



FIERA MILANO

Half-year Financial Report at 30 June 2018 (First half of FY2018)

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

This document contains a faithful translation in English of the original report in Italian "*Relazione finanziaria semestrale al 30 giugno 2018*".

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

The Italian version of the *Relazione finanziaria semestrale al 30 giugno 2018* shall prevail upon the English version.

Fiera Milano SpA

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

Rho (Milan), 27 July 2018

Contents

| | Page |
|--|------|
| CORPORATE BODIES AND INDEPENDENT AUDITOR | 3 |
| BUSINESS MODEL | 4 |
| GROUP STRUCTURE | 5 |
| HIGHLIGHTS OF THE FIRST SEMESTER 2018 | 6 |
| REFERENCE SECTOR BACKGROUND | 7 |
| | |
| FIERA MILANO GROUP HALF-YEAR FINANCIAL REPORT | |
| • Interim report on operations | |
| • Summary of results and significant events in the semester | 8 |
| • Business performance by operating segment and by geographic area | 17 |
| • Information on related-party transactions | 23 |
| • Group personnel | 23 |
| • Risk factors affecting the Group | 23 |
| • Key data of the companies of the Group | 31 |
| • Significant events after the end of the reporting period | 33 |
| • Business outlook | 33 |
| • Interim Condensed Consolidated Financial Statements at 30 June 2018 | |
| • Consolidated Statement of Financial Position | 35 |
| • Consolidated Statement of Comprehensive Income | 36 |
| • Consolidated Statement of Cash Flows | 37 |
| • Consolidated Statement of Changes in Equity | 38 |
| • Illustrative notes: | |
| – Accounting standards and consolidation criteria | 39 |
| – Disclosure on subsidiaries, joint ventures and associates | 45 |
| – Segment information | 47 |
| – Notes to the Interim Condensed Consolidated Financial Statements | 50 |
| – Attachment 1 – List of companies included in the consolidation area and other investments at 30 June 2018 | 80 |
| | |
| Declaration relating to the Interim Condensed Consolidated Financial Statements in accordance with Article 154-<i>bis</i> paragraph 5 of Legislative Decree 58/98 | 81 |
| Independent Auditor’s Report | 82 |

Corporate Bodies and Independent Auditor

BOARD OF DIRECTORS

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

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

** Fabrizio Curci has been the Chief Executive Officer of the Company since 1 September 2017.

*** Marina Natale was the Chief Executive Officer of the Company until 31 August 2017.

CONTROL AND RISK COMMITTEE *

Stefania Chiaruttini
Francesca Golfetto
Angelo Meregalli

REMUNERATION AND APPOINTMENTS COMMITTEE **

Elena Vasco
Alberto Baldan
Marina Natale

* Lorenzo Caprio was a member and Chairperson of the Control and Risk Committee until 23 October 2017, the date of his resignation from this Committee. On this same date, the Board of Directors of the Company decided that the Control and Risk Committee should be composed of just three members and appointed Stefania Chiaruttini as its Chairperson.

** Gianpietro Corbari was a member and Chairperson of the Remuneration and Appointments Committee until 23 October 2017 the date of his resignation from this Committee. On the same date, the Board of Directors appointed Marina Natale as a new member of the Remuneration and Appointments Committee and Elena Vasco as the Chairperson of this Committee.

BOARD OF STATUTORY AUDITORS

| | |
|--------------------------|--------------------|
| Riccardo Raul Bauer | Chairperson |
| Daniele Federico Monarca | Statutory Auditor |
| Mariella Tagliabue | Statutory Auditor |
| Daniele Beretta | Substitute Auditor |
| Marina Scandurra | Substitute Auditor |

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

Marco Pacini

SUPERVISORY BOARD UNDER LEGISLATIVE DECREE 231/01

Piero Antonio Capitini
Luigi Bricocoli
Jean Paule Castagno

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

On 25 July 2017, the Shareholders' Meeting raised the number of members of the Board of Directors to nine and appointed Fabrizio Curci as the new Director effective from 1 September 2017 and until the mandates of the other Directors expire.

On the same date, the Board of Directors appointed Fabrizio Curci as Chief Executive Officer and General Manager of Fiera Milano SpA commencing 1 September 2017.

The Board of Directors is invested with the widest powers for the ordinary and extraordinary management of the Company; it has the power to carry out any transactions it considers appropriate or useful to attain the corporate aims of the Company, excluding only those which by law are the preserve of the Shareholders' Meeting.

The Chairperson, in addition to being the legal representative of the Company, is invested with all the powers under enacted laws and the Company Articles of Association, including activities related to external institutional relations.

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

The Board of Statutory Auditors was appointed by the Shareholders' Meeting of 23 April 2018 and its mandate expires with the Shareholders' Meeting to approve the Financial Statements at 31 December 2020.

INDEPENDENT AUDITOR

EY SpA

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

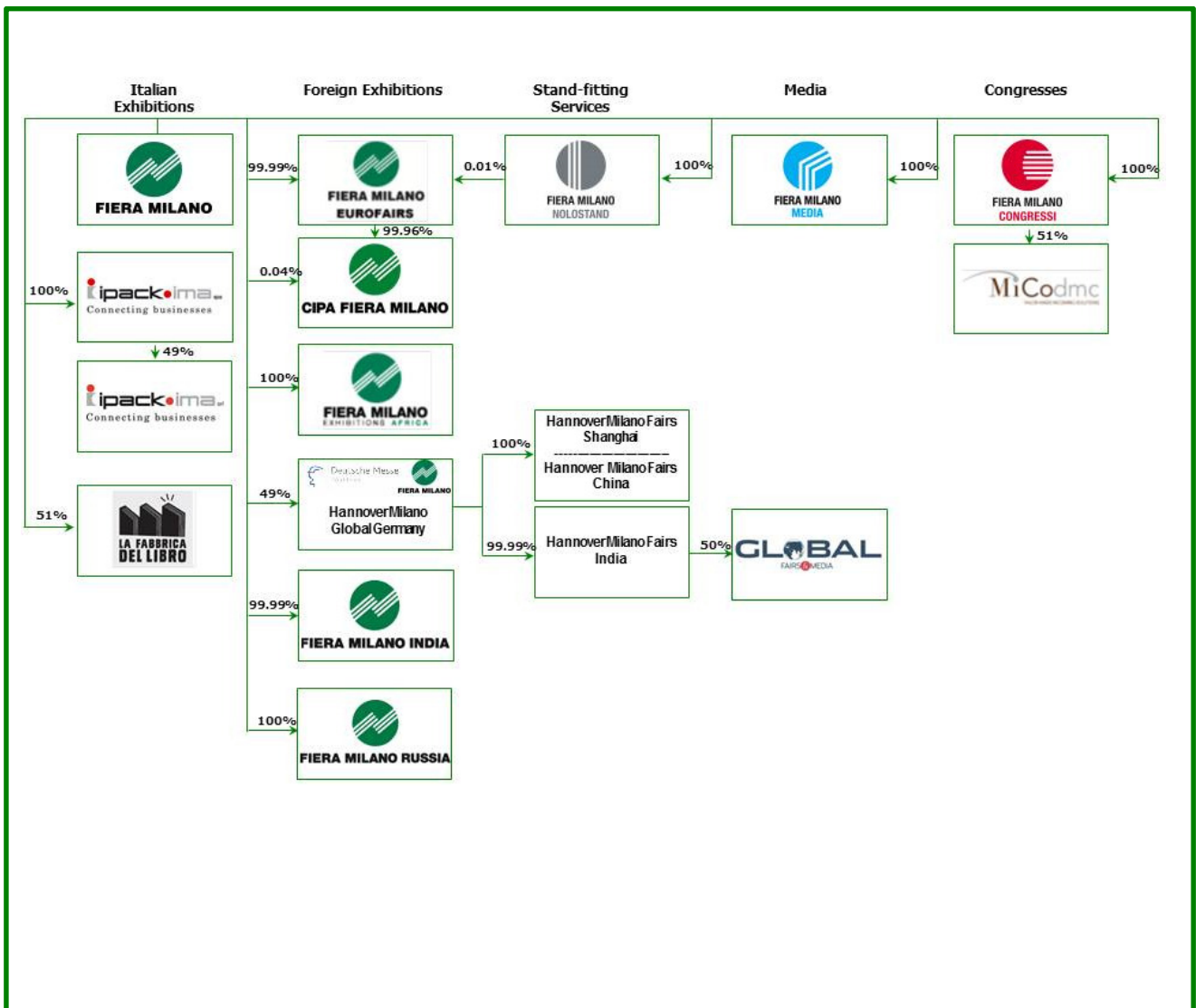
Business model

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

Its operating segments are:

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

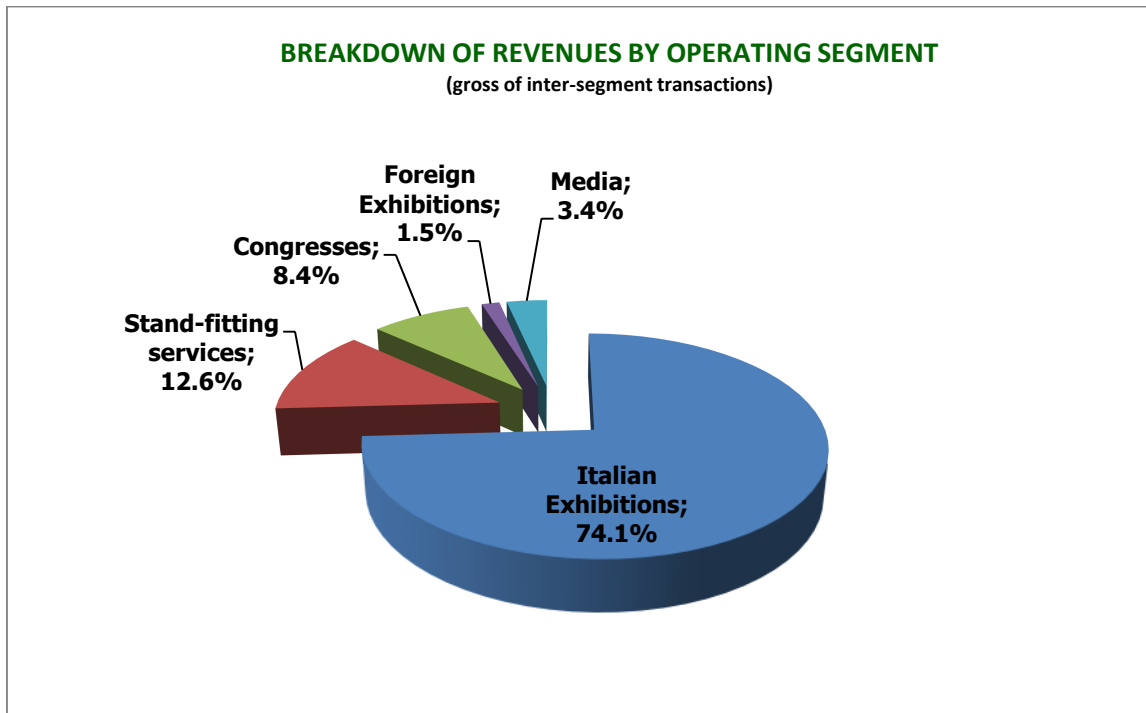
Group structure



Highlights of the first semester 2018

PERFORMANCE

Consolidated revenues: Euro 158 million.



BUSINESS

Number of exhibitions held:
45, of which 12 abroad.

Number of exhibitors:
21,085, of which 3,535 abroad

EXHIBITION SPACE

Net exhibition space occupied:
1,139,230 square metres
of which 144,120 square metres abroad.

Total gross exhibition space:
388,000 square metres

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

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

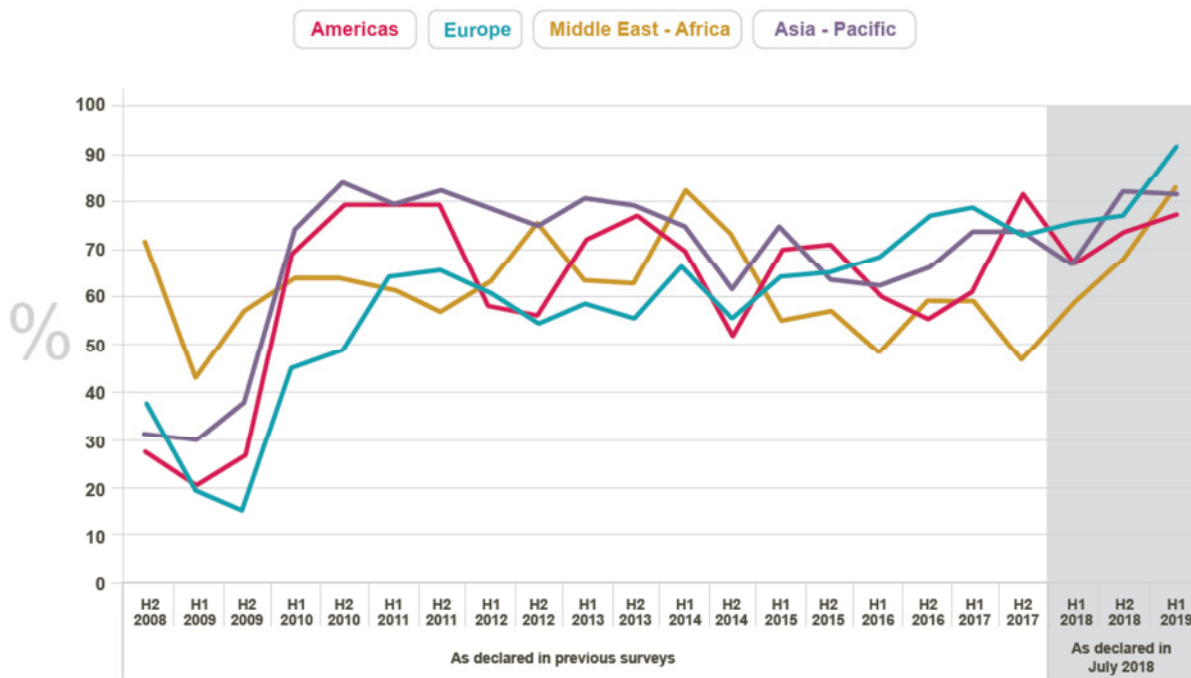
Reference sector background

In July of this year, UFI (the Global Association of the Exhibition Industry) finalised the twenty-first *Global Exhibition Barometer*; since 2008, this research has provided the most updated information on the trend and outlook of the exhibition sector as perceived by its members. The current research reflects the views of 312 participants in 55 countries. The *Global Exhibition Barometer* surveyed the expectations for the year-on-year performance of revenues for both semesters of 2018 and for the first semester of 2019.

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

- For the first time in ten years, the four international regions (Europe, Middle East - Africa, Asia-Pacific and the Americas) all simultaneously expect an increase in revenues in the second semester 2018.
- For the first semester 2019, the survey showed a record number of companies expecting a positive performance from Europe.

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



Source: 21st UFI Global Exhibition Barometer / July 2018

Interim report on operations

Summary of results and significant events in the semester

The table below gives the key figures of the Group for the semester under review and the comparative data for the same period of the previous financial year, as well as those for the financial year to 31 December 2017.

| Full year at 31/12/17 restated | Fiera Milano Group Summary of key figures (Amounts in € '000) | 1st Half at 30/06/18 | 1st Half at 30/06/17 restated |
|--------------------------------------|---|-------------------------|-------------------------------------|
| 256,348 | Revenues from sales and services | 157,724 | 133,893 |
| 15,060 | EBITDA (a) | 46,095 | 11,851 |
| 5,372 | EBIT | 43,101 | 8,418 |
| 1,738 | Profit/(loss) from continuing operations | 31,650 | 5,639 |
| - | Profit/(loss) from discontinued operations | - | - |
| 1,738 | Profit/(loss) | 31,650 | 5,639 |
| 1,637 | - Attributable to the shareholders of the controlling entity | 31,838 | 5,863 |
| 101 | - Attributable to non-controlling interests | (188) | (224) |
| 17,267 | Cash flow of the Group and non-controlling interests (b) | 35,175 | 10,722 |
| 63,830 | Net capital employed (c) | 68,543 | 71,513 |
| | covered by: | | |
| 62,471 | Equity attributable to the Group | 94,724 | 67,238 |
| 564 | Equity attributable to non-controlling interests | 105 | 161 |
| 795 | Net financial debt/(cash) continuing operations and assets held for sale | (26,286) | 4,114 |
| 7,387 | Investments (continuing operations and assets held for sale) | 672 | 3,072 |
| 693 | Employees (no. of permanent employees at end of period) | 681 | 680 |

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

Starting with the Consolidated Financial Statements at 31 December 2017, operating profitability will be calculated as EBITDA therefore the figures in the Consolidated Financial Statements at 30 June 2017, that shows a figure for gross operating profit, have been restated to reflect this change. The figures for 2017 reflect the application of the new standard IFRS 15 from 1 January 2018.

The revenues and EBITDA of the first semester 2018 were considerably higher than those of the first semester 2017. This improvement was primarily attributable to the more favourable exhibition calendar that included the largest European fair for manufacturing industry solutions. This event, The Innovation Alliance, involved five multi-annual exhibitions covering similar supply chains being held simultaneously. They included Ipack-Ima, a joint venture exhibition and the market leader in processing and packaging technology, and the first edition of Print4All. Other contributory factors to the improved results were the strong performance of the annual exhibitions and the positive impact of the reduction in costs following the restructuring started during the 2017 financial year.

It should also be noted that:

- On 19 February 2018, Fiera Milano SpA, in order to strengthen the capital position of the Brazilian subsidiary Eurofairs International Consultoria e Participações Ltda, agreed a capital contribution transaction totalling Euro 0.800 million.
- On 20 April 2018, provision no. 8450 of Borsa Italiana SpA readmitted the ordinary shares of Fiera Milano SpA to the STAR segment (*Segmento Titoli ad Alti Requisiti*) and authorised trading of the shares in this segment of the Mercato Telematico Azionario (MTA). Trading of the shares on the STAR segment commenced on 30 April 2018.

- The Ordinary Shareholders' Meeting of the Parent Company was held on 23 April 2018; it approved the Financial Statements at 31 December 2017 and also approved covering the losses for the year of Euro 863,987,03 through the use of the share premium reserve. It also appointed the Board of Statutory Auditors for the financial years 2018-2020, approved the latter's remuneration, as well as Section One of the Report on Remuneration prepared under Article 123-*ter* of Legislative Decree 58/98. The same Shareholders' Meeting also approved the Performance Shares Plan for 2018-2019 under Article 114-*bis* of Legislative Decree 58/98 and gave the Board of Directors a mandate to purchase and sell treasury shares.
- On 17 May 2018, Fiera Milano SpA made a capital contribution of Euro 0.547 million to Fabbrica del Libro SpA to bring the latter's net equity in line with its initial share capital.
- On 23 May 2018, Fiera Milano SpA communicated the strategic guidelines and financial targets in the 2018-2022 Group Strategic Plan.

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

The table below gives greater detail of the **Consolidated Income Statement** for the first semester 2018.

| Full year at 31/12/17 restated | | Consolidated Income Statement (Amounts in €'000) | | 1st Half at 30/06/18 | | 1st Half at 30/06/17 restated | |
|-----------------------------------|-------------|---|---|-------------------------|--------------|----------------------------------|--------------|
| | | | % | | % | | % |
| 256,348 | 100 | Revenues from sales and services | | 157,724 | 100 | 133,893 | 100 |
| 3,228 | 1.3 | Cost of materials | | 1,481 | 0.9 | 1,956 | 1.5 |
| 133,300 | 52.0 | Cost of services | | 64,708 | 41.0 | 69,485 | 51.9 |
| 49,868 | 19.5 | Costs for use of third party assets | | 25,454 | 16.1 | 25,294 | 18.9 |
| 48,860 | 19.1 | Personnel expenses | | 23,201 | 14.7 | 23,505 | 17.6 |
| 5,398 | 2.1 | Other operating expenses | | 2,390 | 1.5 | 2,685 | 2.0 |
| 240,654 | 93.9 | Total operating costs | | 117,234 | 74.3 | 122,925 | 91.8 |
| 2,604 | 1.0 | Other income | | 1,876 | 1.2 | 1,256 | 0.9 |
| 2,603 | 1.0 | Results of equity-accounted companies | | 4,260 | 2.7 | 1,277 | 1.0 |
| 5,841 | 2.3 | Allowance for doubtful accounts and other provisions | | 531 | 0.3 | 1,650 | 1.2 |
| 15,060 | 5.9 | EBITDA | | 46,095 | 29.2 | 11,851 | 8.9 |
| 6,834 | 2.7 | Depreciation and amortisation | | 2,993 | 1.9 | 3,422 | 2.6 |
| 2,854 | 1.1 | Adjustments to asset values | | 1 | - | 11 | 0.0 |
| 5,372 | 2.1 | EBIT | | 43,101 | 27.3 | 8,418 | 6.3 |
| (774) | (0.3) | Financial income/(expenses) | | (20) | (0.0) | (723) | (0.5) |
| 4,598 | 1.8 | Profit/(loss) before income tax | | 43,081 | 27.3 | 7,695 | 5.7 |
| 2,860 | 1.1 | Income tax | | 11,431 | 7.2 | 2,056 | 1.5 |
| 1,738 | 0.7 | Profit/(loss) from continuing operations | | 31,650 | 20.1 | 5,639 | 4.2 |
| - | - | Profit/(loss) from discontinued operations | | - | - | - | - |
| 1,738 | 0.7 | Profit/(loss): | | 31,650 | 20.1 | 5,639 | 4.2 |
| 1,637 | 0.6 | - attributable to the shareholders of the controlling entity | | 31,838 | 20.2 | 5,863 | 4.4 |
| 101 | 0.0 | - attributable to non-controlling interests | | (188) | (0.1) | (224) | (0.2) |
| 17,267 | 6.7 | Cash flow for the Group and non-controlling interests | | 35,175 | 22.3 | 10,722 | 8.0 |

Starting with the Consolidated Financial Statements at 31 December 2017, operating profitability will be calculated as EBITDA therefore the figures in the Consolidated Financial Statements at 30 June 2017, that shows a figure for gross operating profit, have been restated to reflect this change. The figures for 2017 reflect the application of the new standard IFRS 15 from 1 January 2018.

Revenues from sales and services totalled Euro 157.724 million, an increase of approximately 18% compared to the figure for the same semester of the previous financial year (Euro 133.893 million). The higher revenues mainly reflected the more favourable exhibition calendar in the semester under review with the presence of The Innovation Alliance, a combination of five multi-annual exhibitions that included Plast (for the plastics and rubber industries), Ipack-Ima (the reference event in processing and packaging), Meat-Tech (processing and packaging for the meat

industry), Print4All (commercial and industrial printing) and Intralogistica Italia (solutions and systems for materials handling, warehouse management, materials storage and picking). The strong trend in revenues also benefited from the good performance of the annual exhibitions and, in particular, the excellent performance of the Salone Internazionale del Mobile.

The performance showed the following variations:

- **Annual exhibitions organised by the Group in Italy** (-4,355 square metres): the decrease mainly reflected the performance of Tempo di Libri (-3,215 square metres) and HOMI I semester (-2,670 square metres).
- **Annual exhibitions organised by third parties in Italy** (+22,700 square metres): this figure is the net of an increase of 25,530 square metres, mainly due to My Plant & Garden (+8,330 square metres), Cartoomics (+3,970 square metres), Enci Winner (+2,750 square metres) and Mido (+2,475 square metres), and a decrease of 2,830 square metres that mainly reflected the absence of MAM - Mostra a Milano Arte e Antiquariato (-2,200 square metres).
- **Congresses with related exhibition areas**: these had an increase in rented space of 10,135 square metres.
- **Biennial exhibitions organised by the Group in Italy** (-123,285 square metres): the decrease in exhibition space occupied was mainly due to the absence of the exhibitions Tuttofood (-64,770 square metres) and Transpotec & Logitec (-56,765 square metres) both of which are held in uneven-numbered years.
- **Biennial exhibitions organised by third-parties in Italy** (+87,075 square metres): the increase mainly reflects the presence of those exhibitions held in even-numbered years, Mostra Convegno Expocomfort (+115,400 square metres), Eurocucina (+37,725 square metres), Xylexpo (+34,915 square metres), Salone del Bagno (+21,210 square metres) and Venditalia (+13,855 square metres). The increase was, in part, offset by the absence in the semester of those exhibitions held in uneven numbered years: Made Expo (-52,515 square metres), Euroluce (-39,920 square metres), Made in Steel (-12,820 square metres), Workplace 3.0 (-11,685 square metres) and Lamiera (-18,240 square metres).
- **Multi-annual exhibitions organised by the Group in Italy** (+13,990 square metres): the improvement was mainly due to the first edition of Print4All, an exhibition for industrial and commercial printing.
- **Multi-annual exhibitions organised by third-parties in Italy** (+122,445 square metres): this figure included the triennial exhibitions Ipack-Ima (+57,045 square metres) and Plast (+54,920 square metres).
- **Annual exhibitions organised by the Group abroad** (+24,345 square metres): the improvement was mainly due to ChinaFloor Domotex Shanghai (+11,440 square metres), China Tourism International and Commodities Fair (+6,195 square metres) and Industrial Automation Robotic Show Wuhan (+5,900 square metres), all of which were organised in China in joint venture with Deutsche Messe AG.
- **Biennial exhibitions organised by the Group abroad** (-8,385 square metres): the decrease reflects the absence in the semester under review of the exhibitions held in uneven-numbered years - Reatech+Fisiotech (-4,745 square metres) in Brazil and Metal+Metallurgy (-3,640 square metres) organised in China in joint venture with Deutsche Messe AG.

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

| Fiera Milano Group Summary operating figures | 1st Half 2018 | | 1st Half 2017 | | Change | |
|---|------------------|------------------------------------|----------------|------------------------------------|----------------|------------------------------------|
| | Total | of which organised by the Group | Total | of which organised by the Group | Total | of which organised by the Group |
| Number of exhibitions: | 45 | 21 | 49 | 26 | (4) | (5) |
| Italy | 33 | 9 | 34 | 11 | (1) | (2) |
| . annual | 22 | 8 | 23 | 8 | (1) | - |
| . biennial | 6 | - | 11 | 3 | (5) | (3) |
| . multi-annual | 5 | 1 | - | - | 5 | 1 |
| Foreign countries | 12 | 12 | 15 | 15 | (3) | (3) |
| . annual | 12 | 12 | 13 | 13 | 1 | 1 |
| . biennial | - | - | 2 | 2 | (2) | (2) |
| . multi-annual | - | - | - | - | - | - |
| Number of congresses with related exhibition space - Italy | 19 | - | 16 | - | 3 | - |
| Net sq.metres of exhibition space: | 1,139,230 | 295,065 | 994,565 | 392,755 | 144,665 | (97,690) |
| Italy | 995,110 | 150,945 | 866,405 | 264,595 | 128,705 | (113,650) |
| . annual (a) | 632,115 | 136,955 | 603,635 | 141,310 | 28,480 | (4,355) |
| . biennial | 226,560 | - | 262,770 | 123,285 | (36,210) | (123,285) |
| . multi-annual | 136,435 | 13,990 | - | - | 136,435 | 13,990 |
| (a) of which congresses with related exhibition space | 28,265 | - | 18,130 | - | 10,135 | - |
| Foreign countries | 144,120 | 144,120 | 128,160 | 128,160 | 15,960 | 15,960 |
| . annual | 144,120 | 144,120 | 119,775 | 119,775 | 24,345 | 24,345 |
| . biennial | - | - | 8,385 | 8,385 | (8,385) | (8,385) |
| . multi-annual | - | - | - | - | - | - |
| Number of exhibitors: | 21,085 | 6,505 | 18,840 | 7,900 | 2,245 | (1,395) |
| Italy | 17,550 | 2,970 | 15,215 | 4,275 | 2,335 | (1,305) |
| . annual (b) | 12,405 | 2,685 | 11,520 | 2,740 | 885 | (55) |
| . biennial | 2,630 | - | 3,695 | 1,535 | (1,065) | (1,535) |
| . multi-annual | 2,515 | 285 | - | - | 2,515 | 285 |
| (b) of which congresses with related exhibition space | 1,850 | - | 1,095 | - | 755 | - |
| Foreign countries | 3,535 | 3,535 | 3,625 | 3,625 | (90) | (90) |
| . annual | 3,535 | 3,535 | 3,375 | 3,375 | 160 | 160 |
| . biennial | - | - | 250 | 250 | (250) | (250) |
| . multi-annual | - | - | - | - | - | - |

EBITDA for the semester was Euro 46.095 million compared to a figure of Euro 11.851 million in the same period of the previous financial year, an increase of Euro 34.244 million. EBITDA in the first semester 2018 mainly reflects the trend in revenues and the positive effect of a reduction in costs following the restructuring that began in the 2017 financial year. EBITDA also benefited from the absence of costs to restructure the corporate systems and for the re-launch of several proprietary exhibitions that were included in the first semester 2017.

EBIT was Euro 43.101 million compared to a figure of Euro 8.418 million in the first semester 2017. This figure reflected the improvement in EBITDA.

Profit before taxes was Euro 43.081 million compared to Euro 7.695 million in the first semester 2017 and reflected the higher EBIT.

Net profit in the semester under review was Euro 31.650 million of which Euro 31.838 million was attributable to the **Shareholders of the controlling entity** (Euro 5.863 million in the first semester 2017) while a loss of Euro 0.188 million was attributable to **non-controlling interests** (a loss of Euro 0.224 million in first semester 2017).

Total cash flow for the period under review (calculated as the net result plus amortisation and depreciation, provisions and adjustments to asset values) was Euro 35.175 million in the semester under review compared to Euro 10.722 million in the same semester of the previous financial year.

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

| Reclassified Consolidated Statement of Financial Position (Amounts in €'000) | | | |
|--|-----------------|-----------------|-----------------|
| | 30/06/18 | 31/12/17 | Change |
| Goodwill | 94,216 | 94,216 | - |
| Intangible assets with a finite useful life | 11,251 | 12,493 | (1,242) |
| Tangible fixed assets | 12,317 | 13,765 | (1,448) |
| Other non-current assets | 31,926 | 31,063 | 863 |
| A Non-current assets | 149,710 | 151,537 | (1,827) |
| Inventory and contracts in progress | 4,224 | 3,485 | 739 |
| Trade and other receivables | 45,363 | 46,277 | (914) |
| Other assets | - | - | - |
| B Current assets | 49,587 | 49,762 | (175) |
| Trade payables | 45,473 | 48,437 | (2,964) |
| Advances | 28,429 | 43,057 | (14,628) |
| Tax liabilities | 14,065 | 2,010 | 12,055 |
| Provisions for risks and charges and other current liabilities | 29,473 | 30,527 | (1,054) |
| C Current liabilities | 117,440 | 124,031 | (6,591) |
| D Net working capital (B - C) | (67,853) | (74,269) | 6,416 |
| E Gross capital employed (A + D) | 81,857 | 77,268 | 4,589 |
| Employee benefit provisions | 9,359 | 9,379 | (20) |
| Provisions for risks and charges and other non-current liabilities | 3,955 | 4,059 | (104) |
| F Non-current liabilities | 13,314 | 13,438 | (124) |
| G NET CAPITAL EMPLOYED continuing operations (E - F) | 68,543 | 63,830 | 4,713 |
| H NET CAPITAL EMPLOYED assets held for sale | - | - | - |
| TOTAL NET CAPITAL EMPLOYED (G + H) | 68,543 | 63,830 | 4,713 |
| covered by: | | | |
| Equity attributable to the Group | 94,724 | 62,471 | 32,253 |
| Equity attributable to non-controlling interests | 105 | 564 | (459) |
| I Total equity | 94,829 | 63,035 | 31,794 |
| Cash & cash equivalents | (30,656) | (17,922) | (12,734) |
| Current financial (assets)/liabilities | 2,821 | 15,172 | (12,351) |
| Non-current financial (assets)/liabilities | 1,549 | 3,545 | (1,996) |
| Net financial position continuing operations | (26,286) | 795 | (27,081) |
| Net financial position assets held for sale | - | - | - |
| L Net financial position (TOTAL) | (26,286) | 795 | (27,081) |
| EQUITY AND NET FINANCIAL POSITION (I + L) | 68,543 | 63,830 | 4,713 |

At 30 June 2018, **non-current assets** totalled Euro 149.710 million compared to Euro 151.537 million at 31 December 2017. The Euro 1.827 million decrease was the net of investments totalling Euro 0.672 million, depreciation and amortisation of Euro 2.993 million, an increase in tax assets for deferred taxes of Euro 0.237 million, Euro 0.708 million for higher valuations of equity-accounted investments, negative exchange rate differences of Euro 0.279 million and other movements that gave rise to a negative figure of Euro 0.172 million.

Net working capital went from a negative figure of Euro 74.269 million at 31 December 2017 to a negative figure of Euro 67.853 million at 30 June 2018. The change of Euro 6.416 million in this figure mainly reflected the decrease of **current liabilities** due to:

- a decrease of Euro 14.628 million in advances that was the net of advances invoiced to clients for exhibitions to be held in the next quarters (in particular, Micam autunno, HOMI II semester, Host and Tuttofood) and a decrease in invoices for exhibitions held in the first semester 2018 (in particular, HOMI I semester and Mostra Convegno Expocomfort);
- an increase of Euro 12.055 million in taxes payable mainly for the higher tax payable in the period;
- a decrease of Euro 2.964 million in trade payables.

Equity attributable to the Group was Euro 94.724 million at 30 June 2018, compared to Euro 62.471 million at 31 December 2017, an increase of Euro 32.253 million that was due to an increase in the net result for the period of Euro 31.838 million, an increase of Euro 0.086 million in other items of comprehensive income, an increase in the reserve for stock grants of Euro 0.421 million and a decrease of Euro 0.092 million in exchange rate differences.

Equity attributable to non-controlling interests at 30 June 2018 was Euro 0.105 million compared to Euro 0.564 million at 31 December 2017, a decrease of Euro 0.459 million that reflected a decrease of Euro 0.188 million in the net result for the period, a Euro 0.358 decrease in dividends distributed, Euro 0.096 million for capital contributions and a decrease of Euro 0.009 million for other items of comprehensive income.

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

| 31/12/17 | Group Net Financial Position (Amounts in € '000) | 30/06/18 |
|-----------------|---|-----------------|
| 17,922 | A. Cash (including bank balances) | 30,656 |
| - | B. Other cash equivalents | - |
| - | C. Securities held for trading | - |
| 17,922 | D. Cash and cash equivalents (A+B+C) | 30,656 |
| 2,809 | E. Current financial assets | 3,561 |
| 700 | - E.1 of which Current financial assets to the controlling shareholder | - |
| 2,109 | - E.2 of which Current financial assets to other related parties | 3,561 |
| 689 | F. Current bank borrowings | 1 |
| 16,563 | G. Current portion of non-current debt | 5,224 |
| 729 | H. Other current financial liabilities | 1,157 |
| - | - H.1 of which Other current financial liabilities to the controlling shareholder | 535 |
| 37 | - H.2 of which Other current financial liabilities to other related parties | 10 |
| 17,981 | I. Current financial debt (F+G+H) | 6,382 |
| (2,750) | J. Current net financial debt (cash) (I-E-D) | (27,835) |
| 3,503 | K. Non-current bank borrowings | 1,505 |
| - | L. Debt securities in issue | - |
| 42 | M. Other non-current liabilities | 44 |
| 42 | - M.1 of which Other non current liabilities to other related parties | 44 |
| 3,545 | N. Non-current financial debt (K+L+M) | 1,549 |
| 795 | Net financial debt/(cash) from continuing operations (J+N) | (26,286) |
| - | Net financial debt/(cash) from assets held for sale | - |
| 795 | O. Net financial debt/(cash) | (26,286) |

The net financial position at 30 June 2018 was positive for Euro 26.286 million compared to net debt of Euro 0.795 million at 31 December 2017, with an improvement of Euro 27.081 million.

The improvement in the net financial position reflects the positive cash flow from operation in the semester that was, in part, offset by the trend in net working capital.

Business performance by operating segment and by geographic area

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

| Summary of data by operating segment and by geographic area (Amounts in € '000) | 1st Half | | 1st Half | |
|---|----------------|--------------|----------------------|--------------|
| | at 30/06/18 | | at 30/06/17 restated | |
| Revenues from sales and services | | | | |
| - By operating segment: | | % | | % |
| . Italian Exhibitions | 137,186 | 74.1 | 114,317 | 72.3 |
| . Foreign Exhibitions | 2,699 | 1.5 | 3,620 | 2.3 |
| . Stand-fitting Services | 23,497 | 12.6 | 18,631 | 11.8 |
| . Media | 6,235 | 3.4 | 5,335 | 3.4 |
| . Congresses | 15,504 | 8.4 | 16,187 | 10.2 |
| Total revenues gross of adjustments for inter-segment transactions | 185,121 | 100.0 | 158,090 | 100.0 |
| . Adjustments for inter-segment transactions | (27,397) | | (24,197) | |
| Total revenues net of adjustments for inter-segment transactions | 157,724 | | 133,893 | |
| - By geographic area: | | | | |
| . Italy | 155,025 | 98.3 | 130,273 | 97.3 |
| . Foreign countries | 2,699 | 1.7 | 3,620 | 2.7 |
| Total | 157,724 | 100.0 | 133,893 | 100.0 |
| EBITDA | | % | | % |
| - By operating segment: | | on revenues | | on revenues |
| . Italian Exhibitions | 39,917 | 29.1 | 11,184 | 9.8 |
| . Foreign Exhibitions | 1,848 | 68.5 | 214 | 5.9 |
| . Stand-fitting Services | 3,050 | 13.0 | 191 | 1.0 |
| . Media | 673 | 10.8 | (129) | (2.4) |
| . Congresses | 607 | 3.9 | 391 | 2.4 |
| . Adjustments for inter-segment transactions | - | | - | |
| Total | 46,095 | 29.2 | 11,851 | 8.9 |
| - By geographic area: | | | | |
| . Italy | 44,247 | 28.5 | 11,667 | 9.0 |
| . Foreign countries | 1,848 | 68.5 | 184 | 5.1 |
| Total | 46,095 | 29.2 | 11,851 | 8.9 |
| EBITDA | | % | | % |
| - By operating segment: | | on revenues | | on revenues |
| . Italian Exhibitions | 38,694 | 28.2 | 9,676 | 8.5 |
| . Foreign Exhibitions | 1,647 | 61.0 | (32) | (0.9) |
| . Stand-fitting Services | 2,356 | 10.0 | (650) | (3.5) |
| . Media | 544 | 8.7 | (314) | (5.9) |
| . Congresses | (74) | (0.5) | (229) | (1.4) |
| . Adjustments for inter-segment transactions | (66) | | (33) | |
| Total | 43,101 | 27.3 | 8,418 | 6.3 |
| - By geographic area: | | | | |
| . Italy | 41,520 | 26.8 | 8,511 | 6.5 |
| . Foreign countries | 1,581 | 58.6 | (93) | (2.6) |
| Total | 43,101 | 27.3 | 8,418 | 6.3 |
| Employees (no. of permanent employees at the end of the period) | | | | |
| - By operating segment: | | % | | % |
| . Italian Exhibitions | 418 | 61.3 | 414 | 60.8 |
| . Foreign Exhibitions | 87 | 12.8 | 99 | 14.6 |
| . Stand-fitting Services | 62 | 9.1 | 57 | 8.4 |
| . Media | 59 | 8.7 | 60 | 8.8 |
| . Congresses | 55 | 8.1 | 50 | 7.4 |
| Total | 681 | 100.0 | 680 | 100.0 |
| - By geographic area: | | | | |
| . Italy | 594 | 87.2 | 581 | 85.4 |
| . Foreign countries | 87 | 12.8 | 99 | 14.6 |
| Total | 681 | 100.0 | 680 | 100.0 |

Starting with the Consolidated Financial Statements at 31 December 2017, operating profitability will be calculated as EBITDA therefore the figures in the Consolidated Financial Statements at 30 June 2017, that shows a figure for gross operating profit, have been restated to reflect this change. The figures for 2017 reflect the application of the new standard IFRS 15 from 1 January 2018.

Revenues from sales and services at 30 June 2018 before elimination of transactions among the business segments of the Group were Euro 185.121 million, of which 74% was generated by Italian Exhibitions, 2% by Foreign Exhibitions, 13% by Stand-fitting Services, 3% by the Media segment and 8% by the Congress segment.

- Revenues from **Italian Exhibitions** were Euro 137.186 million in the first semester 2018, an increase of approximately 20% compared to the figure for the same semester of the previous year (Euro 114.317 million). This increase mainly generated by The Innovation Alliance with the simultaneous presence of five multi-annual exhibitions (Plast, Ipack-Ima, Meat-Tech, Print4All and Intralogistica Italia) covering solutions and services in manufacturing industry. It also reflects the good performance of the annual exhibitions and, in particular, the excellent performance of the Salone Internazionale del Mobile.
- Revenues from **Foreign Exhibitions** totalled Euro 2.699 million, 25% lower than the figure for the same semester of the previous financial year (Euro 3.620 million). The decrease was mainly caused by the unfavourable exhibition calendar in Brazil with the absence of the biennial exhibition Reatech.
- Revenues from **Stand-fitting Services** were Euro 23.497 million in first semester 2018, an increase of 26% compared to the same period of 2017 (Euro 18.631 million). The increase mainly reflected the more favourable exhibition calendar, which, in the period under review, included the biennial exhibition held in even-numbered years, Mostra Convegno Expocomfort, and the multi-annual exhibitions Ipack-Ima and Meat Tech. The excellent performance of the Salone del Mobile also had a positive impact on the figures. This was, in part, offset by the absence of the biennial exhibitions held in uneven-numbered years, Tuttofood and Made Expo.
- Revenues in the **Media** segment totalled Euro 6.235 million in the first semester 2018, 17% higher than the figure for the same semester of 2017 (Euro 5.335 million). The increase reflected the presence of Mostra Convegno Expocomfort, a biennial exhibition held in even-numbered years, higher sponsorship revenues and an increase in revenues from digital services provided to exhibition organisers.
- Revenues from **Congresses** totalled Euro 15.504 million, a slight decrease compared to the figure for the first semester of the previous financial year (Euro 16.187 million).

The breakdown by segment of the **EBITDA** of Euro 46.095 million, which compared to Euro 11.851 million in the same period of the previous financial year, was as follows:

- **Italian Exhibitions** had EBITDA of Euro 39.917 million compared to Euro 11.184 million in the first semester 2017. The increase mainly reflected the trend in revenues, the results of the Italian equity accounted joint venture Ipack Ima and the positive impact of lower costs following the restructuring initiated in 2017. EBITDA also benefited from the absence of the costs for upgrading the corporate systems.
- **Foreign exhibitions** generated EBITDA of Euro 1.848 million compared to Euro 0.214 million in the first semester of the previous financial year. This increase was in direct contrast to the decrease in revenues and was mainly due to the equity accounted joint venture with Deutsche Messe AG and to the cost reductions stemming from the restructuring and reorganisation of the companies in Brazil and South Africa. The figure also benefited from damages received following the favourable conclusion of a legal dispute.
- **Stand-fitting services** had EBITDA of Euro 3.050 million compared to EBITDA of Euro 0.191 million in the same semester of 2017. The increase primarily reflected the trend in revenues.
- **Media** had EBITDA of Euro 0.673 million compared to negative EBITDA of Euro 0.129 million in the first semester of 2017. The increase reflected the aforementioned increase in revenues.
- **Congresses** had EBITDA of Euro 0.607 million compared to Euro 0.391 million in the same period of 2017. This increase did not reflect the decrease in revenues due mainly to the impact of actions taken to control costs.

The **EBIT** of the five operating segments totalled Euro 43.101 million compared to Euro 8.418 million in the first semester of 2017. The EBIT reflected the trend in EBITDA.

The breakdown by geographic area in the first semester shows revenues from foreign activities of Euro 2.699 million compared to Euro 3.620 million in the same semester of 2017. EBITDA was Euro 1.848 million, an improvement on the figure for the first semester of 2017 (Euro 0.184 million) whilst EBIT was Euro 1.581 million compared to an EBIT loss of Euro 0.093 million, an increase of Euro 1.674 million compared to the figure for the same period of 2017.

Exhibitions directly organised by the Group occupied 295,065 square metres of net exhibition space, equivalent to approximately 26% of the total exhibition space occupied.

In the semester under review, 32 exhibitions were held in the **fieramilano** and **fieramilanocity** exhibition sites, one exhibition was held outside the sites and 19 congress events were held with related exhibition space.

Exhibitions in Italy occupied net exhibition space totalling 995,110 square metres compared to 866,405 square metres in the first semester of 2017. The number of exhibitors rose from 15,215 in the first semester 2017 to 17,550 in the first semester 2018.

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

| Italian exhibition portfolio | | | | | | |
|--|------------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| | Net sq. metres of exhibition space | | | Number of exhibitors | | |
| | 1st Half to 30/06/18 | 1st Half to 30/06/17 | 1st Half to 30/06/16 | 1st Half to 30/06/18 | 1st Half to 30/06/17 | 1st Half to 30/06/16 |
| Annual Exhibitions: | | | | | | |
| Directly organised | | | | | | |
| - Bit | 16,280 | 15,160 | 13,505 | 290 | 280 | 380 |
| - Chibimart (Summer) | 3,430 | 3,780 | 4,445 | 130 | 125 | 165 |
| - HOMI (I semester) | 81,020 | 83,690 | 77,785 | 1,405 | 1,425 | 1,285 |
| - Miart | 8,845 | 8,415 | 7,810 | 205 | 195 | 185 |
| - Promotion Trade Exhibition | 4,905 | 4,335 | a) | 145 | 135 | a) |
| - SposaItalia | 9,305 | 9,545 | 8,485 | 150 | 160 | 160 |
| - Tempo di Libri | 13,170 | 16,385 | - | 220 | 285 | - |
| - Versilia Yachting Rendez-Vous | b) | b) | - | 140 | 135 | - |
| - Milano Prêt à Porter (Spring) | c) | c) | 2,235 | c) | c) | 105 |
| Total annual exhibitions directly organised | 136,955 | 141,310 | 114,265 | 2,685 | 2,740 | 2,280 |
| Hosted | | | | | | |
| - Cartoomics | 14,465 | 10,495 | 8,310 | 400 | 340 | 310 |
| - Enci Winner | 19,300 | 16,550 | - | 30 | 45 | - |
| - Fa' la cosa giusta | 11,340 | 10,285 | 9,350 | 720 | 700 | 695 |
| - Hobby Show (I semester) | 1,700 | 1,610 | 1,815 | 70 | 65 | 90 |
| - LineaPelle (I semester) | 48,195 | 46,665 | 43,710 | 1,110 | 1,200 | 1,155 |
| - Mido | 50,490 | 48,015 | 46,260 | 1,270 | 1,190 | 1,075 |
| - Milano Unica (Spring) | 27,075 | 27,325 | 18,165 | 415 | 365 | 390 |
| - Mipel (March) | 8,890 | 7,980 | 8,305 | 320 | 250 | 250 |
| - My Plant & Garden | 25,395 | 17,065 | 13,855 | 520 | 450 | 345 |
| - Salone del Mobile/Complemento d'arredo | 161,480 | 161,130 | 161,955 | 1,070 | 1,130 | 1,180 |
| - Simac Tanning Tech | 18,230 | 17,205 | 14,900 | 275 | 245 | 220 |
| - Technology Hub (3D Print) | 1,970 | 2,350 | 3,250 | 125 | 120 | 155 |
| - The Micam (Spring) | 62,930 | 61,705 | 63,425 | 1,305 | 1,330 | 1,425 |
| - The ONE Milano (February) | 15,435 | 13,615 | - | 240 | 220 | - |
| - MAM - Mostra a Milano Arte e Antiquariato | c) | 2,200 | - | c) | 35 | - |
| - Esposizione Internazionale Canina | c) | c) | 15,000 | c) | c) | 50 |
| - Mifur | d) | d) | 12,080 | d) | d) | 150 |
| - Milano Auto Classica | e) | e) | 20,965 | e) | e) | 290 |
| - Promotion Trade Exhibition | a) | a) | 4,515 | a) | a) | 140 |
| - Super (Spring) | c) | c) | 1,275 | c) | c) | 150 |
| Total annual exhibitions hosted | 466,895 | 444,195 | 447,135 | 7,870 | 7,685 | 8,070 |
| Total annual exhibitions | 603,850 | 585,505 | 561,400 | 10,555 | 10,425 | 10,350 |

continued on next page

continued from the previous page

| | Net sq. metres of exhibition space | | | Number of exhibitors | | |
|--|------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 1st Half to 30/06/18 | 1st Half to 30/06/17 | 1st Half to 30/06/16 | 1st Half to 30/06/18 | 1st Half to 30/06/17 | 1st Half to 30/06/16 |
| Biennial exhibitions: | | | | | | |
| Directly organised | | | | | | |
| - Fruit&Veg Innovation | - | 1,750 | - | - | 55 | - |
| - Transpotec & Logitec | - | 56,765 | - | - | 245 | - |
| - Tuttofood | - | 64,770 | - | - | 1,235 | - |
| Total biennial exhibitions directly organised | - | 123,285 | - | - | 1,535 | - |
| Hosted | | | | | | |
| - Biomass Innovation Expo* | 3,455 | - | - | 65 | - | - |
| - Eurocucina | 37,725 | - | 35,260 | 110 | - | 110 |
| - Mostra Convegno Expocomfort | 115,400 | - | 118,395 | 1,570 | - | 1,540 |
| - Salone del Bagno | 21,210 | - | 19,390 | 180 | - | 175 |
| - Venditalia | 13,855 | - | 13,740 | 285 | - | 255 |
| - Xylexpo | 34,915 | - | 29,240 | 420 | - | 440 |
| - Euroluce | - | 39,920 | - | - | 395 | - |
| - Farmacistapiù | - | 545 | - | - | 30 | - |
| - Lamiera | - | 18,240 | - | - | 350 | - |
| - Made Expo | - | 52,515 | - | - | 800 | - |
| - Made in Steel | - | 12,820 | - | - | 235 | - |
| - Workpalce 3.0 | - | 11,685 | - | - | 80 | - |
| - Seeds & Chips | - | 3,255 | - | - | 210 | - |
| - SpazioNutrizione | - | 505 | - | - | 60 | - |
| Total biennial exhibitions hosted | 226,560 | 139,485 | 216,025 | 2,630 | 2,160 | 2,520 |
| Total biennial exhibitions | 226,560 | 262,770 | 216,025 | 2,630 | 3,695 | 2,520 |
| Multi-annual exhibitions: | | | | | | |
| Directly organised | | | | | | |
| - Print4All * | 13,990 | - | - | 285 | - | - |
| Total biennial exhibitions directly organised | 13,990 | - | - | 285 | - | - |
| Hosted | | | | | | |
| - Intralogistica | 3,555 | - | - | 85 | - | - |
| - Ipack-Ima | 57,045 | - | - | 1,025 | - | - |
| - Meat Tech | 6,925 | - | - | 105 | - | - |
| - Plast | 54,920 | - | - | 1,015 | - | - |
| Total multi-annual exhibitions hosted | 122,445 | - | - | 2,230 | - | - |
| Total multi-annual exhibitions | 136,435 | - | - | 2,515 | - | - |
| TOTAL EXHIBITIONS | 966,845 | 848,275 | 777,425 | 15,700 | 14,120 | 12,870 |
| - Congresses with related exhibition space | 28,265 | 18,130 | 29,930 | 1,850 | 1,095 | 1,535 |
| TOTAL | 995,110 | 866,405 | 807,355 | 17,550 | 15,215 | 14,405 |

* First edition of the exhibition.

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

b) The event took place in Viareggio.

c) The exhibition did not take place.

d) Starting from 2017 the exhibition is included in The ONE Milano.

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

In the first semester of 2018, 12 exhibitions were held in foreign exhibition centres and the net exhibition space occupied totalled 144,120 square metres compared to 128,160 square metres in the same period of the previous financial year. The number of exhibitors went from 3,625 in the first semester 2017 to 3,535 in the first semester 2018.

Details of exhibitions held abroad in the first semester 2018 are given in the following table (figures have been rounded so as to facilitate reading and comparison of the figures).

| Foreign Exhibition portfolio | | | | | | |
|--|------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | Net sq. metres of exhibition space | | | Number of exhibitors | | |
| | 1st Half to 30/06/18 | 1st Half to 30/06/17 | 1st Half to 30/06/16 | 1st Half to 30/06/18 | 1st Half to 30/06/17 | 1st Half to 30/06/16 |
| Annual Exhibitions: | | | | | | |
| Exhibitions directly organised in China | | | | | | |
| - Chinafloor Domotex Shanghai | 80,785 | 69,345 | 65,375 | 1,455 | 1,330 | 1,305 |
| - China Tourism International and Commodities Fair | 13,000 | 6,805 | 13,580 | 420 | 360 | 280 |
| - GITF International Tour Guangzhou | 9,240 | 7,045 | 7,875 | 230 | 240 | 195 |
| - Industrial Automation Beijing/FAPA | 3,345 | 3,905 | 3,235 | 160 | 170 | 185 |
| - Industrial Automation Robotic Show Wuhan * | 5,900 | - | - | 150 | - | - |
| - Industrial Automation Shenzhen | 11,875 | 10,165 | 8,020 | 500 | 500 | 390 |
| - MDA Shenzhen | c) | 335 | - | c) | 25 | - |
| Total Exhibitions directly organised in China | 124,145 | 97,600 | 98,085 | 2,915 | 2,625 | 2,355 |
| Exhibitions directly organised in India | | | | | | |
| - Food Hospitality World Bangalore | 2,150 | b) | 1,885 | 90 | b) | 110 |
| - Food Hospitality World Goa | b) | 1,000 | b) | b) | 70 | b) |
| - Food Hospitality World Mumbai | 2,460 | 2,970 | 2,840 | 140 | 165 | 180 |
| Total Exhibitions directly organised in India | 4,610 | 3,970 | 4,725 | 230 | 235 | 290 |
| Exhibitions directly organised in South Africa | | | | | | |
| - Capetown Art Fair | 3,695 | 3,075 | 2,030 | 100 | 60 | 50 |
| - Good Food & Wine Show Capetown | a) | 3,135 | 2,860 | a) | 175 | 165 |
| Total Exhibitions directly organised in South Africa | 3,695 | 6,210 | 4,890 | 100 | 235 | 215 |
| Exhibitions directly organised in USA | | | | | | |
| - Horni New York | a) | a) | 505 | a) | a) | 30 |
| Total Exhibitions directly organised in USA | - | - | 505 | - | - | 30 |
| Exhibitions directly organised in Brazil | | | | | | |
| - Enersolar | 670 | 850 | 860 | 35 | 45 | 45 |
| - Exposec | 10,000 | 9,805 | 8,100 | 210 | 190 | 150 |
| - Infocomm | 1,000 | 1,340 | 1,440 | 45 | 45 | 50 |
| Total Exhibitions directly organised in Brazil | 11,670 | 11,995 | 10,400 | 290 | 280 | 245 |
| Total Annual Exhibitions | 144,120 | 119,775 | 118,605 | 3,535 | 3,375 | 3,135 |
| Biennial Exhibitions: | | | | | | |
| Exhibitions directly organised in China | | | | | | |
| - Metal + Metallurgy | - | 3,640 | - | - | 120 | - |
| Total Exhibitions directly organised in China | - | 3,640 | - | - | 120 | - |
| Biennali direttamente organizzate in Brasile | | | | | | |
| - Reatech, Fisiotech | - | 4,745 | - | - | 130 | - |
| Total Exhibitions directly organised in Brazil | - | 4,745 | - | - | 130 | - |
| Total Biennial Exhibitions | - | 8,385 | - | - | 250 | - |
| TOTAL EXHIBITIONS | 144,120 | 128,160 | 118,605 | 3,535 | 3,625 | 3,135 |
| * First edition of the exhibition. | | | | | | |
| a) The exhibition did not take place. | | | | | | |
| b) The exhibition was held/will be held in subsequent quarters. | | | | | | |
| c) The exhibition became a sector of Industrial Automation Shenzhen. | | | | | | |

Information on related-party transactions

Note 38 of the Illustrative Notes to the Accounts of the present half-year financial report provides information on related-party transactions.

Group personnel

At 30 June 2018, Group employees totalled 681. The breakdown compared to 31 December 2017 was as follows:

| 31/12/17 | | | Permanent employees at period end (units) | 30/06/18 | | | 30/06/17 | | |
|------------|------------|-------------------|--|------------|------------|-------------------|------------|------------|-------------------|
| Total | Italy | Foreign countries | | Total | Italy | Foreign countries | Total | Italy | Foreign countries |
| | | | Fully consolidated companies: | | | | | | |
| 29 | 27 | 2 | Executives | 27 | 25 | 2 | 30 | 28 | 2 |
| 602 | 559 | 43 | Managers and White collar workers (including Journalists) | 594 | 561 | 33 | 592 | 546 | 46 |
| 631 | 586 | 45 | Total | 621 | 586 | 35 | 622 | 574 | 48 |
| | | | Equity-accounted companies (a): | | | | | | |
| 2 | - | 2 | Executives | 2 | - | 2 | 1 | - | 1 |
| 60 | 7 | 53 | White collar workers | 58 | 8 | 50 | 57 | 7 | 50 |
| 62 | 7 | 55 | Total | 60 | 8 | 52 | 58 | 7 | 51 |
| 693 | 593 | 100 | TOTAL | 681 | 594 | 87 | 680 | 581 | 99 |
| | | | (a) the indicated data corresponds to the pro-quota of total employees | | | | | | |

Compared to 31 December 2017, the number of permanent employees fell by a net figure of 12, also due to the restructuring of the Brazilian company Cipa FM.

Risk factors affecting the Group

Risk Management in Fiera Milano Group

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

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

In order to achieve this Fiera Milano SpA has compiled a catalogue of Group risks and a risk mapping and risk scoring methodology. Specifically, the Group integrated risk management process entails the periodic:

- (i) update of the risk catalogue according to the strategies implemented and the management and business model used;
- (ii) assessment of any risks by the management of Fiera Milano SpA and of its subsidiaries;
- (iii) consolidation of information and prioritisation of the risks and the consequent areas of action;
- (iv) tolerance analysis of any exposure identified and formulation of the appropriate management strategies/actions and the identification of those responsible for implementing such actions.

The Group recently strengthened its overview of the ERM process by:

- setting up a Risk Management department responsible for supporting the planning, design and implementation of the global corporate risk management process;

- adopting a specific Policy (the "ERM Policy") to govern the roles and responsibilities for identifying, assessing, managing, monitoring and reporting the corporate risks to which the Fiera Milano Group is exposed.

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

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

1. Risks related to external and strategic factors

Risks related to the economic environment and trends and competition in the exhibition, publishing and congress sectors

In 2017, the general economic outlook changed and started to consolidate after years of crisis in international growth. This change was driven by a recovery in the manufacturing sector and in investments. The recovery was widespread in the advanced economies (the USA and Japan) and in the Eurozone.

However, compared to the initial months of 2018, there are currently new elements that affect both the international and domestic macroeconomic outlook and give rise to doubts concerning the solidity of the recovery.

Protectionist policies (commercial tariffs) have been introduced by the United States, China and, to a lesser extent, Europe. The true impact of these policies on the product sectors involved has yet to be clearly ascertained. On the domestic front, the main cause of uncertainty is the general political scenario and the economic measures that the government could implement in the near future and any related repercussions these may have on economic growth.

It is too early to quantify the exact impact of the uncertainties described above on the exhibition sector. Undoubtedly, the performance of the exhibition sector in 2017 and the first few months of 2018 indicates a positive sector outlook in Italy with growth in sales of exhibition space occupied, compared to previous editions of exhibitions, and positive results in terms of exhibitors and visitors.

A positive effect has come from the industrial policies to promote exports – the extraordinary plan for Made in Italy – which recognised Italian international exhibitions as essential to increase exports and achieve geographic diversification (the number of countries to which SMEs export).

The markets in which the Group is active are characterised by strong competition both in terms of pricing pressure and by the complete or partial overlapping of exhibitions and services provided.

The exhibition business of Fiera Milano Group is part of a mature market with the following specific characteristics: *(i)* ever-increasing price competition, *(ii)* continuing integration/concentration of exhibition companies through M&A transactions, alliances, etc., *(iii)* an increased digital component in the portfolios of services offered, and *(iv)* ongoing geo-cloning of exhibitions that are leaders in their domestic markets as part of international expansion.

To achieve long-term sustainable growth that will ensure the Group's domestic market position and also increase its position and competitiveness on the international market, a 2018-2022 Strategic Plan with four main aims was implemented: *(i)* to develop the third-party exhibition portfolio and the congress business *(ii)* to expand the range of services offered *(iii)* to strengthen directly organised exhibitions and *(iv)* expand the international business.

The Italian congress sector has experienced a significant drop in demand due to the higher number and strength of the major international competitors, which are primarily Anglo-Saxon and sometimes receive aid (sponsorship, free use of space) provided by the cities and countries in

which they are active. In order to maintain and consolidate its own competitive position at the European level, the Group is continuing to follow a strategy of relaunching its integrated services (catering, stand-fitting and video services) and also services that complement the congress offer (e.g. Destination Management).

The publishing sector has been characterised by a decrease in overall employment (in particular, in advertising) and a constant transfer of human resources from traditional media to digital media. To mitigate the negative impact of this trend, the Group intends to pursue a focussed restructuring of its traditional publishing portfolio and to develop its B2B integrated multimedia offer through the creation of a digital network and gradual diversification of its communication channels and its portfolio of services.

Catastrophe risks

Fiera Milano Group's infrastructure, primarily its information technology, requires periodic updating to ensure it responds effectively and systematically to the requirements of its various activities. The Group is exposed to the risk of a malfunction and/or a complication at the infrastructure level that could have negative repercussions ranging from delays to the conduct of its business to a temporary interruption in its business. To prepare for such eventualities, since the previous financial year, the Group has optimised its existing ICT infrastructure, which used several operating sites managed by different suppliers, and has appointed a single entity to manage the infrastructure. This has led to an improvement in the service received in terms of security, continuity, uniformity and prompt intervention, as well as management and operational economies. This solution will also strengthen the Group's ICT Disaster Recovery solutions.

In terms of security, the recent terrorist attempts, particularly those that have taken place in Europe, could expose the Group to possible negative repercussions from an attack within or near the exhibition sites with injuries to visitors and damage to structures and an ensuing drop in visitors and in exhibitors. To this end, the Group has for some time had an effective security system to manage access to the sites; its Security department, set up in the previous financial year with advice from the relevant Authorities, raised access security and control to the exhibition areas starting with the December 2017 edition of Artigiano in Fiera. The controls are based on those used in airports and on preventive clearance procedures that are implemented in collaboration with the law enforcement agencies. In the first semester of 2018, following specific analyses of the vulnerability of the sites and of the risk levels associated with exhibitions, the Group has further strengthened the measures and regulations to control foot traffic and protect attendance flows and has planned "Safe District" investments in the short-term based on an overall plan that has been designed in collaboration with the relevant Authorities.

Risks related to the media exposure of the Group

The media exposure of the Group has always been high as (i) the amount of communication regarding Fiera Milano is considerable given the nature of the Group and its various forms of communication (exhibition-related, institutional and financial) and (ii) it is influenced by the public nature of some of its major stakeholders.

Therefore, there is a risk that important news regarding the Group is misinterpreted and/or interpreted differently by external communication channels giving rise to uncontrolled media exposure (including on the internet and on social media platforms).

To combat this risk, the Group has taken certain steps that include a revised communication policy and has increased its monitoring of internet and social media communications.

Risks related to a dependency on the exhibition business

The dependence of some Group companies in the exhibition and congress business is significant, in particular, Fiera Milano Media SpA, Nolostand SpA and Mico DMC Srl, which have businesses that continue to be for a large part dependent on the exhibition and congress portfolio of the Group. The strategic and business initiatives implemented in the past have failed to provide the expected reduction in the dependency on Group business and, therefore, the performance of Fiera Milano Media SpA continues to be closely linked to that of Fiera Milano SpA, as does that of Nolostand SpA, whose business is almost entirely dependent on the exhibitions and congresses organised/hosted by Fiera Milano SpA and Fiera Milano Congressi SpA. Lastly, Mico DMC, a destination management company (DMC) that offers logistic services for business travellers linked to congresses and exhibitions and which has a sphere of activities concentrated in the Milan area, depends both on the trend in exhibitions and congresses organised/hosted by Fiera Milano SpA and Fiera Milano Congressi SpA and on the degree of attractiveness of Milan and its region as a destination.

To address this dependency and the inherent risks it poses to the business of the aforementioned companies, the Group is introducing measures, some of which have already been implemented, to mitigate the potential negative effect on its consolidated results. In particular, Fiera Milano Media SpA is following a development strategy to build and consolidate non-captive commercial strategies by growing its Digital Publishing activities and broadening its high-end educational offer (the "education" segment). To lessen the risk of the dependency of Nolostand SpA, the Company is gradually expanding and diversifying its service portfolio through the research and development of new products that are not exclusively linked to the exhibition business and by seeking commercial opportunities with other Italian and foreign exhibition sites. For Mico DMC, the Group is focusing not only on the captive business, which are mainly in a start-up phase, but also on potential sources of revenues and profitability that could be generated from its portfolio of third-party clients and event organisers.

2. Operating risks

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

Despite the considerable number of events organised and hosted in the exhibition sites, a considerable amount of the exhibition space and the related revenues and profitability are linked to a limited number of specific events both directly organised and hosted (Salone del Mobile, Eicma Moto, Mostra Convegno Expocomfort, Host, Homi, Tuttofood). It is, therefore, possible that such key events could fail to meet the level of success that would guarantee their continuation or they (the hosted events) could transfer to other exhibition sites with a consequent negative impact on Group results.

The Group has prepared strategic development plans to minimise any exposure to this type of risk, in particular, through *(i)* a policy of strengthening the main directly organised exhibitions (Host, Tuttofood and Homi) to increase penetration of the product sectors of these exhibitions, *(ii)* expanding and optimising the portfolio of value added services (e.g. destination management services offered to the organisers of hosted exhibitions, and *(iii)* launching the «Smart District» project (digital transformation of the exhibition infrastructure), which, when fully operational, will mean that the exhibition sites under Group management will have characteristics with technological appeal that sets them apart from the competition.

Moreover, given the recent weakness of the reference market – or of certain segments of this market – it has become necessary to reposition some of the events that have been for some time part of the Fiera Milano SpA portfolio. Some steps have already been taken, and others will be taken in the near future, to change organisational formats, move the dates and/or locations in which the exhibitions are held, spin off sections of the exhibitions or introduce new product sectors. Such actions could increase the exposure of these events to the risk of underperformance with a consequent impact on forecast results both in the short-term and in the medium/long-term. To minimise exposure to this type of risk, multidisciplinary task forces with specific knowledge of

the businesses involved have been created to support the business units in carrying out the repositioning projects through analyses of the competitive scenario and of market trends.

Risks related to the ability to retain the necessary specialist competences

The Fiera Milano Group considers its human resources and competences, particularly in the exhibition and congress sectors, to be one of its principal strategic assets. Moreover, the continuous evolution of the exhibition businesses as regards market trends and client expectations and the pursuit of the Group strategies as set forth in the recent Strategic Plan (including the consolidation and development of proprietary exhibitions) require specialist professional competences that are not easily found. The performance management system (and specifically PLM - Performance & Leadership Management introduced in the current financial year) to assess the ability of its resources and the related incentive schemes aim to permit the Group to enhance performance and increase the loyalty of its human resources and key internal competences in order to ensure enhanced coordination/exchange and sharing of expertise. In the first semester 2018, an equity-based Long-term Incentive Plan was approved. The Plan is reserved for executive directors, executives with strategic responsibilities and employees of the Company and Group with important roles that make a significant contribution to the achievement of the corporate objectives and to medium/long-term value creation.

The Group is increasingly exposed to the risk that competences and relationships built up by internal organisers are inadequate to meet new market challenges, which are primarily driven by the demand and offer of the reference product sectors of the exhibitions. In response to this, the Group has adopted a new organisational model with risk mitigation measures achieved by increasing the coordination and commercial and organisational synergies of internal organisers and preparing succession and management continuity plans that ensure the pool of internal organisers can be replaced.

Risks related to seasonality

Exhibition and event organisation is subject to seasonality and to cyclicity in demand. Both of the latter are particularly marked in the Italian and European markets as almost no exhibitions are held in the summer months and because of the presence of biennial or multi-annual exhibitions. This seasonality has a significant effect on the annual spread of Group revenues and profits and exposes it to the risk that use of the exhibition site is sub-optimal in terms of reaching expected profitability.

To date, the strategies pursued by management to counteract this risk include *(i)* enhancing the portfolio of hosted exhibitions and the re-positioning of some of its historic events, *(ii)* internationalising events (in terms of exhibitors and visitors), *(iii)* setting up strategic and commercial collaborations/alliances with other exhibition venues and/or organisers, and *(iv)* increased exploitation of other revenue sources linked to the use of the exhibition sites (such as events other than exhibitions that can be held in the summer months – e.g. the Next Gen ATP Finals), which could lead to greater stability of revenues and profitability over a single year and also between even and uneven-numbered years.

Risks related to the quality of service provided following the recent revision of approved suppliers

In 2017, the Group completely revised its list of approved suppliers following the reputational problems linked to the circumstances that caused the imposition of the judicial administration orders, particularly those in high-risk sectors (e.g. cleaning, supply and laying of fitted carpet, stand-fitting). In certain isolated cases, there were some start-up problems with the technical provision of services from the new suppliers. These were caused by the size of the exhibition site. There was an initial reduction in the quality of service supplied, which failed to meet the expected

level of customer satisfaction. These problems were resolved by the operations departments involved increasing their shadowing of new suppliers as they prepared their service schedules and by appointing, in the first semester 2018, a head of Supplier Quality within the Procurement department who is responsible for regulating the process that monitors and assesses the quality of goods and services supplied.

Risks of potential repercussions from a lack of transparency in transactions with counterparties

The service providers used by the Fiera Milano Group operate in labour-intensive sectors (e.g. cleaning, stand-fitting, security, and catering) and carry a medium/high reputational risk and a risk of exposure to illegal working practices.

To protect itself from this risk and the potential negative effects to its reputation and integrity, the Group has prepared and is implementing a broad system of organisational and procedural safeguards that combat both active and passive corruption.

On a procedural level, the Code of Ethics forbids corrupt practices, unlawful bribery, collusion, and requests, direct and/or through third parties, for personal or career advantages either personal or on behalf of others. The current Model 231 has two specific sections covering corruption: one for crimes committed against the Public Administration and one covering corruption amongst private entities. It also includes sections on crimes relating to the employment of citizens from third-party countries who do not have resident permits, on crimes of illicit brokering and labour exploitation and on the prevention and monitoring of the aforementioned crimes. The control protocols and safeguards against these crimes are part of specific corporate procedures of which the most significant, as regards these risks, are those governing procurement of goods and services.

Fiera Milano Group has implemented strict controls governing the selection of suppliers (e.g. six-monthly reputational checks carried out by the Security department) to ensure that suppliers meet its reputational, financial and technical requirements. There are also on-site checks: the Security department controls access to ensure that those entering the sites are entitled to do so and the Supplier Quality department (set up within the Procurement department in January 2018) checks the quality of the service as it is provided.

Lastly, to ensure the autonomy of the buyers in the Procurement department, the Company has introduced a rotation system that is linked to new and different categories of supplies and to the importance of the services being purchased.

A similar job rotation system was introduced for employees having contact with suppliers of medium/high risk services whereby they rotate their positions at intervals depending on their seniority within the organisation.

3. Compliance risks

Risks related to the reference legal framework

The new data protection regulations both European and Italian expose the Group to the risk of non-transposition under the indicated provisions and, therefore, non-compliance. As a result, the Group could be subject to administrative sanctions by the Regulatory Authorities with negative economic, capital and reputational repercussions. Therefore, with particular reference to the introduction of the General Data Protection Regulation (GDPR), in the first semester 2018, Fiera Milano continued to ensure compliance by the various Group companies by (i) drawing up new data protection models, (ii) preparing the data processing register, (iii) updating contracts, (iv) ensuring that corporate documentation was compliant (e.g. forms, information material, etc.), and (v) ensuring the compliance of the policies/procedures. Training and information sessions on the new regulations and the measures adopted by the Group were held for Group employees.

The activities of the Group, particularly those carried out in the exhibition sites, and the number of persons (employees, suppliers, exhibitors, visitors, congress attendees and those involved in

setting up exhibitions, etc.) that transit or work in the exhibition sites, expose the Group companies to the risk of accidents or breaches of the legislation governing workplace health and safety (Consolidated Law 81/2008). Should the laws on workplace health and safety be infringed, the Group could be subject to significant administrative sanctions or, in the case of accidents, could be exposed to litigation with possible negative repercussions for its economic and capital situation and its reputation. The Group also makes extensive use of suppliers for services connected to the exhibitions (primarily stand-fitting and catering services) that come under the law governing contractors (Legislative Decree 223/2006 and subsequent amendments). Although the relationships of the workers from the contracting companies are exclusively with those companies, under the law Group companies could be held jointly responsible with the contracting companies for the payment of social security contributions for workers carrying out the contracts. Therefore, the Group is exposed to the risk of administrative sanctions (also under the provisions of Legislative Decree 231/2001) and interruption of its business for breaches of the relevant laws, including workplace health and safety and the regulations governing remuneration and social security, by construction companies and unauthorised sub-contractors.

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

- revising the procedures for the selection, contracting and management of suppliers and contractors, requiring that they comply with stringent requirements;
- the preparation of the *Documento Unico per la Valutazione dei Rischi da Interferenze (DUVRI)* [Unified text on assessment of risks generated by interference between activities conducted simultaneously in the same workplace] and updating of the procedures to meet the requirements of Legislative Decree 81/2008;
- use of a computerised system (through the web portal) that records those entering the exhibition site and, in particular, those involved in setting up the exhibitions;
- definition of the areas of the exhibition site to ensure that the legal safety requirements are met;
- the use of and delivery to suppliers and exhibitors of Technical Regulations for Exhibitions, which contain the rules with which exhibitors and suppliers must comply when setting up exhibitions;
- the application of rigorous procedures to identify and manage third parties that are not clients (i.e. organisers, exhibitors and visitors) that have access to the exhibition sites;
- contractual protection.

Administrative liability of entities

The Legislative Decree of 8 June 2001 no. 231 introduced the “discipline governing administrative liability of legal entities, companies and of associations without legal status” (Legislative Decree 231/2001) amending Italian law to meet some international conventions and requiring the adoption and effective implementation of organisational and management models. To comply with the requirements of this Legislative Decree, the Italian companies of the Group have introduced organisational and management models that are constantly monitored and updated. However, it cannot be excluded that the models adopted could be considered by the competent Authority to be inadequate or not sufficiently updated, resulting in legal sanctions being imposed even when crimes are committed under the provisions of the law for their own interest or advantage by persons having a functional connection to Fiera Milano SpA and its subsidiaries.

In the second semester 2017, the Group implemented an updated version of the organisation, management and control model for the Parent Company Fiera Milano SpA and the subsidiary Nolostand SpA. In the first semester 2018, it updated and implemented the Models of almost all the Italian companies of the Group holding training classes and on line training sessions for the majority of employees. The subsidiaries subject to foreign jurisdictions, which do not have to adhere to the requirements of Legislative Decree no. 231/01 have not adopted organisation,

management and control models that meet the requirements of the aforementioned Decree. However, they have adopted the Group Code of Ethics and also the "Guidelines for implementing Anti-corruption Procedures and Other Compliance Programmes" in order that there is a systematic reference framework of crime prevention principles and standards.

Risks connected to third-party liability

In carrying out the activities of Fiera Milano Group unforeseen damage could occur to property or persons within the Group exhibition sites. The simultaneous presence of numerous workers with different contracts (employees, external suppliers in direct contractual relations with the Group and/or sub-contractors of other companies, etc.) also makes any eventual attribution of responsibility very difficult in cases of damage to property or persons, with potential consequences for the business of the Company and its corporate image. To guard against these risks, Fiera Milano Group has taken out insurance policies and has set up an internal unit (Exhibition Safety) responsible for circulating safety information and material for the correct management of such risks.

4. Financial risks

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

Key data of the companies of the Group

| Key data of the companies of the Group data compliant with IAS/IFRS | | |
|---|---|--|
| | 1st Half at 30/06/18 (€ '000) | 1st Half at 30/06/17 restated (€ '000) |
| Fully consolidated companies | | |
| Fiera Milano SpA | | |
| Revenues from sales and services | 136,633 | 113,835 |
| EBITDA | 38,639 | 12,287 |
| Employees | 410 | 407 |
| Net financial position: debt (cash) | (17,005) | 9,291 |
| Nolostand SpA | | |
| Revenues from sales and services | 23,497 | 18,631 |
| EBITDA | 3,050 | 191 |
| Employees | 62 | 57 |
| Net financial position: debt (cash) | (1,206) | (169) |
| Fiera Milano Media SpA | | |
| Revenues from sales and services | 6,235 | 5,335 |
| EBITDA | 673 | (129) |
| Employees | 59 | 60 |
| Net financial position: debt (cash) | (207) | 2,633 |
| Fiera Milano Congressi SpA | | |
| Revenues from sales and services | 12,524 | 12,370 |
| EBITDA | 758 | 391 |
| Employees | 44 | 46 |
| Net financial position: debt (cash) | (3,503) | (3,862) |
| MiCo Dmc Srl | | |
| Revenues from sales and services | 3,036 | 3,867 |
| EBITDA | (151) | 1 |
| Employees | 11 | 4 |
| Net financial position: debt (cash) | (447) | (1,427) |
| La Fabbrica del Libro SpA | | |
| Revenues from sales and services | 1,395 | 1,425 |
| EBITDA | (910) | (1,423) |
| Employees | - | - |
| Net financial position: debt (cash) | 83 | (1,089) |
| Ipack-Ima SpA | | |
| Revenues from sales and services | - | - |
| EBITDA | (51) | (37) |
| Employees | - | - |
| Net financial position: debt (cash) | (2,674) | (2,714) |
| Eurofairs International Consultoria e Participações Ltda | | |
| Revenues from sales and services | - | - |
| EBITDA | 93 | (81) |
| Employees | - | - |
| Net financial position: debt (cash) | (277) | (49) |
| CIPA Fiera Milano Publicações e Eventos Ltda | | |
| Revenues from sales and services | 1,850 | 2,846 |
| EBITDA | (459) | (594) |
| Employees | 30 | 38 |
| Net financial position: debt (cash) | - | 2,825 |
| Fiera Milano India Pvt Ltd | | |
| Revenues from sales and services | - | - |
| EBITDA | (4) | (122) |
| Employees | - | - |
| Net financial position: debt (cash) | (63) | (66) |

continued on the next page

continued from the previous page

Key data of the companies of the Group

data compliant with IAS/IFRS

| | 1st Half at 30/06/18 (€ '000) | 1st Half at 30/06/17 restated (€ '000) |
|--|--|---|
| Limited Liability Company "Fiera Milano" | | |
| Revenues from sales and services | - | - |
| EBITDA | (6) | (6) |
| Employees | 1 | 1 |
| Net financial position: debt (cash) | (38) | (50) |
| Fiera Milano Exhibitions Africa Pty Ltd | | |
| Revenues from sales and services | 849 | 774 |
| EBITDA | 202 | (582) |
| Employees | 4 | 9 |
| Net financial position: debt (cash) | (674) | (335) |
| List of jointly controlled companies equity-accounted | | |
| Hannover Milano Global Germany GmbH | | |
| Revenues from sales and services | 19,335 | 18,934 |
| EBITDA | 6,983 | 6,644 |
| Employees | 110 | 110 |
| Net financial position: debt (cash) | (22,732) | (18,430) |
| Ipack Ima Srl | | |
| Revenues from sales and services | 16,895 | - |
| EBITDA | 6,488 | (712) |
| Employees | 16 | 15 |
| Net financial position: debt (cash) | (3,429) | 1,710 |

Starting with the Consolidated Financial Statements at 31 December 2017, operating profitability will be calculated as EBITDA therefore the figures in the Consolidated Financial Statements at 30 June 2017, that shows a figure for gross operating profit, have been restated to reflect this change. The figures for 2017 reflect the application of the new standard IFRS 15 from 1 January 2018.

Significant events after the end of the reporting period

There were no significant events after the end of the reporting period.

Business outlook

The results of the first semester, and in particular of the second quarter, were ahead of expectations. It should be noted that business levels in the second semester will be lower than in the first semester due to the normal suspension of exhibition activity in the summer months that characterises this sector and also to the absence of biennial exhibitions in the fourth quarter of the year. Net exhibition space rented out in Italy in the second semester is forecast to be 490,000 square metres compared to 995,000 square metres in the first semester.

The results of the first semester have led to an upgrade of the forecast for full-year 2018 EBITDA. This is now expected to be in the range of Euro 24-26 million, compared to the previously communicated target of Euro 17 million.

Interim Condensed Consolidated Financial Statements at 30 June 2018

- **Consolidated Financial Statements**
- **Illustrative Notes to the Interim Condensed Consolidated Financial Statements**

- **Attachments:**
 - 1. List of companies included in the consolidation area and other investments**

| | | (€ '000) | |
|----------------------------------|---|-----------------|-----------------|
| notes | Consolidated Statement of Financial Position | 30/06/18 | 31/12/17 |
| ASSETS | | | |
| Non-current assets | | | |
| 4 | Property, plant and equipment | 12,317 | 13,765 |
| 4 | Leased property, plant & equipment | - | - |
| | Investments in non-core property | - | - |
| 5 | Goodwill | 94,216 | 94,216 |
| 5 | Intangible assets with a finite useful life | 11,251 | 12,493 |
| 2-6 | Equity accounted investments | 19,089 | 18,339 |
| 6 | Other investments | 61 | 61 |
| | Other financial assets | - | - |
| 6 | Trade and other receivables | 11,563 | 11,687 |
| 38 | <i>of which from related parties</i> | 11,466 | 11,598 |
| 6 | Deferred tax assets | 1,213 | 976 |
| | Total | 149,710 | 151,537 |
| Current assets | | | |
| 7 | Trade and other receivables | 45,363 | 46,277 |
| 38 | <i>of which from related parties</i> | 7,214 | 7,172 |
| 8-38 | Inventories | 4,224 | 3,485 |
| | Contracts in progress | - | - |
| 9 | Current financial assets | 3,561 | 2,809 |
| 38 | <i>of which from related parties</i> | 3,561 | 2,809 |
| 10 | Cash and cash equivalents | 30,656 | 17,922 |
| | Total | 83,804 | 70,493 |
| Assets held for sale | | | |
| | Assets held for sale | - | - |
| | Total assets | 233,514 | 222,030 |
| EQUITY AND LIABILITIES | | | |
| 11 | Equity | | |
| | Share capital | 41,645 | 41,645 |
| | Share premium reserve | 9,435 | 10,299 |
| | Revaluation reserve | - | - |
| | Other reserves | 3,388 | 3,059 |
| | Retained profits/(losses) | 8,418 | 5,831 |
| | Profit/(loss) for the period | 31,838 | 1,637 |
| | Total Group equity | 94,724 | 62,471 |
| | Equity attributable to non-controlling interests | 105 | 564 |
| | Total equity | 94,829 | 63,035 |
| Non-current liabilities | | | |
| | Bonds in issue | - | - |
| 12 | Bank borrowings | 1,505 | 3,503 |
| 13-38 | Other financial liabilities | 44 | 42 |
| 14 | Provision for risks and charges | 665 | 834 |
| 15 | Employee benefit provisions | 9,359 | 9,379 |
| 18 | Deferred tax liabilities | 3,290 | 3,225 |
| | Other non-current liabilities | - | - |
| | Total | 14,863 | 16,983 |
| Current liabilities | | | |
| | Bonds in issue | - | - |
| 12 | Bank borrowings | 5,225 | 17,252 |
| 16 | Trade payables | 45,473 | 48,437 |
| 17-38 | Advances | 28,429 | 43,057 |
| 13-38 | Other current financial liabilities | 1,157 | 729 |
| 14 | Current provision for risks and charges | 4,313 | 7,193 |
| 18 | Current tax liabilities | 14,065 | 2,010 |
| 19 | Other current liabilities | 25,160 | 23,334 |
| 38 | <i>of which to related parties</i> | 2,627 | 1,496 |
| | Total | 123,822 | 142,012 |
| Liabilities held for sale | | | |
| | Liabilities held for sale | - | - |
| | Total liabilities | 233,514 | 222,030 |

| | | (€ '000) | |
|-------|--|---------------------------------|---|
| notes | Consolidated Statement of Comprehensive Income | 1st Half at 30/06/18 | 1st Half at 30/06/17 restated* |
| 23 | Revenues from sales and services | 157,724 | 133,893 |
| 38 | <i>of which with related parties</i> | <i>6,491</i> | <i>95</i> |
| | Total revenues | 157,724 | 133,893 |
| 24-38 | Cost of materials | 1,481 | 1,956 |
| 25 | Cost of services | 64,708 | 69,485 |
| 38 | <i>of which with related parties</i> | <i>1,017</i> | <i>1,269</i> |
| 26 | Cost of use of third-party assets | 25,454 | 25,294 |
| 38 | <i>of which with related parties</i> | <i>23,240</i> | <i>23,038</i> |
| 27-38 | Personnel expenses | 23,201 | 23,505 |
| 28-38 | Other operating expenses | 2,390 | 2,685 |
| | Total operating expenses | 117,234 | 122,925 |
| 29-38 | Other income | 1,876 | 1,256 |
| 30 | Results of equity accounted associates and joint ventures | 4,260 | 1,277 |
| 31 | Provisions for doubtful receivables and other provisions | 531 | 1,650 |
| | EBITDA | 46,095 | 11,851 |
| 32 | Depreciation of property, plant and equipment | 1,996 | 2,115 |
| | Depreciation of property investments | - | - |
| 32 | Amortisation of intangible assets | 997 | 1,307 |
| 33 | Adjustments to asset values | 1 | 11 |
| | EBIT | 43,101 | 8,418 |
| 34-38 | Financial income and similar | 356 | 213 |
| 34-38 | Financial expenses and similar | 376 | 936 |
| | Valuation of financial assets | - | - |
| | Profit/(loss) before tax | 43,081 | 7,695 |
| 35-38 | Income tax | 11,431 | 2,056 |
| | Profit/(loss) for the period from continuing operations | 31,650 | 5,639 |
| | Profit/(loss) for the period from discontinued operations | - | - |
| 36 | Profit/(loss) for the period | 31,650 | 5,639 |
| | Profit/(loss) attributable to: | | |
| | The shareholders of the controlling entity | 31,838 | 5,863 |
| | Non-controlling interests | (188) | (224) |
| 11 | Other comprehensive income/(loss) that will not be reclassified subsequently to profit or loss for the period | | |
| | Revaluation of defined benefit schemes | 101 | 274 |
| | Tax effects | 24 | 59 |
| 11 | Other comprehensive income/(loss) that will be reclassified subsequently to profit or loss of the period | | |
| | Currency translation differences of foreign subsidiaries | (102) | 324 |
| 2 | Other comprehensive income/(loss) of equity accounted associates and joint ventures that will not be reclassified subsequently to profit or loss for the period | | |
| | Revaluation of defined benefit schemes | 6 | 10 |
| | Tax effects | (1) | 2 |
| | Currency translation differences of foreign subsidiaries | 10 | (170) |
| | Other comprehensive income/(loss) for the period net of related tax effects | (8) | 377 |
| | Total comprehensive income/(loss) for the period | 31,642 | 6,016 |
| | Total comprehensive income/(loss) for the period attributable to: | | |
| | The shareholders of the controlling entity | 31,839 | 6,240 |
| | Non-controlling interests | (197) | (224) |
| 37 | Earnings/(losses) per share (€) | | |
| | Basic | 0.4486 | 0.0826 |
| | Diluted | 0.4486 | 0.0826 |

* Starting with the Consolidated Financial Statements at 31 December 2017, operating profitability will be calculated as EBITDA therefore the figures in the Consolidated Financial Statements at 30 June 2017, that shows a figure for gross operating profit, have been restated to reflect this change. The figures for 2017 reflect the application of the new standard IFRS 15 from 1 January 2018.

| | | (€ '000) | |
|----------|---|---------------------------------|---|
| notes | Consolidated Statement of Cash Flows | 1st Half at 30/06/18 | 1st Half at 30/06/17 restated* |
| | Net cash at beginning of the period | 17,922 | 22,118 |
| | Cash flow from operating activities | | |
| 10 | Net cash from operating activities | 24,259 | 35,068 |
| 38 | <i>of which from related parties</i> | (18,092) | (23,020) |
| 20 | Interest paid | (216) | (398) |
| 20 | Interest received | 20 | 47 |
| | Income taxes paid | - | (2,492) |
| | Total from continuing operations | 24,063 | 32,225 |
| | Total from assets held for sale | - | 686 |
| | Cash flow from investing activities | | |
| 4 | Investments in tangible assets | (579) | (2,800) |
| 5 | Investments in intangible assets | (75) | (244) |
| | Total from continuing operations | (654) | (3,044) |
| | Total from assets held for sale | - | - |
| | Cash flow from financing activities | | |
| 11 | Equity | 96 | 260 |
| 12-13-20 | Non-current financial liabilities | (1,996) | (11,859) |
| 6-9 | Current financial assets | 2,800 | (2,010) |
| 12-13-20 | Current financial liabilities | (11,323) | (10,916) |
| 38 | <i>of which from related parties</i> | (242) | (1,695) |
| 11 | Dividends paid | (358) | - |
| | Total from continuing operations | (10,781) | (24,525) |
| | Total from assets held for sale | - | - |
| | Total translation differences | 106 | 602 |
| | Net cash for the period from continuing operations | 12,628 | 4,656 |
| | Net cash for the period from assets held for sale | - | 686 |
| | Net cash at the end of the period | 30,656 | 28,062 |

* Some figures in the Consolidated Statements of Cash Flow have been restated for comparative purposes to reflect the accounting under IAS 7.

| | | (€ '000) | |
|--|---|---------------------------------|---|
| | | 1st Half at 30/06/18 | 1st Half at 30/06/17 restated* |
| | Net cash from operating activities | | |
| | Result of continuing operations | 31,650 | 5,639 |
| | <i>Adjustments for:</i> | | |
| | Profit from equity accounted investments | (4,260) | (1,277) |
| | Depreciation and Amortisation | 2,993 | 3,422 |
| | Provisions, write-downs and impairment | 384 | 1,060 |
| | Capital gains and losses | 30 | 81 |
| | Personell cost "Performance Shares Plan " | 421 | - |
| | Net change in employee provisions | 81 | 65 |
| | Changes in deferred taxes | (196) | 1,680 |
| | Inventories | (739) | 2,213 |
| | Trade and other receivables | 1,038 | (19,410) |
| | Trade payables | (2,964) | 13,521 |
| | Advances | (14,628) | 22,261 |
| | Tax payables | 12,055 | 2,887 |
| | Provisions for risks and charges and other liabilities (excluding payables to Organisers) | (2,192) | (1,508) |
| | Payables to Organisers | 586 | 4,434 |
| | Total | 24,259 | 35,068 |

* Some figures in the Consolidated Statements of Cash Flow have been restated for comparative purposes to reflect the accounting under IAS 7.

Consolidated Statement of Changes in Equity

(€'000)

| note 11 | Share capital | Share premium reserve | Other reserves | Retained profits/(losses) | Profit/(loss) for the period | Total Group equity | Capital and reserves attributable to non-controlling interests | Profit/(loss) for the financial year attributable to non-controlling interests | Total non-controlling interests | Total equity |
|---|---------------|-----------------------|----------------|---------------------------|------------------------------|--------------------|--|--|---------------------------------|---------------|
| Balance at 31 December 2016 | 41,645 | 35,668 | 1,714 | 4,773 | (22,794) | 61,006 | 729 | (56) | 673 | 61,679 |
| Allocation of earnings at 31.12.16: | - | - | - | (22,794) | 22,794 | - | (56) | 56 | - | - |
| <i>use of reserves</i> | - | (25,314) | (464) | 25,778 | - | - | - | - | - | - |
| <i>dividend distribution</i> | - | - | - | - | - | - | - | - | - | - |
| Paying-in Fabbrica del Libro SpA | - | - | - | - | - | - | 260 | - | 260 | 260 |
| Sale of Worldex Ltd shareholding | - | - | - | - | - | - | (548) | - | (548) | (548) |
| Remeasurement of defined benefit plans | - | - | - | 215 | - | 215 | - | - | - | 215 |
| Total comprehensive income for the period | - | - | 154 | - | 5,863 | 6,017 | - | (224) | (224) | 5,793 |
| Balance at 30 June 2017 | 41,645 | 10,354 | 1,404 | 7,972 | 5,863 | 67,238 | 385 | (224) | 161 | 67,399 |
| | Share capital | Share premium reserve | Other reserves | Retained profits/(losses) | Profit/(loss) for the period | Total Group equity | Capital and reserves attributable to non-controlling interests | Profit/(loss) for the financial year attributable to non-controlling interests | Total non-controlling interests | Total equity |
| Balance at 31 December 2017 | 41,645 | 10,299 | 3,059 | 5,831 | 1,637 | 62,471 | 463 | 101 | 564 | 63,035 |
| Allocation of earnings at 31.12.17: | - | - | - | 1,637 | (1,637) | - | 101 | (101) | - | - |
| <i>use of reserves</i> | - | (864) | - | 864 | - | - | - | - | - | - |
| <i>dividend distribution</i> | - | - | - | - | - | - | (358) | - | (358) | (358) |
| <i>Fair value stock grant</i> | - | - | 421 | - | - | 421 | - | - | - | 421 |
| Paying-in Fabbrica del Libro SpA | - | - | - | - | - | - | 96 | - | 96 | 96 |
| Remeasurement of defined benefit plans | - | - | - | 86 | - | 86 | (9) | - | (9) | 77 |
| Total comprehensive income for the period | - | - | (92) | - | 31,838 | 31,746 | - | (188) | (188) | 31,558 |
| Balance at 30 June 2018 | 41,645 | 9,435 | 3,388 | 8,418 | 31,838 | 94,724 | 293 | (188) | 105 | 94,829 |

Illustrative Notes to the Interim Condensed Consolidated Financial Statements

The Fiera Milano Group Interim Condensed Consolidated Financial Statements at 30 June 2018 were approved and their publication authorised by the Board of Directors on 27 July 2018.

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

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

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

1) Accounting standards and consolidation criteria

Accounting standards

The Interim Condensed Consolidated Financial Statements were prepared in accordance with IAS and IFRS accounting standards in force at 30 June 2018, issued by the International Accounting Standards Board (IASB) and endorsed by the European Union, and with the relative interpretative documents and provisions issued when article 9 of Legislative Decree no. 38/2005 was enacted.

These Consolidated Interim Financial Statements were prepared in summary form in accordance with IAS 34 – *Interim Financial Reporting* and must therefore be read in conjunction with the Consolidated Financial Statements for the financial year to 31 December 2017.

Given the financial and capital position of the Group in the first six months of 2018, the budget financial forecasts and the 2018-2022 Strategic Plan approved by the Board of Directors on 23 May 2018 and taking account of the forecasts for working capital and the financial and capital position of the Group, the Interim Condensed Consolidated Financial Statements have been prepared on the going concern principle.

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

No atypical and/or unusual transactions took place in the first semester 2018.

The risks and uncertainties to which the business is exposed are described in the Interim Report on Operations in the section on Risk factors affecting the Group, in Note 21 of the Illustrative Notes and in section 1.4 on the use of estimates.

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

1.1 New accounting standards, interpretations and amendments adopted

The accounting standards used to prepare these Interim Condensed Consolidated Financial Statements conform to those used to prepare the Consolidated Financial Statements for the financial year to 31 December 2017 except for new standards and amendments applicable from 1 January 2018. The Group has not opted for early adoption of any standards, interpretations or amendments that have been issued but for which adoption is not yet mandatory.

The group has applied IFRS 15 – *Revenue from Contracts with Customers* for the first time, which requires earlier financial statements to be restated. As required by IAS 34 – *Interim Financial Reporting*, the nature and effects of these changes are described below.

Several other amendments and interpretations are effective for the first time in 2018 but these have had no impact on the Interim Condensed Consolidated Financial Statements.

- IFRS 15 – *Revenue from Contracts with Customers*

IFRS 15 replaces IAS 11 – *Construction Contracts*, IAS 18 – *Revenues* and all revenue standards and interpretations and is applicable to all revenues from contracts with customers unless these contracts are within the scope of another accounting standard. The new standard establishes a five-step model that applies to revenue earned from a contract with a customer. IFRS 15 applies to each contract once it is probable that the entity will collect the consideration to which it will be entitled for the transfer of goods or services to the client.

The standard requires an entity to evaluate the specific facts and circumstances of the contract with the customer in applying each step of the model. The standard also requires the recognition of incremental costs of obtaining a contract and of costs directly linked to fulfilling a contract.

The Group has applied IFRS 15 retrospectively. During 2017, the Group carried out detailed analyses to identify and assess the impact on revenues deriving from the application of the new accounting standard. Given the composition of its portfolio and of existing contracts, application of the new standard primarily affects revenues from catering contracts and insurance services that are shown net of any direct costs, which results in a reduction in these revenues but with no effect on EBITDA and on the result for the period. There is no balance sheet impact as the changes are a reclassification of entries in the income statement.

The effects of the application of the new accounting standard are shown in the following table:

| | (€'000) | | |
|---|---------------------------------|--|---------------|
| IFRS 15 effects | 1st Half at 30/06/17 | 1st Half at 30/06/17 restated | Change |
| Revenues from sales and services | 141,870 | 133,893 | 7,977 |
| Total revenues | 141,870 | 133,893 | 7,977 |
| Cost of materials | 1,956 | 1,956 | - |
| Cost of services | 77,462 | 69,485 | 7,977 |
| Cost of use of third-party assets | 25,294 | 25,294 | - |
| Personnel expenses | 23,505 | 23,505 | - |
| Other operating expenses | 2,685 | 2,685 | - |
| Total operating expenses | 130,902 | 122,925 | 7,977 |
| Other income | 1,256 | 1,256 | - |
| Results of equity accounted associates and joint ventures | 1,277 | 1,277 | - |
| Provisions for doubtful receivables and other provisions | 1,650 | 1,650 | - |
| EBITDA | 11,851 | 11,851 | - |

- IFRS 9 – *Financial Instruments*

IFRS 9 – *Financial Instruments* replaces IAS 39 – *Financial Instruments: Recognition and Measurement* and is effective for annual periods beginning on or after 1 January 2018 and covers all three aspects of the recognition of financial instruments: classification and measurement, impairment, and hedge accounting.

There was no significant impact on the Interim Condensed Consolidated Financial Statements at 30 June 2018 from the application of IFRS 9 – *Financial Instruments*.

- IFRS 16 - *Leasing*

On 13 January 2016, the IASB issued the new accounting standard IFRS 16 - *Leasing* that replaces IAS 17 - *Leases*, 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 is effective for annual periods beginning on or after

1 January 2019 with limited early application permitted if IFRS 15 - *Revenue from Contracts with Customers* has been applied from the same date as IFRS 16.

The lease accounting requirements under IAS 17 – *Leases* have been criticised for failing to meet the needs of users of the financial statements, particularly because IAS 17 does not require lessees to recognise assets and liabilities arising from operating leases. IFRS 16 requires lessees to account for all leases under a single on-balance sheet model and eliminates the distinction between operating leases and financial leases for a lessee. Therefore, all arrangements containing a lease, except for short-term leases and leases of “low-value” assets must be recognised as a right-of-use asset with a corresponding financial liability. Lessor accounting is substantially unchanged from the current accounting.

As part of its business activity, Fiera Milano Group leases exhibition sites and warehouses either from the controlling shareholder Fondazione Fiera Milano or from third parties and, given the material value of these agreements on the financial figures and indicators, preliminary analyses have been made of the impact from application of the new standard. These have shown significant effects on the recognition of non-current assets and on non-current financial debt. In the second semester of the current financial year, the Group will continue to analyse the effects of the application of IFRS 16 on the Consolidated Financial Statements.

- IFRIC Interpretation 22 – *Foreign Currency Transactions and Advance Considerations*

The interpretation clarifies that in determining the spot exchange rate to use on initial recognition of a related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration. This interpretation has had no impact on the Consolidated Financial Statements of the Group.

- Amendments to IAS 40 – *Transfers of Investment Property*

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of, investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management’s intentions for the use of a property does not provide evidence of a change in use. These amendments had no impact on the Consolidated Financial Statements of the Group.

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

The IASB issued amendments to IFRS 2 - *Classification and Measurement of Share-based Payment Transactions* that cover three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and the accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash-settled to equity-settled. On adoption, entities are required to apply the amendments without restating prior periods but retrospective application is permitted if elected for all three amendments and other criteria are met.

- Amendments to IFRS 4: *Applying IFRS 9 – Financial Instruments with IFRS 4 – Insurance Contracts*

The amendments address concerns arising from implementing the new financial instruments standard, IFRS 9, before implementing IFRS 17 – *Insurance Contracts*, which replaces IFRS 4. The amendments introduce two options for entities issuing insurance contracts: a temporary exemption from applying IFRS 9 and an overlay approach. These amendments have no impact on the Group.

- Amendments to IAS 28 – *Investments in Associates and Joint Ventures*

These amendments clarify that the recognition of an investment at fair value in profit or loss for the period must be applied to each transaction.

The amendment clarifies that the election to measure at fair value through profit or loss an investment in an associate or joint venture that is held by an entity that is a venture capital organisation, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment-basis, upon initial recognition.

If an entity that is not itself an investment entity has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which (a) the investment entity associate or joint venture is initially recognised; (b) the associate or joint venture becomes an investment entity and (c) the investment entity associate or joint venture first becomes a parent. These amendments have no impact on the Group.

- Amendments to IFRS 1 – *First-time Adoption of International Financial Reporting Standards Deletion of Short-term Exemptions for First-Time Adopters*

These amendments deleted short-term exemptions under paragraphs E3-E7 of IFRS 1 as they were no longer applicable because the reporting periods for which the reliefs were available had passed. These amendments had no impact on the Consolidated Financial Statements of the Group.

1.2 Form and content of the Consolidated Financial Statements

Notwithstanding the provisions of IAS 34 – *Interim Financial Reporting* the present Interim Condensed Consolidated Financial Statements give detailed, and not just summary, tables in order to provide a better and more complete view of the financial results for the semester to 30 June 2018 and of the same period in 2017. The Illustrative Notes meet the information requirements of IAS 34 and include data considered useful for a fuller understanding of the Interim Condensed Consolidated Financial Statements.

1.3 Area and principles of consolidation

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

The present Interim Condensed Consolidated Financial Statements have been prepared on the basis of the six-monthly situation at 30 June 2018 approved by the Boards of Directors of the companies included in the area of consolidation and prepared according to Group accounting policies using IAS/IFRS.

It should be noted that:

- on 19 February 2018 Fiera Milano SpA, to strengthen the capital of the Brazilian subsidiary Eurofairs International Consultoria e Participações Ltda approved a Euro 0.800 million capital contribution;
- on 17 May 2018, Fiera Milano SpA paid its share, Euro 0.547 million, of a capital contribution to La Fabbrica del Libro SpA in order to bring net equity in line with the initial share capital of the company.

Attachment 1 gives the list of companies consolidated at 30 June 2018.

Translation of accounts prepared in currencies other than the Euro

The exchange rates used to translate the 2018 and 2017 half-year financial statements of foreign companies into Euro were as follows:

| | average 1st Half 2018 | average 1st Half 2017 | 30/06/2018 | 30/06/2017 |
|--------------------|----------------------------------|----------------------------------|-------------------|-------------------|
| South African rand | 14.8913 | 14.3063 | 16.0484 | 14.92 |
| Brazilian reals | 4.1415 | 3.4431 | 4.4876 | 3.76 |
| Russian rouble | 71.9601 | 62.8057 | 73.1582 | 67.5449 |
| Indian rupee | 79.4903 | 71.176 | 79.8130 | 73.7445 |

Source: Banca d'Italia

1.4 Use of estimates

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

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

- *Goodwill and intangible assets with an indefinite useful life* are subject to impairment tests at least on an annual basis; the tests require judgements to be made on the useful life of the cash-generating unit to which the goodwill and intangible assets with an indefinite useful life have been allocated, which themselves are based on an estimate of the net present value of the cash flows deriving from the unit calculated using a specific discount rate.
The recoverability of carrying amounts is measured as the lower of the carrying amount and the higher of the fair value less costs to sell and the value in use of the asset. The net selling price is the price that would be received to sell an asset in an orderly transaction between market participants less costs to sell; in the absence of a binding agreement, reference is made to similar transactions on an active market or to the best information available taking account of, amongst other things, recent transactions in similar assets within the same industry. The value in use is the present value of the future cash flows expected to be derived from the asset (or cash-generating unit), discounted using a weighted average cost of capital of an entity having a similar risk profile and level of indebtedness, and from its ultimate disposal at the end of its useful life.
- *Intangible assets with a finite useful life* are subject to an impairment test whenever there is

any internal or external indication of impairment; the tests require judgements to be made on the useful life of the cash-generating unit to which the goodwill and intangible assets with a finite useful life have been allocated, which themselves are based on an estimate of the net present value of the cash flows deriving from the unit calculated using an appropriate discount rate.

- *Deferred tax assets* are recognised against tax losses carried forward and other timing differences to the extent of the likely existence of future taxable profit against which these tax losses carried forward and those due to timing differences may be used. Management is required to make a significant judgement regarding the deferred tax assets to be recognised. The business plan of the Company is used to calculate the likelihood that these deferred tax assets will be used.
- *Provisions for risks and charges:* the calculation of the provisions for risks and charges are based on the best information available at the date of the present interim statement of financial position and requires estimates using historic figures and future forecasts for the outcome of legal disputes or events; the calculation of the risk profile and the estimate of the financial impact that these might have are subject to uncertainties and complexities which could lead to changes in the estimates.

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

It should be noted that the industrial plans used in the impairment tests are by their very nature based on hypotheses and assumptions for future performance that are uncertain. Consequently, it cannot be excluded that the actual results could differ from the estimates.

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

- *Share-based payments:* given the material nature of the retribution, employee costs include those for the share-based incentive plan. The cost of incentives is calculated with reference to the fair value of the instruments granted and the forecasts regarding the number of shares that will actually be allocated; the amount for the financial year is calculated *pro-rata temporis* for the length of the vesting period, the period between the grant date and the allocation date and is recognised against the share capital reserves. The fair value of the shares underlying the incentive plan is calculated at the grant date based on forecasts regarding the likelihood that the performance targets will be reached and market conditions (e.g. total shareholder return) and not subject to adjustment in subsequent financial years; if the benefit is linked to conditions other than market conditions (e.g. length of service and non-market performance measurements), the estimates of these conditions are adjusted for the number of shares forecast to be allocated over the length of the vesting period.
- *Taxes* for the semester are calculated by applying to the pre-tax profit for the period the tax rate which would be applicable to the expected annual results. If the estimated effective tax rate does not give credible results, the income taxes are calculated by applying the tax rate and enacted regulations in the countries in which the Group operates to the estimated taxable income for the period.

2) Disclosure on subsidiaries, joint ventures and associates

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

Following the application of IFRS 11 - *Joint Arrangements*, the Group has classified its investment as a joint venture as significant business decisions relating to Hannover Milano Global Germany GmbH require the unanimous agreement of the parties and neither has specific rights over the individual assets or obligations for any individual liability of the company of the legal entity.

Under the joint venture agreement with Deutsche Messe AG, the Group share of equity is calculated on the results generated by the various exhibitions; this share went from 41.77% at 30 June 2017 to 40.46% at 30 June 2018.

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

| | (€'000) | |
|--|-----------------|-----------------|
| Hannover Milano Global Germany GmbH | 30/06/18 | 31/12/17 |
| Current assets | 8,142 | 2,233 |
| Non-current assets | 8,206 | 8,497 |
| Current liabilities | 11,662 | 12,851 |
| Non-current liabilities | - | - |
| Net financial debt/(cash) | (22,732) | (24,438) |
| Equity | 27,418 | 22,317 |
| Book value of the joint venture | 8,762 | 10,250 |

| | 1st Half at 30/06/18 | 1st Half at 30/06/17 |
|---|---------------------------------|---------------------------------|
| Hannover Milano Global Germany GmbH | | |
| Total revenues and other income | 19,418 | 19,124 |
| Total operating costs | (12,435) | (12,480) |
| Depreciation and amortisation and write-downs | (313) | (326) |
| Interest income | 200 | 56 |
| Interest payable | - | (8) |
| Profit/(loss) before tax | 6,870 | 6,366 |
| Income tax | (1,867) | (2,418) |
| Profit/(loss) for the period | 5,003 | 3,948 |
| Group profit/(loss) | 2,022 | 1,600 |

At 30 June 2017 and at 30 June 2018, there were no material potential liabilities or obligations relating to the shareholding of the Parent Company in the joint venture.

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

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

On 1 January 2016, the business division of the Ipack-Ima exhibition of Fiera Milano and that of the Food Pack exhibition of UCIMA were conferred on Ipack Ima Srl. This partnership is part of The Innovation Alliance, which aims to offer a wide range of machinery, technologies and services covering the entire production and packaging chain to professionals in all industrial sectors.

The triennial exhibition Ipack-Ima was held as part of The Innovation Alliance 2018 gave rise to the positive financial results of the company in the first semester compared to the first semester 2017 when it held no exhibitions.

The equity and income figures of the company are summarised in the following tables:

| | (€'000) | |
|--|-----------------|-----------------|
| Ipack Ima Srl | 30/06/18 | 31/12/17 |
| Current assets | 1,888 | 4,282 |
| Non-current assets | 5,628 | 5,747 |
| Current liabilities | 4,489 | 8,253 |
| Non-current liabilities | 421 | 500 |
| Net financial debt/(cash) | (3,429) | (186) |
| Equity | 6,035 | 1,462 |
| Book value of the joint venture | 2,957 | 716 |

| Ipack Ima Srl | 1st Half at 30/06/18 | 1st Half at 30/06/17 |
|---|---------------------------------|---------------------------------|
| Total revenues and other income | 17,045 | 75 |
| Total operating costs | (10,557) | (787) |
| Depreciation and amortisation and write-downs | (118) | (120) |
| Interest income | - | - |
| Interest payable | (11) | (22) |
| Profit/(loss) before tax | 6,359 | (854) |
| Income tax | (1,790) | 195 |
| Profit/(loss) for the period | 4,569 | (659) |
| Group profit/(loss) | 2,238 | (323) |

At 30 June 2017 and at 30 June 2018, there were no contingent liabilities or material obligations relating to the investment of the Parent Company in the joint ventures.

3) Segment information

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

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

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

- **Italian Exhibitions:** this segment covers all activities for the organisation and hosting of exhibitions and other events in Italy through the use, promotion and offer of furnished exhibition spaces, of project support, and of ancillary services. Specifically, this segment includes all activities associated with exhibitions (including end services for exhibitors and visitors):

- that are directly organised by the Group or in partnership with third-parties;
- organised by third parties, through the hiring out of spaces and services.

These activities are carried out by the Parent Company Fiera Milano SpA, Ipack-Ima Srl and La Fabbrica del Libro SpA.

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

These activities are carried out by:

- Hannover Milano Global Germany GmbH, a joint venture with Deutsche Messe AG of Hannover, which operates in China through two subsidiaries, Hannover Milano Fairs Shanghai Co Ltd and Hannover Milano Fairs China Ltd, and in India through Hannover Milano Fairs India Pvt Ltd and the latter's 50% shareholding in Global Fairs & Media Private Ltd;
- Cipa FM Publicações e Eventos Ltda (hereinafter "Cipa FM"), with its registered office in São Paulo; it is owned through the Brazilian subsidiary, Eurofairs International Consultoria e Participações Ltda (hereinafter "Eurofairs");
- Fiera Milano India Pvt Ltd, with its registered office in New Delhi;
- Limited Liability Company Fiera Milano, with its registered office in Moscow;
- Fiera Milano Exhibitions Africa PTY Ltd (hereinafter "Fiera Milano Africa"), with its registered office in Westlake - Cape Town.

- **Stand-fitting services:** this segment covers stand-fitting services, technical services and all exhibition site services for exhibitions and congresses carried out by Nolostand SpA.
- **Media:** this segment covers the production of content and supply of online and offline publishing services, as well those associated with the organisation of events and congresses by Fiera Milano Media SpA.
- **Congresses:** this segment covers the management of conferences and events and destination management services by Fiera Milano Congressi SpA and MiCo DMC Srl.

The tables below give Income Statement and Statement of Financial Position data by segment for the semesters to 30 June 2018 and 30 June 2017.

(€'000)

| Income Statement 1st Half to 30/06/18 | ITALIAN EXHIBITIONS | FOREIGN EXHIBITIONS | STAND-FITTING SERVICES | MEDIA | CONGRESSES | Adjustments | Consolidated |
|---|------------------------|------------------------|---------------------------|--------------|---------------|-----------------|----------------|
| Revenues from sales and services to third-parties | 134,530 | 2,699 | 2,098 | 4,860 | 13,537 | - | 157,724 |
| Revenues from intersegment sales and services | 2,656 | - | 21,399 | 1,375 | 1,967 | (27,397) | - |
| Total revenues | 137,186 | 2,699 | 23,497 | 6,235 | 15,504 | (27,397) | 157,724 |
| <i>of which from Italy</i> | | | | | | | 155,025 |
| <i>of which from foreign activities</i> | | | | | | | 2,699 |
| Cost of materials | 252 | 6 | 1,109 | 89 | 31 | (6) | 1,481 |
| Cost of services | 60,545 | 2,099 | 16,647 | 3,738 | 10,577 | (28,898) | 64,708 |
| Cost for use of third-party assets | 22,401 | 195 | 862 | 110 | 2,070 | (184) | 25,454 |
| Personnel expenses | 17,085 | 655 | 2,014 | 1,711 | 2,283 | (547) | 23,201 |
| Other operating expenses | 2,125 | 65 | 58 | 40 | 104 | (2) | 2,390 |
| Total operating expenses | 102,408 | 3,020 | 20,690 | 5,688 | 15,065 | (29,637) | 117,234 |
| Other income | 2,784 | 698 | 255 | 126 | 253 | (2,240) | 1,876 |
| Profit/(loss) of equity accounted companies | 2,238 | 2,022 | | | | | 4,260 |
| Allowance for doubtful accounts and other provisions | (117) | 551 | 12 | | 85 | | 531 |
| EBITDA | 39,917 | 1,848 | 3,050 | 673 | 607 | - | 46,095 |
| <i>of which from Italy</i> | | | | | | | 44,247 |
| <i>of which from foreign activities</i> | | | | | | | 1,848 |
| Depreciation of property, plant & equipment | 553 | 74 | 694 | 10 | 664 | | 1,996 |
| Depreciation of property investments | | | | | | | |
| Amortisation of intangible assets | 670 | 126 | | 119 | 17 | 66 | 997 |
| Adjustments to asset values | | 1 | | | | | 1 |
| EBIT | 38,694 | 1,647 | 2,356 | 544 | (74) | (66) | 43,101 |
| <i>of which from Italy</i> | | | | | | | 41,520 |
| <i>of which from foreign activities</i> | | | | | | | 1,581 |
| Financial income and similar | | | | | | | 356 |
| Financial expenses and similar | | | | | | | 376 |
| Valuation of financial assets | | | | | | | |
| Profit/(loss) before income tax | | | | | | | 43,081 |
| Income tax | | | | | | | 11,431 |
| Profit/(loss) from continuing operations | | | | | | | 31,650 |
| Profit/(loss) from discontinued operations | | | | | | | - |
| Profit/(loss) for the period | | | | | | | 31,650 |
| Profit/(loss) attributable to non-controlling interests | | | | | | | (188) |
| Group profit/(loss) | | | | | | | 31,838 |

The table below gives investments by operating segment:

| Statement of Financial Position data at 30/06/18 | (€'000) |
|--|--------------------|
| | Investments |
| Italian exhibitions | 209 |
| Foreign exhibitions | 117 |
| Stand-fitting services | 317 |
| Media | - |
| Congresses | 29 |
| Total | 672 |

(€'000)

| Income Statement 1st Half to 30/06/17 | ITALIAN EXHIBITIONS | FOREIGN EXHIBITIONS | STAND-FITTING SERVICES | MEDIA | CONGRESSES | Adjustments | Consolidated |
|---|------------------------|------------------------|---------------------------|--------------|---------------|-----------------|----------------|
| Revenues from sales and services to third-parties | 111,833 | 3,620 | 1,545 | 4,042 | 12,853 | - | 133,893 |
| Revenues from intersegment sales and services | 2,484 | - | 17,086 | 1,293 | 3,334 | (24,197) | - |
| Total revenues | 114,317 | 3,620 | 18,631 | 5,335 | 16,187 | (24,197) | 133,893 |
| <i>of which from Italy</i> | | | | | | | 130,273 |
| <i>of which from foreign activities</i> | | | | | | | 3,620 |
| Cost of materials | 662 | 25 | 1,200 | 95 | 36 | (62) | 1,956 |
| Cost of services | 62,643 | 3,468 | 14,055 | 3,343 | 11,238 | (25,262) | 69,485 |
| Cost for use of third-party assets | 22,067 | 349 | 1,020 | 122 | 2,039 | (303) | 25,294 |
| Personnel expenses | 16,719 | 961 | 1,987 | 2,045 | 2,311 | (518) | 23,505 |
| Other operating expenses | 1,999 | 231 | 157 | 33 | 267 | (2) | 2,685 |
| Total operating expenses | 104,090 | 5,034 | 18,419 | 5,638 | 15,891 | (26,147) | 122,925 |
| Other income | 2,591 | 109 | 166 | 197 | 143 | (1,950) | 1,256 |
| Profit/(loss) of equity accounted companies | (323) | 1,600 | | | | | 1,277 |
| Allowance for doubtful accounts and other provisions | 1,311 | 81 | 187 | 23 | 48 | | 1,650 |
| EBITDA | 11,184 | 214 | 191 | (129) | 391 | - | 11,851 |
| <i>of which from Italy</i> | | | | | | | 11,667 |
| <i>of which from foreign activities</i> | | | | | | | 184 |
| Depreciation of property, plant & equipment | 575 | 94 | 830 | 10 | 605 | 1 | 2,115 |
| Depreciation of property investments | | | | | | | |
| Amortisation of intangible assets | 933 | 152 | | 175 | 15 | 32 | 1,307 |
| Adjustments to asset values | | | 11 | | | | 11 |
| EBIT | 9,676 | (32) | (650) | (314) | (229) | (33) | 8,418 |
| <i>of which from Italy</i> | | | | | | | 8,511 |
| <i>of which from foreign activities</i> | | | | | | | (93) |
| Financial income and similar | | | | | | | 213 |
| Financial expenses and similar | | | | | | | 936 |
| Valuation of financial assets | | | | | | | - |
| Profit/(loss) before income tax | | | | | | | 7,695 |
| Income tax | | | | | | | 2,056 |
| Profit/(loss) from continuing operations | | | | | | | 5,639 |
| Profit/(loss) from discontinued operations | | | | | | | - |
| Profit/(loss) for the period | | | | | | | 5,639 |
| Profit/(loss) attributable to non-controlling interests | | | | | | | (224) |
| Group profit/(loss) | | | | | | | 5,863 |

Starting with the Consolidated Financial Statements at 31 December 2017, operating profitability will be calculated as EBITDA therefore the figures in the Consolidated Financial Statements at 30 June 2017, that shows a figure for gross operating profit, have been restated to reflect this change. The figures for 2017 reflect the application of the new standard IFRS 15 from 1 January 2018.

The table below gives investments by operating segment:

| Statement of Financial Position data at 31/12/17 | (€'000) |
|--|--------------------|
| | Investments |
| Italian exhibitions | 1,589 |
| Foreign exhibitions | 129 |
| Stand-fitting services | 791 |
| Media | 10 |
| Congresses | 1,873 |
| Total | 4,392 |

Notes to the Interim Condensed Consolidated Financial Statements

STATEMENT OF FINANCIAL POSITION

ASSETS

NON-CURRENT ASSETS

4) Property, plant and equipment

| | (€'000) | | | | | | |
|---|------------------------|---------------------------|-----------|--------------|------------|--|------------------------|
| | Balance at 31/12/17 | Changes during the period | | | | | Balance at 30/06/18 |
| | | Incr. | Decr. | Depr. | Impairment | Currency translation differences | Reclassification |
| Property, plant and equipment | | | | | | | |
| . historic cost | 114,834 | 589 | 640 | - | 15 | (33) | - |
| . depreciation | 101,069 | - | 613 | 2,008 | 14 | (32) | - |
| | 13,765 | 589 | 27 | 2,008 | 1 | (1) | - |
| Leased property, plant and equipment | | | | | | | |
| . historic cost | 10 | - | - | - | - | - | 10 |
| . depreciation | 10 | - | - | - | - | - | 10 |
| | - | - | - | - | - | - | - |

The main changes in the semester were as follows:

- Euro 0.317 million of investments made by NoloStand SpA to acquire assets to be hired out, in particular, parts for stands and assets in wood;
- Euro 0.129 million of investments made by Fiera Milano SpA primarily for electronic equipment and furnishing, furniture and equipment for exhibitions held in the Rho exhibition site;
- Euro 0.110 million of investments by Fiera Milano Africa for furniture and furnishings for the Cape Town Art Fair.

The decreases were mainly due to divestments by NoloStand SpA of wooden stand-fittings that were for hire and of furniture and furnishings by Fiera Milano Africa.

5) Goodwill and intangible assets

| | (€'000) | | | | | |
|--|------------------------|---------------------------|----------|------------|--|------------------------|
| | Balance at 31/12/17 | Changes during the period | | | | Balance at 30/06/18 |
| | | Incr. | Decr. | Depr. | Currency translation differences | |
| Goodwill | | | | | | |
| . Historic cost | 110,813 | - | - | - | - | 110,813 |
| . Amortisation | 16,597 | - | - | - | - | 16,597 |
| | 94,216 | - | - | - | - | 94,216 |
| Intangible assets with a finite useful life | | | | | | |
| . Historic cost | 87,191 | 83 | 322 | - | (749) | 86,203 |
| . Amortisation | 74,698 | - | 314 | 997 | (429) | 74,952 |
| | 12,493 | 83 | 8 | 997 | (320) | 11,251 |

Goodwill

Goodwill is subject to impairment tests at every year-end or more frequently if there is any indication of impairment as described in Section 1.4 on the use of estimates, and, in greater detail, in the Explanatory and Supplementary Notes to the Consolidated Financial Statements at 31 December 2017.

The goodwill allocations are as follows:

- The Directly Organised Exhibition cash-generating unit: this comprises the cash-generating units of the exhibitions directly organised by Fiera Milano SpA. The goodwill allocated to this group was Euro 40.223 million and relates to the companies that organise exhibitions that were acquired and subsequently merged into Fiera Milano SpA through various merger transactions.
- The Exhibition cash-generating unit: this comprises the cash-generating units of all the exhibitions of Fiera Milano SpA. The goodwill allocated to this group was Euro 29.921 million of which Euro 29.841 million was the goodwill from the contribution of the exhibition entity by Fondazione Fiera Milano to Fiera Milano SpA on 17 December 2001 and Euro 0.080 million was goodwill from the acquisition by the Parent Company of the Information Communication Technology business division of its subsidiary Expopage SpA, which is now Fiera Milano Media SpA.
- The Exhibition Stand-fitting cash-generating unit: the goodwill of Euro 12.581 million from the acquisition of the "standard stand-fitting" business division by Nolostand SpA was allocated to this cash-generating unit.
- The Publishing and Digital Services cash-generating unit: this includes the cash-generating units of publications and digital services and the goodwill allocated to this cash-generating unit was Euro 5.947 million.
- The Congress cash-generating unit: the goodwill allocated to this cash-generating unit was Euro 5.455 million and derived from the acquisition of Fiera Milano Congressi SpA.
- The MiCo DMC cash-generating unit: this includes goodwill of Euro 0.089 million from the acquisition of MiCo DMC Srl.

There were no significant indications of impairment to goodwill, therefore, they were not subject to impairment tests at 30 June 2018.

Intangible assets with a finite useful life

The increase of Euro 0.083 million in the semester was mainly in the Parent Company and was for acquisitions of software and capitalised costs to implement digital projects.

Intangible assets with a finite useful life included the following trademarks and publishing titles totalling Euro 10.151 million (Euro 10.924 million at 31 December 2017):

- Exhibition trademarks:
 - Host: Euro 1.718 million;
 - Mipap Milano Prêt-à-Porter: Euro 1.614 million;
 - Promotion Trade Exhibition: Euro 1.241 million;
 - Exposec: Euro 1.154 million;
 - Fisp: Euro 1.117 million;
 - Transpotec & Logitec: Euro 0.447 million;
 - Festivity: Euro 0.295 million;
 - Miart: Euro 0.119 million;

- BtoBio Expo: Euro 0.080 million;
 - Other: Euro 0.028 million;
- other trademarks and publishing titles:
- Technology publications: Euro 1.200 million;
 - Business International: Euro 0.665 million;
 - Food & Beverage publications: Euro 0.473 million.

There were no significant indications of impairment to intangible assets with a finite useful life, therefore, they were not subject to impairment tests at 30 June 2018.

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

| | Balance at 31/12/17 | Changes during the period | | | | | Balance at 30/06/18 |
|------------------------------|------------------------|---------------------------|------------|--------------|--------------------------|--|------------------------|
| | | Increase | Decrease | Results | Dividend distribution | Currency translation differences | |
| Equity-accounted investments | 18,339 | - | - | 4,260 | 3,552 | 42 | 19,089 |
| Other investments | 61 | - | - | - | - | - | 61 |
| Trade and other receivables | 11,687 | 8 | 132 | - | - | - | 11,563 |
| Deferred tax assets | 976 | 276 | 29 | - | - | (10) | 1,213 |
| Total | 31,063 | 284 | 161 | 4,260 | 3,552 | 32 | 31,926 |

The entry for equity accounted investments was Euro 19.089 million (Euro 18.339 million at 31 December 2017) and was:

- Euro 15.435 million for the 49% shareholding in Hannover Milano Global Germany GmbH;
- Euro 3.654 million for the 49% shareholding in Ipack Ima Srl.

Further details are provided in Note 2 on Disclosure on subsidiaries, joint ventures and associates.

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

- other receivables from the controlling shareholder of Euro 11.466 million (Euro 11.598 million at 31 December 2017). Euro 10.412 million was the guarantee deposit for the two property agreements for the Rho and Milan exhibition sites. The value is equal to the rent payable for one quarter under both agreements; the residual amount of Euro 1.054 million was the non-current portion of the repayment of the guarantee deposit due from Fondazione Fiera Milano on the two previous rental agreements, which was, in part, offset by the payable for the guarantee deposit from Fiera Milano under the two new rental agreements. This receivable will be paid by Fondazione Fiera Milano in six-monthly instalments over the length of the contracts by offsetting the amount payable against the rent due from Fiera Milano SpA;
- other guarantee deposits of Euro 0.090 million (Euro 0.082 million at 31 December 2017);
- other receivables totalling Euro 0.007 million (Euro 0.007 million at 31 December 2017).

Trade and other receivables included Euro 11.466 million (Euro 11.598 million at 31 December 2017) of related-party transactions. Note 38 provides further details on related-party transactions.

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

CURRENT ASSETS

7) Trade and other receivables

| Trade and other receivables | | (€'000) | | |
|--|-----------------|-----------------|---------------|--|
| | 30/06/18 | 31/12/17 | change | |
| Trade receivables | 29,505 | 31,827 | (2,322) | |
| Trade receivables from the controlling shareholder | 2,471 | 3,604 | (1,133) | |
| Trade receivables from <i>joint venture</i> | 1,609 | 135 | 1,474 | |
| Other receivables | 6,531 | 6,615 | (84) | |
| Prepaid expenses from the controlling shareholder | 3,134 | 3,433 | (299) | |
| Accrued income and prepaid expenses | 2,113 | 663 | 1,450 | |
| Total | 45,363 | 46,277 | (914) | |

The decrease of Euro 0.914 million in trade and other receivables in the semester under review was mainly due to:

- a decrease in trade receivables due to the trend in invoices and cash received that relates to the exhibition calendar;
- a decrease in receivables from the controlling shareholder for Group VAT;
- an increase in trade receivables from the joint venture Ipack Ima Srl for site and catering invoices relating to the Ipack-Ima exhibition;
- an increase in prepaid expenses in the Parent Company for insurance premiums and other expenses related to future financial periods.

Changes in the provision for doubtful receivables were as follows:

| | 31/12/17 | Provisions | Utilisation and other changes | Currency translation differences | 30/06/18 |
|------------------------------------|-----------------|-------------------|--------------------------------------|---|-----------------|
| Provision for doubtful receivables | 5,110 | 148 | 922 | (37) | 4,299 |

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

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

The entry for trade and other receivables also included Euro 7.214 million of related-party transactions (Euro 7.172 million at 31 December 2017). Note 38 provides further details on related-party transactions.

8) Inventories

| Inventories | | (€'000) | | |
|--|-----------------|-----------------|---------------|--|
| | 30/06/18 | 31/12/17 | change | |
| Inventories | 34 | 40 | (6) | |
| Suspended costs for future exhibitions | 4,190 | 3,445 | 745 | |
| Total inventories | 4,224 | 3,485 | 739 | |

Changes in suspended costs for future exhibitions was due to the net effect of the release of costs linked to exhibitions held in the semester and increases in costs for exhibitions to be held after 30 June 2018.

The breakdown of deferred costs by event was as follows:

| (€'000) | | | |
|----------------------------------|--------------|--------------|------------|
| Exhibition | 30/06/18 | 31/12/17 | Change |
| Tuttofood | 916 | 496 | 420 |
| Expodetergo | 551 | 363 | 188 |
| Homi II semester | 351 | - | 351 |
| Host | 318 | 60 | 258 |
| Fisp | 316 | 291 | 25 |
| Exposec | 175 | - | 175 |
| Fesqua | 128 | - | 128 |
| Eicma Moto | 123 | - | 123 |
| Bit | 65 | 250 | (185) |
| Promotion Trade Exhibition | 22 | 125 | (103) |
| Transpotec & Logitec | 18 | 1 | 17 |
| Miart | 15 | 256 | (241) |
| Homi I semester | 5 | 237 | (232) |
| Tempo di libri | 3 | 242 | (239) |
| Print4all | - | 216 | (216) |
| Congresses and other exhibitions | 1,184 | 908 | 276 |
| Total | 4,190 | 3,445 | 745 |

The entry for inventories included no related-party transactions (Euro 0.003 million at 31 December 2017).

9) Current financial assets

| (€'000) | | | | |
|--|--------------|--------------|--------------|--------------|
| Current financial assets | 31/12/17 | Increases | Decreases | 30/06/18 |
| Receivables for dividends from joint venture | - | 3,552 | - | 3,552 |
| S/term financing to joint venture | 2,109 | - | 2,100 | 9 |
| Financing to controlling shareholder | 700 | - | 700 | - |
| Total | 2,809 | 3,552 | 2,800 | 3,561 |

This entry included the following financial assets:

- Euro 3.552 million for dividends approved by the joint venture Hannover Milano Global Germany GmbH;
- Euro 0.009 million for interest payable on financing given to the joint venture Ipack Ima Srl. The financing was repaid during the semester under review.

This entry relates entirely to transactions with related parties (Euro 2.809 million at 31 December 2017). Note 38 provides further details on related-party transactions.

10) Cash and cash equivalents

Cash and cash equivalents totalled Euro 30.656 million (Euro 17.922 million at 31 December 2017) and was almost entirely composed of short-term bank deposits with floating rate interest. The change in financial flows in the first semester 2018 compared to first semester 2017 is shown in the Consolidated Statement of Cash Flows.

EQUITY AND LIABILITIES

11) Equity

| Equity | (€'000) | | |
|--|----------------|----------------|---------------|
| | 30/06/18 | 31/12/17 | Change |
| Share capital | 41,645 | 41,645 | - |
| <i>of which treasury shares</i> | <i>(800)</i> | <i>(800)</i> | - |
| Share premium reserve | 9,435 | 10,299 | (864) |
| <i>of which treasury shares</i> | <i>(3,204)</i> | <i>(3,204)</i> | - |
| Other reserves | 3,388 | 3,059 | 329 |
| Retained profits/(losses) | 8,418 | 5,831 | 2,587 |
| Profit/(loss) for the period | 31,838 | 1,637 | 30,201 |
| Group equity | 94,724 | 62,471 | 32,253 |
| Capital and reserves attributable to non-controlling interests | 293 | 463 | (170) |
| Profit/(loss) attributable to non-controlling interests | (188) | 101 | (289) |
| Equity attributable to non-controlling interests | 105 | 564 | (459) |
| Total | 94,829 | 63,035 | 31,794 |

Share capital

At 30 June 2018, the share capital was Euro 41.645 million (Euro 41.645 million at 31 December 2017) net of Euro 0.800 million of treasury shares. The fully paid-up share capital is 71,917,829 ordinary shares, subject to no restrictions on dividend distribution and the repayment of capital, except as provided by laws governing treasury shares.

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

| | Number of shares at 31 December 2017 | Change | Number of shares at 30 June 2018 |
|--------------------------|---|--------|-------------------------------------|
| Ordinary shares in issue | 71,917,829 | - | 71,917,829 |
| Treasury shares | 939,018 | - | 939,018 |
| Total shares outstanding | 70,978,811 | | 70,978,811 |

Under IAS/IFRS, when treasury shares are acquired, the nominal value of the shares acquired is deducted from equity while the difference between acquisition value and the nominal value is recognised directly in the share premium reserve. On 31 July 2015, the Extraordinary Shareholders' Meeting of the Company, at the same time as it approved the share capital increase, approved the elimination of the nominal value of the shares comprising the share capital. Therefore, since that date, the nominal value is calculated by dividing the value of the share capital by the number of shares in issue. At 30 June 2018, the implicit nominal value of the shares was Euro 0.59 per share.

Share premium reserve

This was Euro 9.435 million (Euro 10.299 million at 31 December 2017) net of the reserve for treasury shares of Euro 3.204 million.

The decrease in this reserve of Euro 0.864 million follows the decision of the Parent Company Shareholders' Meeting of 23 April 2018 to use the share premium reserve to cover the losses carried forward from the previous financial period.

Other reserves

Other reserves totalled Euro 3.388 million (Euro 3.059 million at 31 December 2017).

Changes in the semester under review were as follows:

- a Euro 0.421 million increase in the reserve for the stock grant plan (zero at 31 December 2017) for the theoretical cost of the Performance Shares Plan that is part of the management incentive schemes for the 2018-2019 period;
- a Euro 0.092 million decrease in the translation reserve.

Retained profits/losses

This entry was Euro 8.418 million (Euro 5.831 million at 31 December 2017).

The changes in the semester were as follows:

- a Euro 1.637 million increase from the results of the previous financial year;
- a Euro 0.864 million increase from the use of the share premium reserve;
- a Euro 0.086 million increase for the re-measurement of the defined benefit plans net of the related tax effect.

Profit/loss for the period

In the semester to 30 June 2018, the Group net profit was Euro 31.838 million.

In the financial year to 31 December 2017, the Group net profit was Euro 1.637 million.

Capital and reserves attributable to non-controlling interests

These totalled Euro 0.293 million (Euro 0.463 million at 31 December 2017).

The changes in the semester were as follows:

- a Euro 0.101 million increase due to the profit of the previous financial year;
- a Euro 0.358 million decrease due to the dividend distribution of MiCo DMC Srl;
- a Euro 0.096 million increase for a capital contribution to the subsidiary La Fabbrica del Libro SpA from its shareholder Ediser Srl;
- a Euro 0.009 million decrease due to the remeasurement of defined benefit plans.

Net result attributable to non-controlling interests

The net result of the semester attributable to non-controlling interests was negative for Euro 0.188 million. In the financial year to 31 December 2017, it was positive for Euro 0.101 million.

LIABILITIES

12) Bank borrowings

| Bank borrowings | (€'000) | | |
|-----------------------------|-----------------|-----------------|-----------------|
| | 30/06/18 | 31/12/17 | change |
| Non-current bank borrowings | 1,505 | 3,503 | (1,998) |
| Current bank borrowings | 5,225 | 17,252 | (12,027) |
| Total | 6,730 | 20,755 | (14,025) |

| (€'000) | | |
|------------------------------------|---------------------|--------------|
| Non-current bank borrowings | Fiera Milano | Total |
| Bank loans - non current portion | 1,505 | 1,505 |
| Total | 1,505 | 1,505 |

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

- Euro 1.505 million (Euro 2.998 million at 31 December 2017) or the non-current portion of a Euro 6.000 million financing given by Banco BPM SpA on 4 October 2017, to be repaid in quarterly tranches in arrears from 31 December 2017 until 31 December 2019 with an interest rate of three-month Euribor plus a spread of 1.50%.

The change in non-current bank borrowings compared to 31 December 2017 was due to the repayment of the non-current portion (Euro 0.505 million at 31 December 2017) of the Euro 3.000 million financing given by Cassa di Risparmio di Parma e Piacenza SpA on 27 May 2016, to be repaid in quarterly *tranches* in arrears from 27 August 2016 until 27 May 2019 with an interest rate of three-month Euribor plus a spread of 1.50%.

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

At 30 June 2018 there were no bank loans expiring beyond five years.

| (€'000) | | |
|--------------------------------|---------------------|--------------|
| Current bank borrowings | Fiera Milano | Total |
| Bank loans - current portion | 5,225 | 5,225 |
| Total | 5,225 | 5,225 |

The entry for bank borrowings relates to the following financing given to the Parent Company:

- Euro 2.974 million (Euro 2.951 million at 31 December 2017) for the current portion of the financing given by Banco BPM SpA on 4 October 2017;
- Euro 1.007 million (Euro 1.001 million at 31 December 2017) for the current portion of the Euro 3.000 million loan given by Cassa di Risparmio di Parma e Piacenza SpA on 27 May 2016 and repayable in quarterly tranches in arrears from 27 August 2016 until 27 May 2019 carrying interest at three-month Euribor plus a spread of 1.50%;
- Euro 1.243 million (Euro 2.485 million at 31 December 2017) for the current portion of the Euro 5.000 million loan given by Banca Nazionale del Lavoro on 22 December 2016 and

repayable in monthly tranches in arrears from 22 January 2017 until 22 December 2018 carrying interest at one-month Euribor plus a spread of 1.50%.

The change compared to the figure of the previous financial year (Euro 10.126 million at 31 December 2017) mainly reflected the repayment of the non-current portion of the following loans:

- a Euro 20.000 million loan given by Banca Popolare di Milano SpA on 6 December 2013 and repayable in six-monthly instalments in arrears from 30 June 2014 until 30 June 2018 with interest at 3-month Euribor plus a spread of 2%;
- a Euro 10.000 million loan given by Banca Popolare di Bergamo SpA to the Parent Company on 23 May 2016 and repayable in quarterly instalments in arrears from 23 August 2016 until 23 May 2018 with interest at 3-month Euribor plus a spread of 1.85%;
- a Euro 15.000 million loan given by Banca Popolare di Lodi to the Parent Company on 25 May 2016 and repayable in quarterly instalments in arrears from 30 June 2016 until 30 June 2018 with interest at 3-month Euribor plus a spread of 1.50%;
- a Euro 5.000 million loan given by Banca Popolare di Lodi to the Parent Company on 22 June 2016 and repayable in quarterly instalments in arrears from 30 June 2016 until 30 June 2018 with interest at 3-month Euribor plus a spread of 1.50%;
- a BRL (Brazilian Real) 7.000 million loan (Euro 0.647 million at 31 December 2017) given to Cipa FM on 21 October 2015 by BNP Paribas Brasil S.A., with interest linked to the local CDI plus a spread of 4.5%.

The loan received on 22 December 2016 is subject to commercial covenants with the bank that granted the loan. The aforementioned covenants will be calculated annually on 31 December to ensure that they have been respected. Based on the most recent estimates, it is reasonable to assume that the covenants will be respected at the end of the financial year.

Credit lines with conditions attached included that from Banca Nazionale del Lavoro SpA, which was for advances on domestic receivables. Under the credit agreement, each year Fiera Milano SpA channels through the bank incoming commercial funds in the form of payments, bank transfers, POS payments and notice payment forms (*MAIV*) for an amount equal to a multiple of the credit line. At 30 June 2018, this credit line had not been used.

Bank debt is subject to floating rate interest.

13) Other financial liabilities

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

| Other financial liabilities | (€'000) | | |
|---|-----------------|-----------------|---------------|
| | 30/06/18 | 31/12/17 | change |
| Other non-current financial liabilities | 44 | 42 | 2 |
| Other current financial liabilities | 1,157 | 729 | 428 |
| Total | 1,201 | 771 | 430 |

| Other non-current financial liabilities | (€'000) | | |
|--|-----------------|-----------------|---------------|
| | 30/06/18 | 31/12/17 | change |
| Other non-current financing | 44 | 42 | 2 |
| Total | 44 | 42 | 2 |

The entire entry is a related-party transaction (Euro 0.042 million at 31 December 2017). Note 38 provides further details on related-party transactions.

| Other current financial liabilities | (€'000) | | |
|---|-----------------|-----------------|---------------|
| | 30/06/18 | 31/12/17 | change |
| Financial payables to the controlling shareholder | 535 | - | 535 |
| Other financial payables | 622 | 729 | (107) |
| Total | 1,157 | 729 | 428 |

Financial payables to the controlling shareholder refer to the Parent Company and were the balance of the current account held with Fondazione Fiera Milano, which carries fixed interest at one-month Euribor plus a spread of 0.75%.

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

This entry included Euro 0.545 million of related-party transactions (Euro 0.037 million at 31 December 2017). Note 38 provides further details on related-party transactions.

14) Provisions for risks and charges

| Provisions for risks and charges | (€'000) | | | | | |
|---|-----------------|-------------------|--|--------------------|-------------------------|-----------------|
| | 31/12/17 | Provisions | Releases of excess provisions | Utilisation | Reclassification | 30/06/18 |
| Non current provisions: | | | | | | |
| Other provisions for risks and charges | 834 | - | 108 | 61 | - | 665 |
| Total non current provisions for risks and charges | 834 | - | 108 | 61 | - | 665 |
| Current provisions: | | | | | | |
| Provision for charges for "Palazzo Italia" project | 1,415 | - | - | 705 | - | 710 |
| Other provisions for risks and charges | 5,778 | 575 | 132 | 2,430 | (188) | 3,603 |
| Total current provisions for risks and charges | 7,193 | 575 | 132 | 3,135 | (188) | 4,313 |

Other non-current provisions for risks and charges were payments for disputes with suppliers and were calculated on their probable outcome using both internal valuations and those done by external legal consultants.

The provision for charges for the Palazzo Italia project comprised the provisions made in previous financial years to cover the losses expected from the Palazzo Italia project in Berlin.

Other current provisions for risks in the Parent Company and in Nolostand SpA were mainly for disputes with personnel and, in the Brazilian companies Cipa FM and Eurofairs, to cover a variety of potential risks and tax risks. The provision made in the period under review was primarily in the Brazilian subsidiary Eurofairs to cover the unpaid amount of damages awarded following the favourable outcome of a legal dispute, which were recognised in the income statement.

Use of current provisions for risks and charges were for costs associated with personnel disputes in the Parent Company and in Nolostand SpA.

15) Employee benefit provisions

| Employee benefit provisions | | | | | (€'000) |
|---|--------------|----------------------|---------------|-------------------------------|--------------|
| | 31/12/17 | Actuarial evaluation | Contributions | Indemnities and advances paid | 30/06/18 |
| Defined benefit plans | 9,376 | 181 | 128 | 333 | 9,352 |
| Defined benefit plans-end-of-term treatment | 3 | 4 | - | - | 7 |
| Total | 9,379 | 185 | 128 | 333 | 9,359 |

| Actuarial evaluation | | (€'000) |
|--|--|------------|
| Personnel expenses: | | |
| - indemnities related to defined benefit plans | | 225 |
| Financial expenses: | | |
| - actualisation charges | | 61 |
| Other comprehensive income | | |
| - Remeasurement of defined benefit plans | | (101) |
| Total | | 185 |

The main hypotheses/assumptions used in the actuarial calculations of defined benefit plans at 31 December 2017 and 30 June 2018 are given in the following tables.

| Demographic assumptions | |
|--|---|
| Mortality rate | Based on the ISTAT 2011 mortality tables by gender |
| Probability of disability | Based on the disability tables used in the INPS 2010 forecast model |
| Probability of termination of employment | Based on the probable employee turnover rate equal to 5% per annum of the companies being valued |
| Retirement probability | Assumption that the basic requirements needed to receive the compulsory general insurance (<i>Assicurazione Generale Obbligatoria</i>) were met |
| Probability of early retirement | Assumption of 3% per annum and an average amount of 70% of the staff-leaving indemnities of all the companies valued. |

| Economic and financial assumption for calculation of severance indemnity provisions | 30/06/18 | 31/12/17 |
|---|----------|----------|
| Annual technical discount rate | 1.50% | 1.30% |
| Annual inflation rate | 1.50% | 1.50% |
| Annual rate of increase in total employees' salary | 2.50% | 2.50% |
| Annual rate of increase in severance indemnity provisions | 2.62% | 2.62% |

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

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

| Effect of defined benefit plans on debt | | | | | (€'000) |
|--|------------|---|-------------------------|-------------------------|---------|
| Economic and financial assumptions | Range | Base figure (excluding the CEO's termination benefit) | Increase in assumptions | Decrease in assumptions | |
| Annual technical discount rate | +/- 0.5% | 9,352 | 8,855 | 9,217 | |
| Annual rate of increase in total employees' salary | +/- 0.5% | 9,352 | 9,355 | 9,208 | |
| Economic and financial assumptions | | | | | |
| Life expectancy | +/- 1 year | 9,352 | 9,430 | 9,352 | |

16) Trade payables

Trade payables totalled Euro 45.473 million, a decrease of Euro 2.964 million compared to the figure at 31 December 2017. Trade payables were mainly to Italian suppliers for the acquisition of services required to mount the exhibitions that are the typical business of the Group.

17) Advances

Advances totalled Euro 28.429 million, a decrease of Euro 14.628 million compared to the figure at 31 December 2017. These were mainly advances invoiced to clients for exhibitions to be held after 30 June 2018. Recognition as revenue is deferred until the exhibition is held.

The change in advances was due to the combined effect of a decrease in revenues recognised for exhibitions held during the semester under review and an increase in advances for exhibitions to be held after 30 June 2018.

The table below gives a breakdown by exhibition.

| Advances | (€'000) | | |
|--|-----------------|-----------------|------------------|
| | 30/06/18 | 31/12/17 | change |
| Micam Autumn | 4,651 | - | 4,651 |
| Homi II semester | 3,699 | - | 3,699 |
| Host | 3,652 | 2,857 | 795 |
| Tuttofood | 2,066 | 344 | 1,722 |
| Milano Unica Autumn | 1,674 | - | 1,674 |
| Lineapelle II semester | 1,602 | - | 1,602 |
| Fisp | 1,530 | 1,036 | 494 |
| Expodetergo | 1,412 | 955 | 457 |
| Bimu | 929 | 648 | 281 |
| Fesqua | 862 | 381 | 481 |
| Eicma Moto | 422 | - | 422 |
| Mido | 348 | 2,157 | (1,809) |
| Viscom | 284 | 13 | 271 |
| Fire Show | 268 | 200 | 68 |
| L'Artigiano in Fiera | 253 | - | 253 |
| Mipel | 210 | 219 | (9) |
| G! Come Giocare | 209 | - | 209 |
| Made Expo | 199 | - | 199 |
| Mostra Convegno Expocomfort | 171 | 7,709 | (7,538) |
| Myplant & garden | 157 | 233 | (76) |
| The One Milano | 84 | 657 | (573) |
| Homi I semester | 49 | 10,305 | (10,256) |
| Exposec | 42 | 572 | (530) |
| Promotion Trade Exhibition | 35 | 863 | (828) |
| Bit | 7 | 693 | (686) |
| Salone del mobile/Complemento d'arredo | - | 1,967 | (1,967) |
| Ipack-Ima | - | 1,566 | (1,566) |
| Plast | - | 1,547 | (1,547) |
| Lineapelle I semester | - | 1,204 | (1,204) |
| Micam Spring | - | 1,030 | (1,030) |
| Simac Tanning-Tech | - | 677 | (677) |
| Milano Unica Spring | - | 616 | (616) |
| Eurocucina | - | 496 | (496) |
| Print4all | - | 458 | (458) |
| Salone Internazionale del Bagno | - | 284 | (284) |
| Venditalia | - | 252 | (252) |
| Xylexpo | - | 202 | (202) |
| Meat Tech | - | 187 | (187) |
| Sposaitalia | - | 164 | (164) |
| Bie-Biomass Innovation Expo | - | 146 | (146) |
| Congresses and other exhibitions | 3,614 | 2,419 | 1,195 |
| Total | 28,429 | 43,057 | (14,628) |

This entry did not include any related-party transactions (Euro 1.776 million at 31 December 2017).

18) Deferred tax liabilities and tax liabilities

| Deferred tax liabilities and tax payables | (€'000) | | |
|--|-----------------|-----------------|---------------|
| | 30/06/18 | 31/12/17 | change |
| Deferred tax liabilities | 3,290 | 3,225 | 65 |
| Current tax liabilities | 14,065 | 2,010 | 12,055 |
| Total | 17,355 | 5,235 | 12,120 |

Deferred tax liabilities totalled Euro 3.290 million (Euro 3.225 million at 31 December 2017) and the figure is the net balance of deferred tax assets and deferred tax liabilities for each company included in the area of consolidation.

Tax liabilities totalled Euro 14.065 million (Euro 2.010 million at 31 December 2017). The change in this figure refers mainly to the Parent Company and was due to the increased tax charge for the period on the profit generated.

19) Other liabilities

The breakdown of other non-current and current liabilities is given in the following table:

| Other current and non current liabilities | (€'000) | | | |
|---|------------------|---------------|------------------|---------------|
| | 30/06/18 | | 31/12/17 | |
| | ML/T term | S-term | ML/T term | S-term |
| Payables to the controlling shareholder | - | 510 | - | 358 |
| Payables to the controlling shareholder for tax consolidation | - | 513 | - | 518 |
| Payables to <i>joint venture</i> | - | 264 | - | 24 |
| Payables to related parties | - | 25 | - | - |
| Payables to pension and social security entities | - | 2,485 | - | 2,226 |
| Payables to directors and statutory auditors | - | 76 | - | 49 |
| Payables to employees | - | 8,617 | - | 8,957 |
| Payables to exhibition organisers | - | 8,573 | - | 8,640 |
| Payables to exhibition organisers in Joint Venture | - | 1,136 | - | 468 |
| Group VAT payables to the controlling shareholder | - | 59 | - | 111 |
| Other payables | - | 2,156 | - | 1,649 |
| Other payables to related parties | - | 55 | - | 17 |
| Accrued liabilities to the controlling shareholder | - | 3 | - | - |
| Accrued liabilities to associates | - | 36 | - | - |
| Accrued liabilities to <i>joint venture</i> | - | 62 | - | - |
| Deferred income and Accrued liabilities | - | 590 | - | 317 |
| Total | - | 25,160 | - | 23,334 |

The main change compared to the figure for the previous financial year was for the payable in the Parent Company for the cash-in received on behalf of the organiser of the exhibitions held in joint venture with Ipack Ima Srl.

This entry included Euro 2.627 million (Euro 1.496 million at 31 December 2017) of related-party transactions. Note 38 provides further details on related-party transactions.

20) Financial assets and liabilities

The Group net financial position and its breakdown are given in the following table:

| Group Net Financial Position (Amounts in € '000) | 30/06/18 | 31/12/17 | change |
|---|-----------------|-----------------|-----------------|
| A. Cash (including bank balances) | 30,656 | 17,922 | 12,734 |
| B. Other cash equivalents | - | - | - |
| C. Securities held for trading | - | - | - |
| D. Cash and cash equivalents (A+B+C) | 30,656 | 17,922 | 12,734 |
| E. Current financial assets | 3,561 | 2,809 | 752 |
| - E.1 of which Current financial assets to the controlling shareholder | - | 700 | (700) |
| - E.2 of which Current financial assets to other related parties | 3,561 | 2,109 | 1,452 |
| F. Current bank borrowings | 1 | 689 | (688) |
| G. Current portion of non-current debt | 5,224 | 16,563 | (11,339) |
| H. Other current financial liabilities | 1,157 | 729 | 428 |
| - H.1 of which Other current financial liabilities to the controlling shareholder | 535 | - | 535 |
| - H.2 of which Other current financial liabilities to other related parties | 10 | 37 | (27) |
| I. Current financial debt (F+G+H) | 6,382 | 17,981 | (11,599) |
| J. Current net financial debt (cash) (I-E-D) | (27,835) | (2,750) | (25,085) |
| K. Non-current bank borrowings | 1,505 | 3,503 | (1,998) |
| L. Debt securities in issue | - | - | - |
| M. Other non-current liabilities | 44 | 42 | 2 |
| - M.1 of which Other non-current liabilities to other related parties | 44 | 42 | 2 |
| N. Non-current financial debt (K+L+M) | 1,549 | 3,545 | (1,996) |
| Net financial debt/(cash) from continuing operations (J+N) | (26,286) | 795 | (27,081) |
| Net financial debt/(cash) from discontinued operations | - | - | - |
| O. Net financial debt/(cash) | (26,286) | 795 | (27,081) |

The increase in net available cash in the semester under review was due to the positive cash flow from operations, which was, in part, offset by the changes in net working capital.

Changes in liabilities due to bank financing are shown in the following table:

| | Changes in liabilities from financing activities | | | | (Euro '000) |
|---|---|-----------------------------------|-----------------|-----------------------------|----------------------------|
| | Balance at 31/12/17 | Changes in financial flows | | Non-monetary changes | Balance at 30/06/18 |
| | | Increase | Decrease | Exchange rate effect | |
| Non-current bank loans | 3,503 | - | 1,998 | - | 1,505 |
| Other non-current loans | 42 | 2 | - | - | 44 |
| Total change in non-current financial payables | 3,545 | 2 | 1,998 | - | 1,549 |
| Credit lines | 42 | - | 42 | - | - |
| Bank loans | 17,210 | 28 | 12,013 | - | 5,225 |
| Current financial debt with the controlling shareholder | - | 1,235 | 700 | - | 535 |
| Current payables for acquisition of shareholdings | 692 | - | - | (80) | 612 |
| Other current financial payables | 37 | - | 27 | - | 10 |
| Total change in current financial payables | 17,981 | 1,263 | 12,782 | (80) | 6,382 |
| Total liabilities from financing activities | 21,526 | 1,265 | 14,780 | (80) | 7,931 |

21) Financial and market risk management

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

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

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

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

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

21.1 Credit risk

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

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

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

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

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

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

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

21.2 Liquidity risk

Although the Group has taken measures to ensure that it has adequate levels of working capital and liquidity, a decline in business volumes also due to the seasonality and cyclicity that characterise the exhibition business could affect its financial results and its ability to generate cash flow. The Group net financial position at 30 June 2018 showed a significant improvement compared to the figure at 31 December 2017 and was influenced by a more favourable exhibition calendar and the positive performance of the exhibitions. The seasonality of the cash requirements is based on the exhibition calendar and cash absorption is at its highest in the summer months of July and August followed by gradual stability in subsequent months.

Fiera Milano SpA risk management, even when it has a net debt position, aims to guarantee an adequate level of liquidity, minimising the opportunity cost and maintaining a balance in terms of the duration and composition of debt.

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

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

21.3 Market risk

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

a) Interest rate risk

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

b) Exchange rate risk

The Group operates in different markets worldwide and, therefore, is exposed to market risks from fluctuations in exchange rates.

As in the previous financial year, this risk remained relatively insignificant despite the Group presence in international markets. This is because the Group has little financing in foreign currencies and the exchange rate risk of the foreign activities is limited as the business in each country has costs and revenues that are in the same currency. The risk is mainly related to infragroup transactions for debits that are part of cost sharing agreements, which give rise to exchange rate risk in the company whose functional currency differs from that in which the infragroup transaction is denominated.

c) Risk of movements in raw material prices

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

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

Guarantees given

These totalled Euro 4.406 million and the breakdown was as follows:

- Euro 3.202 million for the guarantee given by Fiera Milano Congressi SpA to the Tax Authority to offset VAT as part of the Group payment;
- Euro 0.248 million of guarantees given for the rental contracts of Fiera Milano Congressi SpA and Fiera Milano Media SpA;
- Euro 0.924 million for the guarantee given by the Parent Company to Conserva Holding Srl on behalf of the subsidiary Nolostand SpA for the obligations under the lease agreement for a warehouse;
- Euro 0.032 million of other guarantees.

Potential liabilities

Companies of the Group are involved in several legal disputes with some suppliers. Although the outcome of these disputes is currently uncertain, a legal consultant has been charged with calculating the estimated liability should all the disputes have adverse outcomes. The companies involved and the estimates of the potential liabilities are as follows:

- Nolostand SpA approximately Euro 1.000 million;
- Fiera Milano SpA approximately Euro 0.155 million.

INCOME STATEMENT

Comments on the trend in revenues and costs has been given in the Interim Report on Operations, which also provides information on the seasonality and cyclicity of the business in the period under review.

REVENUES

23) Revenues from sales and services

The breakdown of revenues was as follows:

| Revenues from sales and services | (€'000) | | |
|--|--------------------------|--------------------------|---------------|
| | 1st Half 2018 | 1st Half 2017 | change |
| Sales of exhibition space | 64,611 | 44,291 | 20,320 |
| Rental of stands, fittings and equipment | 30,866 | 22,593 | 8,273 |
| Exhibitor fees | 26,937 | 38,679 | (11,742) |
| Advertising space and services | 7,056 | 5,572 | 1,484 |
| Exhibition site services | 6,385 | 5,909 | 476 |
| Revenues from exhibition and congress organisation : | 6,155 | 4,227 | 1,928 |
| Catering and canteen services | 5,584 | 4,807 | 777 |
| Supplementary exhibition services | 2,778 | 2,228 | 550 |
| Access surveillance and customer care services | 1,911 | 1,173 | 738 |
| Miscellaneous fees and royalties | 1,870 | 1,285 | 585 |
| Administrative, telephone and internet services | 1,267 | 1,170 | 97 |
| Ticket office sales | 1,209 | 980 | 229 |
| Exhibition insurance services | 639 | 443 | 196 |
| Congress organisation | 324 | 426 | (102) |
| Multimedia and on-line catalogue services | 132 | 110 | 22 |
| Total | 157,724 | 133,893 | 23,831 |

The increase in revenues was mainly attributable to the more favourable exhibition calendar and to the event of European significance for solutions and services in manufacturing industry. Called The Innovation Alliance, it involved five multi-annual exhibitions being held simultaneously. These were Plast (in the sector of plastics and rubber materials), Ipack-Ima (the reference event for processing and packaging technology), Meat-Tech (processing and packaging in the meat industry), Print4All (in commercial and industrial printing) and Intralogistica Italia (an exhibition dedicated to solutions and systems for materials handling, warehouse management, and materials stocking and picking). There was also a positive contribution to revenues from the strong performance of the annual exhibitions that included the excellent performance of the Salone Internazionale del Mobile.

Revenues from sales and services included Euro 6.491 million (Euro 0.095 million at 30 June 2017) for related-party transactions. Note 38 provides further details on related-party transactions.

OPERATING COSTS

24) Costs of materials

The breakdown of costs of materials was as follows:

| Cost of materials | (€'000) | | |
|---|--------------------------|--------------------------|---------------|
| | 1st Half 2018 | 1st Half 2017 | change |
| Subsidiary materials and consumables | 1,157 | 1,351 | (194) |
| Printed materials, forms and stationery | 247 | 537 | (290) |
| Raw materials | 68 | 79 | (11) |
| Change in inventories of raw materials | 6 | (7) | 13 |
| Finished goods and packaging | 4 | 5 | (1) |
| Uses of provisions | (1) | (9) | 8 |
| Total | 1,481 | 1,956 | (475) |

This entry included Euro 0.014 million (Euro 0.054 million at 30 June 2017 for related-party transactions. Note 38 provides further details on related-party transactions.

25) Costs for services

The breakdown of costs for services was as follows:

| Cost of services | (€'000) | | |
|--|--------------------------|--------------------------|----------------|
| | 1st Half 2018 | 1st Half 2017 | change |
| Equipment hire | 13,999 | 11,425 | 2,574 |
| Stands and equipment for exhibitions | 9,969 | 10,449 | (480) |
| Energy costs | 4,739 | 4,746 | (7) |
| Advertising | 4,287 | 6,930 | (2,643) |
| Maintenance | 3,790 | 3,883 | (93) |
| Cleaning and waste disposal | 3,758 | 3,349 | 409 |
| Technical, legal, commercial and administrative services | 3,615 | 6,720 | (3,105) |
| Security and gate services | 3,417 | 2,918 | 499 |
| Collateral events connected to exhibitions | 2,597 | 3,279 | (682) |
| Catering services | 1,724 | 2,488 | (764) |
| Ticketing | 1,458 | 1,119 | 339 |
| Telephone and internet expenses | 1,366 | 1,117 | 249 |
| Transport | 991 | 914 | 77 |
| IT services | 773 | 977 | (204) |
| Technical assistance and ancillary services | 726 | 791 | (65) |
| Insurance | 628 | 625 | 3 |
| Conference and congress services | 222 | 229 | (7) |
| Remuneration of Statutory Auditors | 143 | 136 | 7 |
| Expenses for statutory bodies | 7 | 6 | 1 |
| Change in suspended costs for future exhibitions | (302) | 1,930 | (2,232) |
| Other | 6,917 | 6,719 | 198 |
| Uses of provisions | (116) | (1,265) | 1,149 |
| Total | 64,708 | 69,485 | (4,777) |

Costs of services mainly included costs for managing the exhibition sites during the setting up, running, and dismantling of exhibitions and congresses.

The decrease of Euro 4.777 million in this figure compared to the figure at 30 June 2017 was primarily linked to cost reductions stemming from the restructuring started in the 2017 financial year. It was also due both to the absence of the costs present in the first semester 2017 to upgrade the corporate systems and to re-launch several proprietary exhibitions.

The entry included Euro 1.017 million (Euro 1.269 million at 30 June 2017) for related-party transactions. Note 38 provides further details on related-party transactions.

26) Cost of use of third-party asset

The breakdown of this entry was as follows:

| Cost of use of third-party assets | (€'000) | | |
|--|--------------------------|--------------------------|---------------|
| | 1st Half 2018 | 1st Half 2017 | change |
| Rent and expenses for exhibition sites | 23,273 | 23,200 | 73 |
| Other rental expenses | 2,393 | 2,249 | 144 |
| Vehicle hire | 220 | 287 | (67) |
| Lease of company division | 91 | 31 | 60 |
| Office equipment and photocopier hire | 53 | 23 | 30 |
| Other rents | 22 | 9 | 13 |
| Uses of provisions | (598) | (505) | (93) |
| Total | 25,454 | 25,294 | 160 |

The item, rent and expenses for exhibition sites, included the rent of Euro 23.239 million payable to the controlling shareholder.

Other rental expenses included Euro 0.991 million under the lease agreement for the Palazzo Italia in Berlin and Euro 0.784 million of rent payable for the warehouses used by Nolostand SpA.

The entry included Euro 23.240 million (Euro 23.038 million at 30 June 2017) for related-party transactions. Note 38 provides further details on related-party transactions.

27) Personnel costs

The breakdown of personnel costs was as follows:

| Personnel expenses | (€'000) | | |
|-----------------------------------|--------------------------|--------------------------|---------------|
| | 1st Half 2018 | 1st Half 2017 | change |
| Salaries | 16,211 | 15,816 | 395 |
| Social Security payments | 5,165 | 4,824 | 341 |
| Redundancy incentives | 1,595 | 992 | 603 |
| Defined contribution plan charges | 768 | 715 | 53 |
| Directors' remuneration | 589 | 750 | (161) |
| Defined benefit plan charges | 225 | 216 | 9 |
| External and temporary employees | 126 | 383 | (257) |
| Seconded employees expenses | 46 | 273 | (227) |
| Other expenses | 836 | 492 | 344 |
| Uses of provisions | (2,360) | (956) | (1,404) |
| Total | 23,201 | 23,505 | (304) |

Euro 0.704 million of personnel costs are for the Medium-term Incentive Plan approved by the Shareholders' Meeting of Fiera Milano SpA on 23 April 2018. The aim of the Plan is to incentivise management to attain the strategic targets of the Company and to align the interests of the beneficiaries of the Plan with those of shareholders. The Plan has a mixed structure with beneficiaries receiving 40% of the total amount allocated in cash and 60% in ordinary shares of the Company on the condition that certain specific, pre-set performance targets for the 2018-2019 period are reached.

The entry includes Euro 0.046 million (Euro 0.082 million at 30 June 2017) for related-party transactions. Note 38 provides further details on related-party transactions.

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

Breakdown of personnel by category

| | 1st Half 2018 | 1st Half 2017 | change |
|----------------------------------|--------------------------|--------------------------|---------------|
| Managers | 30 | 34 | (4) |
| Middle managers and white collar | 696 | 696 | - |
| Total personnel | 726 | 730 | (4) |

28) Other operating expenses

The breakdown of this entry was as follows:

| Other operating expenses | (€'000) | | |
|---|--------------------------|--------------------------|---------------|
| | 1st Half 2018 | 1st Half 2017 | change |
| Other taxes | 1,210 | 1,181 | 29 |
| Doubtful receivables | 921 | 1,199 | (278) |
| Contributions and donations | 292 | 242 | 50 |
| Copyright royalties (SIAE) | 231 | 182 | 49 |
| Municipal tax on advertising | 100 | 89 | 11 |
| Gifts and promotional merchandise | 49 | 87 | (38) |
| Losses on intangible assets | 30 | 81 | (51) |
| Balancing item from closure of prior year exhibition accounts | 7 | 172 | (165) |
| Other expenses | 472 | 659 | (187) |
| Uses of provisions | (922) | (1,207) | 285 |
| Total | 2,390 | 2,685 | (295) |

The entry includes Euro 0.109 million (Euro 0.115 million at 30 June 2017) for related-party transactions. Note 38 provides further details on related-party transactions.

29) Other income

The breakdown of other income was as follows:

| Other income | (€'000) | | |
|---|--------------------------|--------------------------|---------------|
| | 1st Half 2018 | 1st Half 2017 | change |
| Other recovered costs | 533 | 609 | (76) |
| Office rent and expenses | 202 | 209 | (7) |
| Recovery of expenses for seconded employees | 121 | 100 | 21 |
| Insurance indemnities | 30 | 30 | - |
| Other income | 990 | 308 | 682 |
| Total | 1,876 | 1,256 | 620 |

The increase in other income was mainly due to the Brazilian company, Eurofairs, for damages received following the favourable outcome of a legal dispute.

The entry includes Euro 0.459 million (Euro 0.476 million at 30 June 2017) for related-party transactions. Note 38 provides further details on related-party transactions.

30) Results of companies accounted using the equity method

This entry totalled Euro 4.260 million (Euro 1.277 million at 30 June 2017) and referred to the following joint ventures

- Euro 2.022 million (Euro 1.600 million at 30 June 2017) from Deutsche Messe AG;
- Euro 2.238 million (a loss of Euro 0.323 million at 30 June 2017) from Ipack Ima Srl.

31) Provisions for doubtful receivables and other provisions

Changes in these provisions are shown in the following table:

| Provision for doubtful receivables and other provisions | (€'000) | | |
|--|--------------------------|--------------------------|---------------------------|
| | 1st Half 2018 | 1st Half 2017 | change |
| Write-downs of receivables <i>provisions</i> | 148 <i>148</i> | 601 <i>601</i> | (453) <i>(453)</i> |
| Personnel disputes <i>provisions</i> | (82) <i>50</i> | 1,455 <i>1,455</i> | (1,537) <i>(1,405)</i> |
| <i>releases of excess provisions</i> | <i>132</i> | - | <i>132</i> |
| Other legal disputes <i>provisions</i> | 465 <i>573</i> | (406) <i>50</i> | 871 <i>523</i> |
| <i>releases of excess provisions</i> | <i>108</i> | <i>(456)</i> | <i>564</i> |
| Total | 531 | 1,650 | (1,119) |

Note 14 provides further details on movements in risk provisions.

32) Depreciation and amortisation

Depreciation of property, plant and machinery

This was Euro 1.996 million (Euro 2.115 million at 30 June 2017).

This entry includes a negative figure of Euro 0.012 million (a negative figure of Euro 0.11 million at 30 June 2017) for use of part of the risk provisions for the depreciation of the Palazzo Italia.

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

Amortisation of intangible assets

This was Euro 0.997 million (Euro 1.307 million at 30 June 2017).

Details of amortisation are given in the Notes to the Accounts under the entry for intangible assets.

33) Impairment charges

| Adjustments to asset values | (€'000) | | |
|---|--------------------------|--------------------------|---------------|
| | 1st Half 2018 | 1st Half 2017 | change |
| Impairment of goodwill on acquisitions | 1 | 11 | (10) |
| <i>Impairment of exhibition trademarks and publications</i> | - | - | - |
| Total | 1 | 11 | (10) |

34) Financial income and expenses

| Financial income and expenses | (€'000) | | |
|---|--------------------------|--------------------------|---------------|
| | 1st Half 2018 | 1st Half 2017 | change |
| Exchange rate gains | 221 | 145 | 76 |
| Interest income on bank deposits | 81 | 28 | 53 |
| Interest income from cautionary deposits related to the rent of the exhibition site | 15 | 5 | 10 |
| Interest income on receivables from the controlling shareholder | 2 | 1 | 1 |
| Other financial income joint venture | 9 | 19 | (10) |
| Other financial income | 28 | 15 | 13 |
| Total income | 356 | 213 | 143 |
| Interest payable on bank accounts | 154 | 350 | (196) |
| Exchange rate losses | 140 | 418 | (278) |
| Interest payable on the current account with the controlling shareholder | 9 | 89 | (80) |
| Charges on discounting defined benefit plans | 61 | 62 | (1) |
| Other financial expenses to related parties | 1 | - | 1 |
| Other financial expenses | 11 | 19 | (8) |
| Uses of provisions | - | (2) | 2 |
| Total expenses | 376 | 936 | (560) |
| Balance financial income (expenses) | (20) | (723) | 703 |

This entry includes Euro 0.026 million of financial income and Euro 0.010 million of financial costs for related-party transactions (a negative figure of Euro 0.064 million at 30 June 2017). Note 38 provides further details on related-party transactions.

35) Income tax

| Income tax | (€'000) | | |
|---------------------|--------------------------|--------------------------|---------------|
| | 1st Half 2018 | 1st Half 2017 | change |
| Current income tax | 11,698 | 427 | 11,271 |
| Deferred income tax | (267) | 1,629 | (1,896) |
| Total | 11,431 | 2,056 | 9,375 |

The income tax for the semester was calculated by applying the estimated average annual tax rate to the pre-tax profit for the semester.

The entry includes a negative amount of Euro 0.005 million for related-party transactions (a negative figure of Euro 0.038 million at 30 June 2017). Note 38 provides further details on related-party transactions.

36) Profit/loss for the period

The net profit in the first semester 2018 was Euro 31.650 million compared to Euro 5.639 million in the first semester of 2017 and was attributable as follows:

- Euro 31.838 million (Euro 5.863 million at 30 June 2017) attributable to the shareholders of the controlling entity;
- a net loss of Euro 0.188 million (a net loss of Euro 0.224 million at 30 June 2017) to non-controlling interests.

37) Earnings/losses per share

Basic earnings per share went from Euro 0.0826 in the first semester of 2017 to Euro 0.4486 in the first semester of 2018; the figures were calculated by dividing the net result by the weighted average number of Fiera Milano SpA shares outstanding in each period.

| | 1st Half 2018 | 1st Half 2017 |
|---|--------------------------|--------------------------|
| Profit/(loss) (€'000) | 31,838 | 5,863 |
| Average no. of shares in circulation ('000) | 70,979 | 70,979 |
| Basic earnings/(losses) per issued share (€) | 0.4486 | 0.0826 |
| Earnings/(losses) per fully diluted no. of shares (€) | 0.4486 | 0.0826 |

The value used as the numerator to calculate basic earnings per share and fully diluted earnings per share was net profit of Euro 31.838 million for the period ended 30 June 2018 (Euro 5.863 million for the first semester 2017).

The weighted average number of ordinary shares used to calculate basic earnings per share and fully diluted earnings per share, with a reconciliation of the two figures, is shown in the following table:

| ('000) | 1st Half 2018 | 1st Half 2017 |
|--|--------------------------|--------------------------|
| Weighted average no. of shares used for calculation of EPS | 70,979 | 70,979 |
| + Potential no. of shares issued without payment | - | - |
| Weighted average no. of shares used to calculate diluted EPS | 70,979 | 70,979 |

38) Related-party transactions

Transactions carried out by companies that are part of the Fiera Milano Group with other entities of the Group and with other related parties were done at market conditions.

As part of its corporate governance, Fiera Milano SpA has adopted *Procedures for Related-party Transactions* as described in the *Report on corporate governance and ownership structure*, which forms part of the Board of Directors' Management Report in the full-year Financial Statements.

The commercial relations between the companies of Fiera Milano Group concern the organisation and management of exhibitions and other events managed by the Group. Fiera Milano SpA provides administrative services to some subsidiaries in order to optimise the use of personnel and professional competences and also provides communication services to subsidiaries to ensure a uniform Group image.

In the Statement of Financial Position, the Statement of Comprehensive Income and the Statement of Cash Flows, the amounts for related-party positions or transactions, if material, are shown separately. Given the total amount of statement of financial position and income statement items, Fiera Milano Group has decided that Euro 2.000 million is the material threshold above which separate disclosure must be made in the Statement of Financial Position and Euro 1.000 million is that for separate disclosure in the Income Statement.

Detailed information on related-party transactions is provided below and is divided between Related-party Transactions with the Controlling Shareholder Fondazione Fiera Milano and Transactions with Related Parties that are not Consolidated.

Related-party transactions with the controlling shareholder Fondazione Fiera Milano

Recurring related-party transactions are summarised below.

I. Real estate lease agreements with Fiera Milano SpA

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

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

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

Under the rental agreement for the Rho exhibition site, compared to the previous agreement that was valid until 30 June 2014, the rent was reduced by Euro 2.000 million in the second semester of 2014 and by Euro 14.000 million for the full-year 2015 and for each subsequent year of the agreement. Therefore, the rent for the second semester of 2014 was Euro 24.400 million and Euro 38.800 million from 2015 and for each subsequent year of the agreement annually adjusted for 100% of the change in the ISTAT consumer price index.

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

As the transaction was a transaction of greater importance under Article 5 of the Regulation on Related-party Transactions and of Article 10.2 of the Procedures for Related-party Transactions adopted by the Company, it was carried out under the Procedures for Related-party Transactions and, on 21 March 2014, an Information Document for a related-party transaction of greater importance ("Information Document OPT") was published.

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

II. Real estate lease agreement with Fiera Milano Congressi SpA

On 24 January 2000, Fondazione Fiera Milano signed a contract with Fiera Milano Congressi SpA, valid until 31 December 2012, relating to the availability of part of Pavilion 17 in the Milan City site. On 15 March 2005, this contract was updated to reflect the expansion of the congress centre activities hosted in Pavilion 17 of the Milan City site. The new agreement between the controlling shareholder Fondazione Fiera Milano and Fiera Milano Congressi SpA was valid until 30 June 2011 and renewable until 30 June 2017. Fondazione Fiera Milano, in a letter dated 9 February 2016, chose not to cancel the contract by 30 June 2016 and, therefore, the contract was automatically renewed until 30 June 2023.

Under the existing contract, Fiera Milano Congressi SpA pays an annual fixed rent plus a variable component dependent on reaching a specific level of revenues.

The annual fixed rent for Pavilion 17 of the Milan City site, now known as MiCo North Wing, is Euro 0.350 million (adjusted annually for movements in ISTAT) whilst the variable component of the rent is 5% of any revenues above Euro 15.000 million generated by the subsidiary Fiera Milano Congressi SpA.

On 18 May 2009, Fondazione Fiera Milano signed a preliminary contract with Fiera Milano Congressi SpA for the use of Pavilions 5 and 6 in the Milan City site; this area was used to build

the new congress centre that was inaugurated in May 2011 and that together with the congress areas of Pavilion 17 was called MiCo – Milano Congressi. The final lease agreement for the area known as MiCo – Milano Congressi South Wing (the former pavilions 5 and 6) was agreed in 2012 and lasts for nine years from 1 May 2011. The contract is automatically renewable for a further nine years unless terminated by one of the parties. The annual fixed rent is Euro 3.000 million with a variable component of 5% of revenues realised by Fiera Milano Congressi SpA in the centre that exceeded the revenue targets in its 2011–2014 industrial plan. The rent is adjusted annually by an amount equal to 100% of the change in the ISTAT index for the previous year. Under the contract there was a reduction in the full rent for the first four years of the contract. The rent for the first year was fixed at Euro 0.750 million with the rent rising annually by Euro 0.750 million in the following three years to reach the agreed full rent of Euro 3.000 million per annum. Once the full quota of the fixed rent was reached, no variable component of rent was payable for Pavilions 5 and 6 and none has been paid since 2015.

III. Settlement of Group VAT

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

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

In 2016, Fiera Milano SpA and some of the Italian subsidiaries did not renew the option to participate in the tax consolidation of Fiera Milano SpA and opted instead to participate in the tax consolidation of Fondazione Fiera Milano acting as the consolidating entity. This option is binding for the 2016, 2017 and 2018 financial years.

The rule, adopted under the tax consolidation of Fondazione Fiera Milano, provides that the tax losses of the consolidated companies, generated in each of the years that the option is valid, may be utilised to offset the taxes in the same financial year of the companies participating in the tax consolidation, after the tax losses of Fiera Milano SpA and the consolidating entity have been calculated; compensation for the tax losses of the companies consolidated are repaid for the amount of the effective benefit generated by the tax consolidation.

V. Contract for supply of services

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

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

VI. Licence contracts for use of the Fiera Milano brand

On 17 December 2001, Fondazione Fiera Milano, as owner of the "Fiera Milano" brand granted Fiera Milano SpA an exclusive licence for the use of the said brand name in order to typify its own

activities, also through its use on headed paper, on its commercial material, and to differentiate its headquarters and offices. The licence has been granted for Italy and all countries and locations where the brand name has been or will be registered or lodged.

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

This licence is valid until 31 December 2018.

VII. Current account between Fiera Milano SpA and Fondazione Fiera Milano

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

Under the existing contract, by mutual consent the parties agreed to cancel the previous current account before replacing it with a new current account.

The parties use the account to settle receipts and payments under the contracts existing between them and, in particular, the rental payments for the exhibition sites and the services provided by each party to the other; initially the account was subject to interest of 1-month Euribor plus a spread of 1.50% that was changed to 1-month Euribor plus a spread of 0.75% effective from 1 April 2018.

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

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

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

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

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

Related-party transactions with joint ventures

On 14 June 2018, at the same time the 2017 annual accounts were approved, Hannover Milano Global Germany GmbH, the joint venture company between Fiera Milano SpA and Deutsche Messe AG, approved a dividend distribution of Euro 9.000 million. The share of this distribution attributable to Fiera Milano Group was Euro 3.552 million.

On 21 February 2016, Fiera Milano SpA and Ipack-Ima Srl, a company in joint venture with UCIMA, signed an annual financing agreement for a maximum of Euro 3.000 million that is automatically renewed; the interest rate on the financing is 1.50%. At 30 June 2018, the financing had not been used.

Ipack Ima Srl has commercial relations with the Group for the two exhibitions Ipack-Ima and Meat-Tech that were held in the semester under review.

Transactions with other related parties

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

The main transactions are:

- a non-current financial liability for the ten-year loan given to MiCo DMC Srl by AIM Group International SpA, which expires on 6 May 2025 and carries interest at 3%; AIM Group International SpA is part of the destination management services project;
- costs for services payable to Ediser Srl, the minority shareholder of La Fabbrica del Libro SpA, and the Associazione Italiana Editori for professional and support services for the exhibition Tempo di Libri.

Financial, capital and economic transactions with related-parties that are not consolidated are shown in the following table:

| Related party entries in the Statement of Financial Position and Income Statement at 30 June 2018 (€'000) | | | | | | | | | | | | | | | | |
|--|---|-----------------------------|--------------------------|---|-------------------------------------|---------------------------|----------------------------------|--------------------|------------------|-----------------------------------|--------------------|--------------------------|--------------|------------------------------|--------------------------------|---------------|
| | Trade and other non-current receivables | Trade and other receivables | Current financial assets | Other non-current financial liabilities | Other current financial liabilities | Other current liabilities | Revenues from sales and services | Cost for materials | Cost of services | Cost of use of third-party assets | Personnel Expenses | Other operating expenses | Other income | Financial income and similar | Financial expenses and similar | Income tax |
| Controlling shareholder and other Group companies | | | | | | | | | | | | | | | | |
| Fondazione Fiera Milano | 11,466 | 5,605 | | | 535 | 1,085 | 75 | | 564 | 23,239 | | 109 | 94 | 17 | 9 | (5) |
| Companies under joint control | | | | | | | | | | | | | | | | |
| Hannover Milano Global Germany GmbH | | | 3,552 | | | | | | | | | | | | | |
| Ipack Ima Srl | | 1,609 | 9 | | | 1,462 | 6,304 | | 176 | 1 | 46 | | 365 | 9 | | |
| Other related parties | | | | | | | | | | | | | | | | |
| Associazione Italiana Editori | | | | | | | 109 | 14 | 1 | | | | | | | |
| AIM Group International SpA | | | | 44 | 10 | 25 | | | 25 | | | | | | | 1 |
| Ediser Srl | | | | | | 55 | 3 | | 251 | | | | | | | |
| Total related parties transactions | 11,466 | 7,214 | 3,561 | 44 | 545 | 2,627 | 6,491 | 14 | 1,017 | 23,240 | 46 | 109 | 459 | 26 | 10 | (5) |
| Total reported | 11,563 | 45,363 | 3,561 | 44 | 1,157 | 25,160 | 157,724 | 1,481 | 64,708 | 25,454 | 23,201 | 2,390 | 1,876 | 356 | 376 | 11,431 |
| % Rel. party transactions/Total reported | 99% | 16% | 100% | 100% | 47% | 10% | 4% | 1% | 2% | 91% | - | 5% | 24% | 7% | 3% | - |

Information on the remuneration paid to the Administrative and Control Bodies, to the General Managers and to Executives with strategic responsibilities in the semester to 30 June 2018 is given in the table included in the section below on other information.

| | (€'000) | |
|---|-----------------|-----------------|
| Statement of related party cash flow | 30/06/18 | 30/06/17 |
| Cash flow from operating activities | | |
| Revenues and income | 6,950 | 571 |
| Costs and expenses | (24,426) | (24,558) |
| Interest receivable | 26 | 25 |
| Interest payable | (10) | (89) |
| Losses/income from tax consolidation | 5 | 38 |
| Changes in trade and other receivables | 93 | 475 |
| Change in other current liabilities | (730) | 518 |
| Total | (18,092) | (23,020) |
| Cash flow from investment activities | | |
| Investments in non-current activities | | |
| . Tangible and intangible | - | (10) |
| . Other non-current assets | - | - |
| Total | - | (10) |
| Cash flow from financing activities | | |
| Change in financial (assets)/liabilities | (242) | (1,695) |
| Total | (242) | (1,695) |
| Cash Flow in the period | (18,334) | (24,725) |

The table below shows cash flow from related party transactions:

| | Cash flow from operating activities | Cash flow from investment activities | Cash flow from financing activities |
|----------------------------|--|---|--|
| FY to 30.06.18: | | | |
| Total | 24,063 | (654) | (10,781) |
| Related party transactions | (18,092) | - | (242) |
| FY to 30.06.17 | | | |
| Total | 33,911 | (3,044) | (24,525) |
| Related party transactions | (23,020) | (10) | (1,695) |

39) Significant events after the end of the reporting period

There were no significant events after the end of the reporting period.

40) Other information

Material non-recurring events and transactions

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

Remuneration of the Administrative and Control Bodies and Executives with strategic responsibilities

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

The Executives with strategic responsibilities are the Directors, the Statutory Auditors and the Chief Financial Officer of the Parent Company.

The total remuneration of this category of executives was Euro 1.332 million in the period to 30 June 2018 (Euro 0.622 million at 30 June 2017) and the breakdown was as follows:

| Remuneration | 1st Half 2018 | | |
|----------------------------|---------------|--------------------|------------|
| | Directors | Statutory Auditors | Others |
| Short-term benefits | 336 | 78 | 446 |
| Post-employment benefits | 8 | - | 30 |
| Other non current benefits | - | - | - |
| Staff-leaving indemnities | - | - | - |
| Performance Share Plan | - | - | 434 |
| Total | 344 | 78 | 910 |

| Remuneration | 1st Half 2017 | | |
|----------------------------|---------------|--------------------|-----------|
| | Directors | Statutory Auditors | Others |
| Short-term benefits | 410 | 96 | 95 |
| Post-employment benefits | 17 | - | 4 |
| Other non current benefits | - | - | - |
| Staff-leaving indemnities | - | - | - |
| Performance Share Plan | - | - | - |
| Total | 427 | 96 | 99 |

At 30 June 2018, the outstanding amount payable to this category was Euro 0.370 million (Euro 0.104 million at 30 June 2017).

Rho, 27 July 2018

On behalf of the Board of Directors

The Chairperson
Lorenzo Caprio

List of companies included in the consolidation area and other investments at 30 June 2018

| Company name and registered office | Main activity | Share capital (000) (*) | Shareholding % | | | Shareholding of Group companies |
|---|--|----------------------------|----------------|-------------------------------|---|---|
| | | | Group total | Directly held by Fiera Milano | Indirectly held through other Group companies | % |
| A) List of companies included in the area of consolidation | | | | | | |
| Parent Company | | | | | | |
| Fiera Milano SpA | | | | | | |
| Milan, p.le Carlo Magno 1 | Organisation and hosting of exhibitions in Italy | 42,445 | | | | |
| Fully consolidated companies | | | | | | |
| Fiera Milano Media SpA | | | | | | |
| Milan, p.le Carlo Magno 1 | Media services | 2,803 | 100 | 100 | | 100 Fiera Milano SpA |
| Fiera Milano Congressi SpA | | | | | | |
| Milan, p.le Carlo Magno 1 | Management of congresses | 2,000 | 100 | 100 | | 100 Fiera Milano SpA |
| Mico DMC S.r.l. | | | | | | |
| Milan, p.le Carlo Magno 1 | Management of congresses | 10 | 51 | | 51 | 51 Fiera Milano Congressi SpA |
| La Fabbrica del Libro SpA | | | | | | |
| Milan, p.le Carlo Magno 1 | Organisation of exhibitions in Italy | 120 | 51 | 51 | | 51 Fiera Milano SpA |
| Nolostand SpA | | | | | | |
| Milan, p.le Carlo Magno 1 | Stand fitting services | 7,500 | 100 | 100 | | 100 Fiera Milano SpA |
| Ipack-Ima SpA | | | | | | |
| Rho, S.S. del Sempione km 28 | Organisation of exhibitions in Italy | 200 | 100 | 100 | | 100 Fiera Milano SpA |
| Eurofairs International Consultoria e Participações Ltda | | | | | | |
| São Paulo Brasil, na Avenida Angélica, nº 2350, Sala B, Consolação, | Organisation of exhibitions outside of Italy | R \$ 62,145 | 100 | 99.99 | 0.01 | 99.99 Fiera Milano SpA 0.01 Nolostand SpA |
| CIPA Fiera Milano Publicações e Eventos Ltda | | | | | | |
| São Paulo Brasil, Av. Angelica | Organisation of exhibitions outside of Italy | R \$ 21,363 | 100 | 0.04 | 99.96 | 99.96 Eurofairs International Consultoria e Participações Ltda 0.04 Fiera Milano SpA |
| Fiera Milano India Pvt Ltd | | | | | | |
| New Delhi, Barakhamba Road, Connaught Place | Organisation of exhibitions outside of Italy | INR 20,000 | 99.99 | 99.99 | | 99.99 Fiera Milano SpA |
| Limited Liability Company "Fiera Milano" | | | | | | |
| Moscow, 24 A/1 ul. B. Cherkizovskaya | Organisation of exhibitions outside of Italy | RUB 10,000 | 100 | 100 | | 100 Fiera Milano SpA |
| Fiera Milano Exhibitions Africa Pty Ltd | | | | | | |
| Cape Town, The Terraces, Steenberg Office Park, Tokai | Organisation of exhibitions outside of Italy | ZAR 0.6 | 100 | 100 | | 100 Fiera Milano SpA |
| B) List of jointly controlled companies equity-accounted | | | | | | |
| Hannover Milano Global Germany GmbH | | | | | | |
| Hannover Germany, Messegebäude | Organisation of exhibitions outside of Italy | 25 | 49 | 49 | | 49 Fiera Milano SpA |
| Hannover Milano Fairs Shanghai Co. Ltd | | | | | | |
| Shanghai China, Pudong Office Tower | Organisation of exhibitions outside of Italy | USD 500 | 49 | | 100 | Hannover Milano Global Germany GmbH 100 |
| Hannover Milano Fairs China Ltd | | | | | | |
| Hong Kong China, Golden Gate Building | Organisation of exhibitions outside of Italy | HKD 10 | 49 | | 100 | Hannover Milano Global Germany GmbH 100 |
| Hannover Milano Fairs India Pvt Ltd | | | | | | |
| East Mumbai, Andheri | Organisation of exhibitions outside of Italy | INR 274,640 | 48.99 | | 99.99 | Hannover Milano Global Germany GmbH 99.99 |
| Global Fairs & Media Private Ltd | | | | | | |
| New Delhi, Bahadur Shah Zafar Marg 9-10 | Organisation of exhibitions outside of Italy | INR 207,523 | 24.5 | | 50 | Hannover Milano Fairs India Pvt Ltd 50 |
| Ipack Ima Srl | | | | | | |
| Rho, S.S. del Sempione km 28 | Organisation of exhibitions in Italy | 20 | 49 | | 49 | 49 Ipack-Ima SpA |
| C) List of companies accounted at cost | | | | | | |
| Company name and registered office | Main activity | Share capital (000) (*) | Shareholding % | | | Shareholding of Group companies |
| | | | Group total | Directly held by Fiera Milano | Indirectly held through other Group companies | % |
| Esperia SpA | | | | | | |
| Rose (Cosenza) | Other activities | 1,403 | 2 | | 2 | 2 Fiera Milano Media SpA |
| Comitato Golden Card | | | | | | |
| Ciniseo Balsamo, viale Fulvio Testi 128 | Other activities | 3 | 33.33 | 33.33 | | 33.33 Fiera Milano SpA |
| Covention Bureau Italia Srl | | | | | | |
| Firenze, piazza Adua 1 | Other activities | 8 | 2 | | 2 | 2 Fiera Milano Congressi SpA |

(*) Euro or other currencies as specifically indicated

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

1. The undersigned, Fabrizio Curci, as Chief Executive Officer, and Marco Pacini, as Manager responsible for preparing the Financial Statements of Fiera Milano SpA, declare, having noted the provisions of article 154-*bis*, paragraphs 3 and 4 of Legislative Decree 24 February 1998, no. 58:
 - the suitability in relation to the characteristics of the business and
 - the effective application of the administrative and accounting procedures for the preparation of the Interim Condensed Consolidated Financial Statements for the first semester of 2018.

2. It is also declared that:
 - 2.1 the Interim Condensed Consolidated Financial Statements at 30 June 2018:
 - have been prepared in accordance with the applicable international accounting standards recognised by the European Community in accordance with EC Regulation no. 1606/2002 of the European Parliament and of the European Council of 19 July 2002;
 - correspond to the results in the accounting records and documents;
 - provide a true and fair representation of the capital, economic and financial situation of the Issuer and of all the companies included in the consolidation.

 - 2.2 the interim management report on operations includes a reliable analysis of the significant events of the first six-months of the financial year and their impact on the Interim Condensed Consolidated Financial Statements together with a description of the main risks and uncertainties in the remaining six months of the financial year. The interim management report on operations also includes a reliable analysis of information on significant related-party transactions.

27 July 2018

Signed
Chief Executive Officer
Fabrizio Curci

Signed
**Manager responsible for preparing
the Company's Financial Statements**
Marco Pacini

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

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

Introduction

We have reviewed the interim condensed consolidated financial statements, comprising the statement of financial position, the statement of comprehensive income, the statement of changes in equity and cash flows and the related illustrative notes of Fiera Milano S.p.A. and its subsidiaries (the "Fiera Milano Group") as of 30 June 2018. The Directors of Fiera Milano S.p.A. are responsible for the preparation of the interim condensed consolidated financial statements in conformity with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements of Fiera Milano Group as of June 30, 2018 are not prepared, in all material respects, in conformity with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Milan, 31 July 2018

EY S.p.A.
Signed by: (Federico Lodrini), Partner

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