(11.3)	4,008.2
Investments in tangible and intangible non current assets	365.2	136.6	(0.1)	501.7
Amortization	515.9	102.4	(0.1)	618.2
Other non monetary expenses	(6.1)	(0.0)	-	(6.2)

(*) Includes the change in "Advances for the purchase of broadcasting rights"

Italy: Operating segments

Operating segments have been reported in the Management Interim Statement, where details on performance for the period can be found.

Income Statement Summary 1H 2017	**INTEGRATED TELEVISION OPERATIONS**	**EI TOWERS**	**Eliminations/ Adjustments**	**GEOGRAPHICAL SEGMENT ITALY**
Revenues from external customers	1,298.1	39.7	-	1,337.8
Inter-segment revenues	-	91.3	(91.3)	-
Consolidated net revenues	**1,298.1**	**131.0**	**(91.3)**	**1,337.8**
%	*97.0%*	*9.8%*	*-6.8%*	***100.0%***
Operating costs from thrid parties	(771.7)	(64.0)	-	(835.7)
Inter-segment operating costs	(90.1)	(1.2)	91.3	-
Total Operating Costs	**(861.8)**	**(65.3)**	**91.3**	**(835.7)**
Amortisation, depreciation and write-downs	(429.8)	(18.8)	-	(448.5)
EBIT	**6.6**	**47.0**	**0.0**	**53.5**

Income Statement Summary 1H 2016	**INTEGRATED TELEVISION OPERATIONS**	**EI TOWERS**	**Eliminations/ Adjustments**	**GEOGRAPHICAL SEGMENT ITALY**
Revenues from external customers	1,314.8	34.9	-	1,349.7
Inter-segment revenues	-	90.2	(90.2)	-
Consolidated net revenues	**1,314.8**	**125.1**	**(90.2)**	**1,349.7**
%	*97.4%*	*9.3%*	*-6.7%*	***100.0%***
Operating costs from thrid parties	(822.6)	(65.3)	-	(887.9)
Inter-segment operating costs	(88.6)	(1.6)	90.2	-
Total Operating Costs	**(911.1)**	**(67.0)**	**90.2**	**(887.9)**
Amortisation, depreciation and write-downs	(495.3)	(20.5)	-	(515.9)
EBIT	**(91.7)**	**37.6**	**0.0**	**(54.1)**

Operating Assets and Investments 30th June 2017	**INTEGRATED TELEVISION OPERATIONS**	**EI TOWERS**	**Eliminations/ Adjustments**	**GEOGRAPHICAL SEGMENT ITALY**
Television rights	1,376.2	-	-	1,376.2
Other tangible and intangible non current assets	622.0	354.2	(1.1)	975.0
Goodwill	144.8	510.5	(335.1)	320.2
Trade receivables	886.9	48.6	-	935.5
Inventories	19.7	3.1	-	22.8
Operating assets	**3,049.6**	**916.3**	**(336.2)**	**3,629.7**
Investments in television rights (*)	293.4	-	-	293.4
Other investments	10.7	5.3	-	16.0
Investments in tangible and intangible assets	**304.1**	**5.3**	**-**	**309.4**

(*) Not including the change in "Advances for the purchase of broadcasting rights"

Operating Assets and Investments 30th June 2016	**INTEGRATED TELEVISION OPERATIONS**	**EI TOWERS**	**Eliminations/ Adjustments**	**GEOGRAPHICAL SEGMENT ITALY**
Television rights	1,901.9	-	-	1,901.9
Other tangible and intangible non current assets	565.6	307.0	(1.2)	871.5
Goodwill	142.8	521.8	(335.1)	329.5
Trade receivables	1,073.4	37.3	-	1,110.8
Inventories	22.4	3.1	-	25.5
Operating assets	**3,706.1**	**869.2**	**(336.3)**	**4,239.1**
Investments in television rights (*)	341.1	-	-	341.1
Other investments	18.6	7.9	-	26.5
Investments in tangible and intangible assets	**359.7**	**7.9**	**-**	**367.6**

(*) Not including the change in "Advances for the purchase of broadcasting rights"

The main operating assets allocated to the ***Integrated Television Operations*** consist of the television and movie broadcasting rights, the library (films, dramas, mini-series, TV films and cartoons), long-running self-produced drama series, and entertainment, news and sport rights serving both the free-to-air and *Mediaset Premium* channels. In particular, sports broadcasting rights include the broadcasting rights for the Serie A League Championship for Italy's leading soccer clubs for the 2017-2018 season.

Other tangible and intangible assets mainly relate:

- for the Integrated Television Operations segment, to television and radio frequency user rights and related transmission equipment, equipment supporting television production centres, IT systems and the upgrading of management offices and other properties, and investments relating to the development of the *Mediaset Premium* subscription-based pay-TV platform.

- for EI Towers, to land, buildings, towers and equipment related to television broadcasting and mobile telephone networks.

9. Related-party transactions

The following summary table shows, for the main income statement and balance sheet groupings, the details of the companies that are the counterparties of these transactions (identified in accordance with IAS 24 and grouped by type of relation):

	Revenues	Operating costs	Financial income/ (charge)	Trade receivables	Trade payables	Other receivables/ (payables)
CONTROLLING ENTITY						
Fininvest S.p.A.	0.1	2.5	-	0.2	0.0	0.0
AFFILIATED ENTITIES						
Alba Servizi Aerotrasporti S.p.A.	0.0	0.1	-	0.2	0.1	-
Arnoldo Mondadori Editore S.p.A.*	5.8	(0.0)	-	2.5	3.1	0.3
Fininvest Gestione Servizi S.p.A.	0.0	0.0	-	0.0	-	0.0
Isim S.p.A.	-	-	-	-	-	-
Mediobanca S.p.A.	-	0.0	(0.8)	0.0	-	(99.6)
Mediolanum S.p.A.*	2.7	-	-	1.2	-	-
Trefinance S.A.*	-	0.0	-	-	-	-
Altre consociate	0.0	0.4	-	0.0	-	-
Total Affiliated	**8.6**	**0.6**	**(0.8)**	**3.9**	**3.2**	**(99.2)**
JOINT CONTROLLED AND ASSOCIATES ENTITIES						
Furia de Titanes II A.I.E.	-	-	-	-	-	-
Auditel S.p.A.	-	3.2	-	-	-	-
Aunia Publicidad Interactiva SLU	0.4	0.1	-	0.3	0.1	-
Blasteem S.r.l.	-	0.1	-	-	0.1	-
Boing S.p.A.	4.8	17.2	0.0	5.1	11.3	(5.6)
Emissions Digitals Catalunya SA	0.0	3.4	-	0.0	1.7	-
Fascino Produzione Gestione Teatro S.r.l.	-	35.2	0.0	0.4	14.8	(23.8)
La Fabbrica De la Tele SL	-	13.5	-	-	7.7	0.1
Mediamond S.p.A.	40.1	2.0	0.0	41.7	1.9	(0.0)
MegaMedia Televisión SL	0.1	4.3	-	0.1	3.7	0.1
Nessma Lux S.A.**	-	-	0.0	0.0	-	2.3
Pegaso Television INC**	-	-	(0.6)	2.0	-	3.9
Produciones Mandarina SL	0.1	1.9	-	0.0	0.9	-
Publisia S.r.l.	-	-	-	-	-	-
Società Funivie Maddalena S.p.A.	-	0.0	-	-	(0.0)	-
Supersport Televisión SL	0.7	4.0	-	0.4	0.8	-
Titanus Elios S.p.A.	-	2.3	-	0.0	-	4.3
Tivù S.r.l.	1.2	0.6	-	1.0	0.5	1.3
Total Joint controlled and affiliates entities	**47.5**	**87.7**	**(0.5)**	**51.1**	**43.4**	**(17.5)**
KEY STRATEGIC MANAGERS (***)	**-**	**0.5**	**-**	**-**	**-**	**(0.5)**
PENSION FUND (Mediafonf)	**-**	**-**	**-**	**-**	**-**	**(0.8)**
OTHER RELATED PARTIES******	**0.0**	**0.1**	**-**	**0.0**	**0.1**	**-**
TOTAL RELATED PARTIES	**56.2**	**91.3**	**(1.3)**	**55.2**	**46.7**	**(118.0)**

* The figure includes the company and its subsidiaries, associates or jointly controlled companies
** The figure includes the company and its subsidiaries
*** The figure includes the directors of Mediaset S.p.A. and of Fininvest S.p.A., their close family members and companies in which these persons exercise control, joint control or significant influence or in which they hold, either directly or indirectly, a significant stake of no less than 20%, of the voting rights
**** The figure includes transactions with several consortia that mainly carry out activities connected with the television signal transmission operational management.

Revenues and *trade receivables* due from *affiliated entities* mainly relate to the sales of television advertising space. The *costs* and the related *trade payables* mainly refer to purchases of television productions and broadcasting rights and to the fees paid to associates for the sale of advertising space managed through exclusive concessions by Group companies.

The item *other receivables/(payables)* mainly refers to payables for loans and credit facilities due to affiliate companies, intercompany current accounts and loans given to associates.

During the first half dividends were also received from associates and joint ventures totalling EUR 4.9 million.

10. Personal guarantees given and commitments

The total value of guarantees received, primarily bank guarantees, in relation to receivables due from third-party counterparties is EUR 19.1 million, of which EUR 14.4 million relating to the Mediaset España Group.

In addition, bank guarantees in favour of third party companies were issued for a total amount of EUR 79.3 million (EUR 75.6 million at 31 December 2016). Of this amount EUR 59.9 million were issued by the Mediaset España Group (EUR 58.0 million at 31 December 2016).

The main commitments of Mediaset Group companies can be summarised as follows:

- commitments for the acquisition of television and movie broadcasting rights, totalling EUR 981.8 million (EUR 1228.5 million at 31 December 2016). These future commitments relate mainly to volume deal contracts of the Mediaset Group with some of the leading American TV producers;
- commitments for content and program rental contracts totalling EUR 290.7 million (EUR 336.3 million at 31 December 2016) of which EUR 5.0 million to associates. This item mainly includes the commitments for the purchase of the exclusive broadcasting rights on all platforms for the UEFA Champions League for the 2017-2018 season;
- commitments for artistic projects, television productions and press agency contracts of approximately EUR 184.2 million, of which EUR 18.8 million to associates;
- commitments for digital broadcasting capacity services, totalling EUR 222.1 million;
- contractual commitments for the use of satellite capacity of EUR 48.6 million;
- commitments for the purchase of new equipment, works and supplies for the companies' head offices, multi-year rents and leases, the supply of EDP services and commitments to trade associations for the use of intellectual property rights totalling EUR 191.2 million.

11. Movements resulting from atypical and/or unusual transactions

Pursuant to Consob Communication no. DEM/6064296 of 28 July 2006 it is hereby stated that in the first half of 2017 no atypical and/or unusual transactions were carried out by the Group as defined by the above Communication.

for the Board of Directors
the Chairman

LIST OF EQUITY INVESTMENTS INCLUDED IN THE GROUP'S CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2017

(values in EUR million)

Companies consolidated on a line-by-line basis	Registered Office	Currency	Share Capital	% held by the Group (*)
Mediaset S.p.A.	Milan	EUR	614.2	0.00%
0 Publitalia '80 S.p.A.	Milan	EUR	52.0	100.00%
0 Digitalia '08 S.r.l.	Milan	EUR	10.3	100.00%
Promoservice Italia S.r.l.	Milan	EUR	6.7	100.00%
Publieurope Ltd.	London	EUR	5.0	100.00%
R.T.I. S.p.A.	Rome	EUR	500.0	100.00%
Videotime S.p.A.	Milan	EUR	52.0	99.17%
Videotime Produzioni S.p.A.	Milan	EUR	0.1	99.17%
Elettronica Industriale S.p.A.	Lissone (MB)	EUR	363.2	100.00%
E.I. Towers S.p.A.	Lissone (MB)	EUR	2.8	41.40%
Nettrotter S.r.l.	Lissone (MB)	EUR	0.1	39.33%
EIT Radio S.r.l.	Lissone (MB)	EUR	0.1	41.40%
Towertel S.p.A.	Lissone (MB)	EUR	22.0	41.40%
Ganora TV S.r.l	Savona (Sv)	EUR	10.0	41.40%
Medusa Film S.p.A.	Rome	EUR	120.0	100.00%
Monradio S.r.l.	Milan	EUR	6.1	80.00%
Taodue S.r.l.	Rome	EUR	0.1	100.00%
Medset Film S.a.s.	Paris	EUR	0.1	100.00%
Media4Commerce S.p.A.	Milan	EUR	11.7	100.00%
Mediaset Premium S.p.A.	Milan	EUR	141.0	100.00%
Mediaset Investment S.a.r.l.	Luxembourg	EUR	50.5	100.00%
Radio Mediaset S.p.A.	Mila	EUR	7.4	100.00%
Radio Studio 105 S.p.A.	Milan	EUR	0.8	100.00%
Radio 105 USA Corp	Miami (Florida)	EUR	0.0	100.00%
Virgin Radio Italy S.p.A.	Milan	EUR	10.1	100.00%
Radio Engineering CO S.r.l.	Milan	EUR	0.1	100.00%
Unione di trasmissioni televisive S.r.l.	Naples	EUR	0.0	100.00%
Mediaset España Comunicaciòn S.A.	Madrid	EUR	168.4	50.50%
Concursos Multiplataforma S.A.	Madrid	EUR	0.6	50.50%
Publiespaña S.A.U	Madrid	EUR	0.6	50.50%
Publimedia Gestion S.A.U.	Madrid	EUR	0.1	50.50%
Netsonic S.L	Barcelona	EUR	0.0	35.28%
Grupo Editorial Tele 5 S.A.U.	Madrid	EUR	0.1	50.50%
Telecinco Cinema S.A.U.	Madrid	EUR	0.2	50.50%
Conecta 5 Telecinco S.A.U.	Madrid	EUR	0.1	50.50%
Mediacinco Cartera S.L.	Madrid	EUR	0.1	62.88%
Sogecable Editorial S.L.U.	Madrid	EUR	0.0	50.50%
Advertisement 4 Adventure, SLU (former Sogecable Media S.L.U.)	Madrid	EUR	0.0	50.50%

Associates and joint ventures	Registered Office	Currency	Share Capital	% held by the Group (*)
Agrupacion de interés Economico Furia de Titanes II A.I.E.	Santa Cruz de Tenerife	EUR	0.0	17.17%
Alea Media	Madrid		0.1	20.20%
Auditel S.r.l.	Milan	EUR	0.3	26.67%
Aunia Publicitad Interactiva SLU	Madrid	EUR	0.0	25.25%
Blasteem S.r.l.	Turin	EUR	0.0	40.00%
Boing S.p.A.	Milan	EUR	10.0	51.00%
Emissions Digital Catalunya S.A.	Barcelona	EUR	4.2	17.50%
En Melodia Producciones SL	Madrid	EUR	0.0	20.20%
Fascino Produzione Gestione Teatro S.r.l.	Rome	EUR	0.0	50.00%
La Fabrica De La Tele S.L.	Madrid	EUR	0.0	15.15%
Mediamond S.p.A.	Milan	EUR	2.4	50.00%
Megamedia Television S.L.	Madrid	EUR	0.1	15.15%
Monte Maddalena Telecomunicazioni S.r.l.	Brescia	EUR	0.0	27.11%

(*) calculated not considering any own shares held by the investees

(values in EUR million)

Nessma S.A.	Luxembourg	EUR	11.3	34.12%
Nessma Broadcast S.a.r.l.	Tunis	dinar	1.0	20.06%
Pegaso Television INC	Miami (Florida)	USD	83.3	22.07%
Producciones Mandarina S.L.	Madrid	EUR	0.0	15.15%
Publisia S.r.l.	Milan	EUR	0.0	30.00%
Titanus Elios S.p.A.	Rome	EUR	5.0	29.75%
Tivù S.r.l.	Rome	EUR	1.0	48.16%
Società Funivie Maddalena S.r.l.	Brescia	EUR	0.0	12.83%
Supersport Media S.L.	Madrid	EUR	0.1	15.15%

Equity investments held as "Available for sale"	Registered Office	Currency	Share Capital	% held by the Group (*)
21 Buttons App SL	Barcelona	EUR	0.0	3.22%
Aprok Imagen S.L. (in liquidazione)	Madrid	EUR	0.3	1.54%
Aranova Freedom S.C.aR.L	Bologna	EUR	0.0	13.34%
Ares Film S.r.l.	Rome	EUR	0.1	5.00%
Audiradio S.r.l. (in liquidazione)	Milan	EUR	0.0	9.50%
ByHours Travel S.L.	Madrid	EUR	0.0	3.43%
Check Bonus S.r.l.	Milan	EUR	0.8	16.00%
Class CNBC S.p.A.	Milan	EUR	0.6	10.90%
Club Dab Italia Società Consortile per Azioni	Milan	EUR	0.2	10.00%
Deporvillage S.L.	Barcelona	EUR	0.2	6.05%
Grattacielo S.r.l.	Milan	EUR	0.1	10.00%
Hundredrooms S.L.	Palma de Mallorca	EUR	0.6	6.58%
Innovacon y Desarrollo Nuevos	Madrid	EUR	0.0	3.76%
Isalud Health Services	Barcelona	EUR	0.0	1.29%
Job Digital Networks SL	Barcellona	EUR	0.0	12.19%
Kirch Media GmbH & Co.	Unterföhring (Germania)	EUR	55.3	2.28%
Midnight Call S.r.l.	Reggio Emilia	EUR	0.0	9.26%
Playspace SL	Palma de Mallorca	EUR	0.0	4.59%
Prosiebensat. 1 Digital Content GP Ltd	London	GBP	0.0	5.62%
Prosiebensat. 1 Digital Content LP	London	GBP	0.0	5.62%
Radio e Reti S.r.l.	Milan	EUR	1.0	10.00%
RMC2 S.r.l.	Milan	EUR	0.0	19.00%
Romaintv S.p.A. (in liquidazione)	Rome	EUR	0.8	9.68%
Sportsnet Media Limited	George Town (Grand Cayman)	USD	0.1	12.00%
Springlane Gmbh	Dusseldorf	EUR	0.1	8.29%
Tavolo Editori Radio S.r.l.	Milan	EUR	0.0	16.04%
Westwing Group Gmbh (già Jade 1290 Gmbh)	Munich	EUR	0.1	2.61%

(*) calculated not considering any own shares held by the investees

Mediaset Group

Statement concerning the
Condensed Half-Year Financial Statements
in compliance with Art. 154-bis of
Italian Law Decree 58/98

Statement concerning the Condensed Half-Year Financial Statements in Compliance with Art. 154-bis of Italian Law Decree 58/98

1. The undersigned, Mr. Fedele Confalonieri, Chairman of the Board of Directors, and Mr. Luca Marconcini, Senior Executive Manager, responsible for the drafting of the corporate accounting documentation, of the company Mediaset S.p.A., also in compliance with the provisions set out in Art. 154-bis, par. 3 and 4 of Italian Law Decree No.58 of 24 February 1998, hereby declare:

   • the adequacy in relation to the Group's characteristics and

   • the effective application

   of the administrative and accounting procedures for the drafting of a condensed financial statements for the first half of 2017.

2. The valuation of the adequacy of the administrative and accounting procedures for the drafting of the condensed financial statements as at 30 June 2017 was carried out based on the standards and criteria defined by Mediaset S.p.A. consistently with the *Internal Control – Integrated Framework* model issued by the *Committee of Sponsoring Organizations of the Treadway Commission*, which groups together a set of general principles of reference for internal control generally accepted at the international level.

3. We also hereby declare that:

3.1 the condensed half-year financial statements:

   a) have been drafted in compliance with the applicable international accounting principles acknowledged at the EU level pursuant to EC regulation No. 1606/2002 of the EU Parliament and Council of 19 July 2002 and, in particular, IAS 34 – *Interim Financial Reporting,* as well as the provisions set out for the implementation of Art. 9 of Italian Law Decree No. 38/2005;

   b) reflect the accounting books and entries;

   c) provide a true and fair description of the financial position and results of operations of the Company and the businesses included in the consolidation area;

3.2 the half-year report on operations includes references to relevant events that have occurred in the first half of the year, their impact on the condensed half year financial statements and a description of the main risks and uncertainties for the remaining six months of the fiscal year under investigation as well as information on the relevant operations with related parties.

Date: 26th September 2017

For the Board of Directors
The Chairman

(Fedele Confalonieri)

The Senior Executive Manager responsible
for the drafting of corporate accounting
documents
(Luca Marconcini)

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REPORT ON REVIEW OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**To the Shareholders of
Mediaset S.p.A.**

Introduction

We have reviewed the interim condensed consolidated financial statements of Mediaset S.p.A. and subsidiaries (the "Mediaset Group"), which comprise the interim consolidated statement of financial position as of June 30, 2017, the interim consolidated income statement, the interim consolidated statement of comprehensive income, the interim consolidated cash flows statement, the interim consolidated statement of changes in shareholders' equity for the six month period then ended, and the related explanatory notes. The Directors are responsible for the preparation of the interim condensed consolidated financial statements in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on the interim condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with the criteria recommended by the Italian Regulatory Commission for Companies and the Stock Exchange ("CONSOB") for the review of the interim financial statements under Resolution n° 10867 of July 31, 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.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements of the Mediaset Group as of June 30, 2017 are not prepared, in all material respects, in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union.

Deloitte.

Other Matter

The consolidated financial statements of the Mediaset Group for the period ended as of December 31, 2016 and the interim condensed consolidated financial statements as at June 30, 2016 have been respectively audited and reviewed by other auditors that on April 28, 2017 and on August 3, 2016 expressed an unmodified opinion and an unmodified conclusion on those consolidated financial statements.

DELOITTE & TOUCHE S.p.A.

Signed by
Patrizia Arienti
Partner

Milan, Italy
September 27, 2017

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