



FIERA MILANO

Half-year Financial Report

at 30 June 2019

(First half of FY2019)

This document is available in the Investors 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 2019*".

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 2019* 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), 31 July 2019

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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**

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

** Independent Director under Article 148, paragraph 3 of Legislative Decree of 24 February 1998 and the Self-regulatory Code of Borsa Italiana.

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

CONTROL AND RISK MANAGEMENT COMMITTEE APPOINTMENTS AND REMUNERATION COMMITTEE

Stefania Chiaruttini	Elena Vasco
Francesca Golfetto	Alberto Baldan
Angelo Meregalli	Marina Natale

BOARD OF STATUTORY AUDITORS

MANAGER RESPONSIBLE FOR PREPARING THE COMPANY ACCOUNTS, ITALIAN LAW 262/2005

Riccardo Raul Bauer	Chairperson	Marco Pacini
Daniele Federico Monarca	Standing Statutory Auditor	
Mariella Tagliabue	Standing Statutory Auditor	
Daniele Beretta	Substitute Statutory Auditor	
Marina Scandurra	Substitute Statutory Auditor	

SUPERVISORY COMMITTEE, ITALIAN 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 the mandates of the Directors will expire at the Shareholders' Meeting to approve the Financial Statements at 31 December 2019.

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 all acts it deems appropriate or useful to attain the corporate objectives, except for those which, pursuant to law, are reserved for the Shareholders' Meeting.

Under the law and the Company Articles of Association, the Chairperson, in addition to being the legal representative of the Company, has all the powers to oversee and carry out external institutional relations.

The Chief Executive Officer has all the powers necessary for the ordinary administration and management of the Company, except for those that under the law and 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 at the Shareholders' Meeting to approve the Financial Statements at 31 December 2020.

INDEPENDENT AUDITORS

EY SpA

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

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.

Under the current management approach, the operating segments have been re-defined as follows:

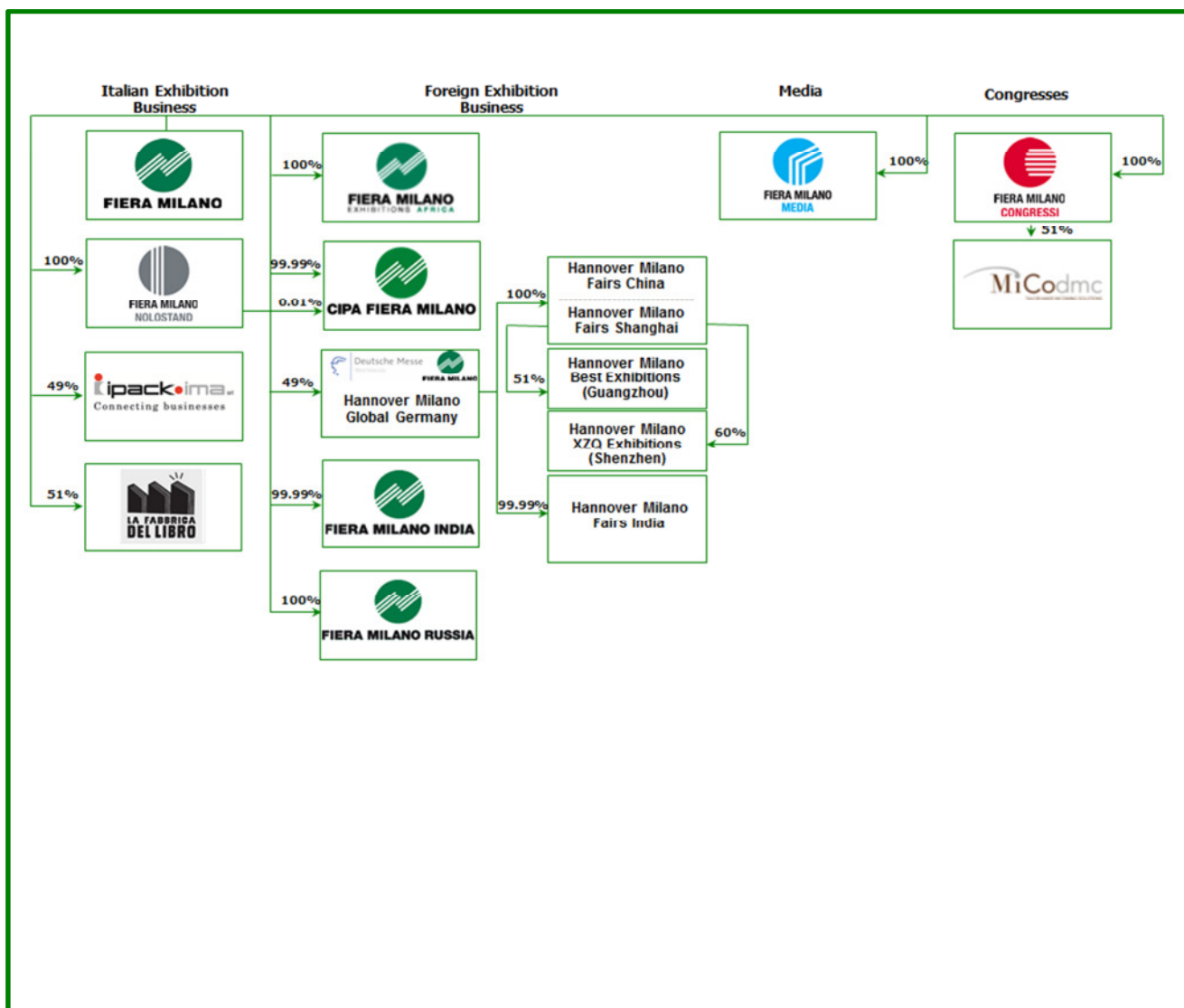
- **Italian Exhibition business:** this segment organises and hosts exhibitions and other events in Italy through the use, promotion and offer of furnished exhibition spaces through the services of stand-fitting, technical and exhibition site services associated with the exhibition and congress business; and offers project support and ancillary services. It 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 Exhibition business:** this segment covers all activities for the organisation of exhibitions and other events abroad through the use, promotion and offer of furnished exhibition spaces, project support, and ancillary services. It covers 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 or acting as agents.

- **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 congresses and events and destination management services.

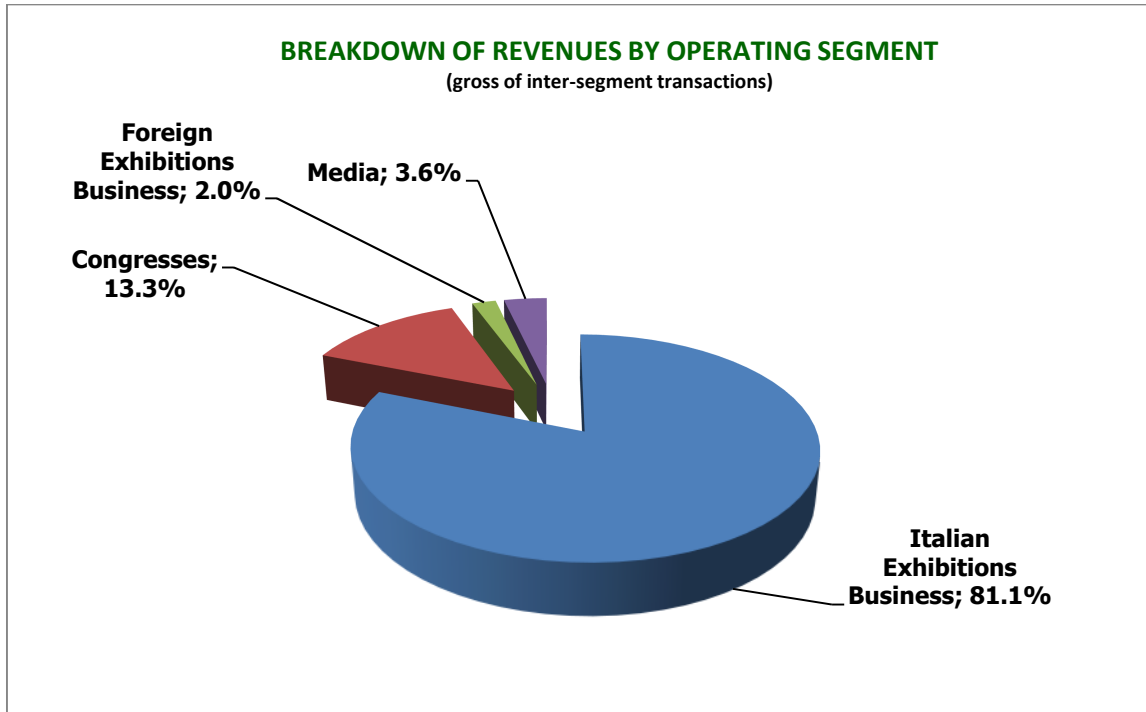
Group structure



Highlights of the first semester 2019

PERFORMANCE

Consolidated revenues: Euro 154 million.



BUSINESS

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

Number of exhibitors:
20,080, of which 4,615 abroad

EXHIBITION SPACE

Net exhibition space occupied:
1,035,570 square metres
of which 171,225 square metres abroad.

Total gross exhibition space:
399,000 square metres

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

54,000 square metres
in the **fieramilanocity** exhibition site

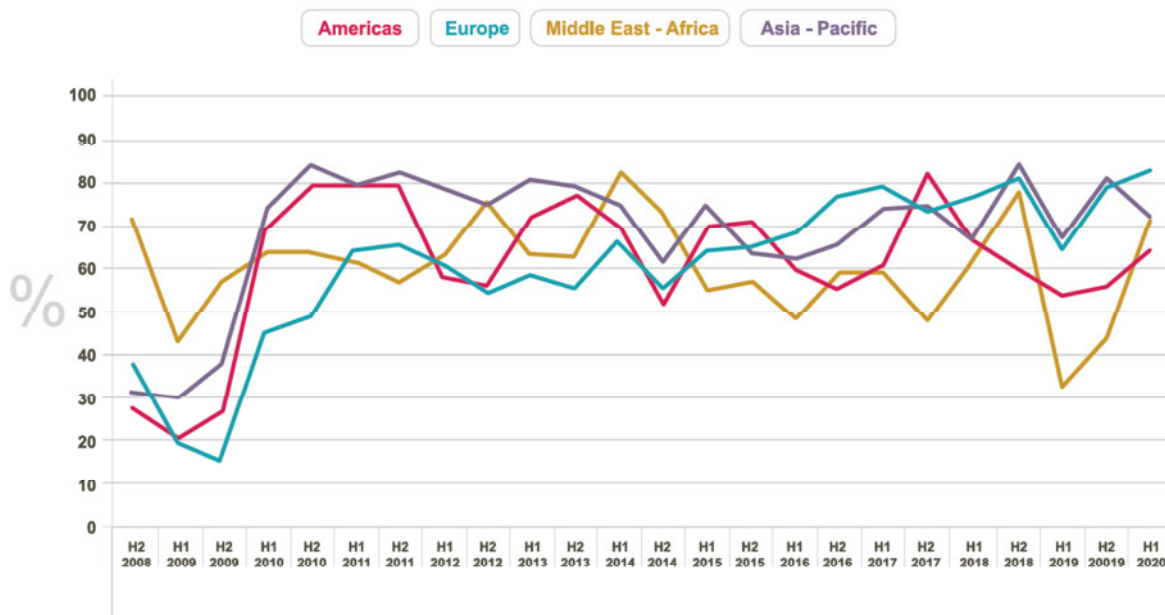
Reference sector background

In July of this year, UFI (the Global Association of the Exhibition Industry) finalised the twenty-third 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 322 participants in 57 countries. The Global Exhibition Barometer surveyed the expectations for the year-on-year performance of revenues for both semesters of 2019 and for the first semester of 2020.

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

- the majority of companies in the global reference areas, with the exception of the Middle East-Africa, declare and expect an increase in turnover for the two semesters of 2019 and the first semester of 2020.

% 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: 23rd UFI Global Exhibition Barometer / July 2019

Interim report on operations

Summary of results and significant events in the semester¹

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 2018.

Full year at 31/12/18	Fiera Milano Group Summary of key figures (Amounts in € '000)	1st Half at 30/06/19	1st Half at 30/06/18
247,217	Revenues from sales and services	153,882	157,724
31,863	EBITDA (a)	62,399	46,095
25,075	EBIT	39,573	43,101
18,570	Profit/(loss) from continuing operations	24,081	31,650
-	Profit/(loss) from discontinued operations	-	-
18,570	Profit/(loss)	24,081	31,650
18,848	- Attributable to the shareholders of the controlling entity	24,105	31,838
(278)	- Attributable to non-controlling interests	(24)	(188)
58,433	Net capital employed (b)	528,182	68,543
	covered by:		
82,034	Equity attributable to the Group	96,841	94,724
61	Equity attributable to non-controlling interests	37	105
(23,662)	Net financial debt/(cash) before IFRS 16 effects	(57,966)	(26,286)
(23,662)	Total net financial debt/(cash)	431,304	(26,286)
2,635	Investments (continuing operations and assets held for sale)	790	672
696	Employees (no. of permanent employees at end of period)	699	681

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

The first semester of 2019 recorded positive business performance with EBITDA of Euro 62.399 million. The change in EBITDA, excluding the positive impact deriving from the application of the new IFRS 16, is mainly correlated with the different exhibition calendar which in the first semester of the previous year included the large, multi-annual event "The Innovation Alliance". This effect was offset to a significant extent by good commercial performance trends and the more favourable dynamics of congress activities, as well as the excellent results of ancillary services.

For more details on the effects of the application of the new IFRS 16 starting from 1 January 2019, please refer to the "Accounting standards and consolidation criteria" section.

¹ The economic, equity and financial figures for the first semester of 2019 reflect the effects of the new IFRS 16 accounting standard on the recognition of leases, mainly related to the rental contracts of the exhibition sites and the congress centre. To allow for a comparison with the first semester of 2018 not recalculated according to the new standard, the effects of the latter are highlighted in the "Accounting standards and consolidation criteria".

On 29 May 2019, Fiera Milano entered into an agreement with the parent company Ente Autonomo Fiera Internazionale di Milano ("Fondazione Fiera Milano") - holder of an equity investment equal to 63.821% of the share capital of Fiera Milano - containing several amendments to the lease agreement existing between the same parties, as lessee and lessor, respectively, concerning the Milan exhibition site (better known as **fieramilanocity**).

The amending agreement established, effective as of 1 June 2019: (a) a reduction in the lease payment by a total of Euro 1.5 million per year on the original amount, which was Euro 2.9 million, as well as (b) the exclusion of certain areas of the Milan exhibition site primarily used for car parks. Against the above-mentioned reduction in the lease payment, starting from 1 June 2019, Fiera Milano will pay to Fondazione Fiera Milano, in four advance quarterly instalments, an annual lease payment of Euro 1.4 million, index-linked to 100% of the change in the ISTAT index.

It should be noted that:

- On 21 March 2019, Fiera Milano published, pursuant to article 5 of Consob Regulation 17221 of 12 March 2010 as amended on Transactions with Related Parties, the Information Document concerning agreements relating to the sub-letting of the roofs of the Rho-Però exhibition spaces for the installation of a photovoltaic system and the related contract for the acquisition of renewable energy, concluded with Fair renew S.r.l., whose share capital is held by A2A Rinnovabili S.p.A. (60%), company of the A2A Group, and Fondazione Fiera Milano (40%).
- The Ordinary Shareholders' Meeting of the Parent Company was held on 18 April 2019; it approved the Financial Statements at 31 December 2018 and also approved the distribution of a dividend of Euro 0.13 per share, with the remainder of the Profit for the year allocated to Retained earnings. The Ordinary Shareholders' Meeting also approved the contents of Section One of the Report on Remuneration, regarding the Company policy on remuneration of the members of the Board of Directors, and authorised the acquisition and disposal of treasury shares.
- On 18 April 2019 Fiera Milano SpA made a Euro 900 million capital contribution to the Brazilian subsidiary Eurofairs International Consultoria e Participações Ltda. This transaction falls within the scope of the resolution of the Board of Directors of Fiera Milano SpA of 19 February 2018, which approved the assurance of financial resources to the subsidiary company through payments and/or financing of up to Euro 2.200 million.
- On 6 June 2019, the deed of merger by incorporation of the company Eurofairs International Consultoria e Participações Ltda into its wholly owned subsidiary CIPA Fiera Milano Publicações e Eventos Ltda was entered into. This deed was signed following the resolution of the Board of Directors of Fiera Milano SpA of 12 February 2019 and the Shareholders' Meetings of Eurofairs and CIPA dated 6 June 2019.

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 2019.

Full year at 31/12/18	Consolidated Income Statement (Amounts in €'000)		1st Half at 30/06/19		1st Half at 30/06/18	
		%		%		%
247,217	100	Revenues from sales and services	153,882	100	157,724	100
2,410	1.0	Cost of materials	1,383	0.9	1,481	0.9
114,052	46.1	Cost of services	66,628	43.3	64,708	41.0
50,343	20.4	Costs for use of third party assets	284	0.2	25,454	16.1
47,037	19.0	Personnel expenses	24,172	15.7	23,201	14.7
4,525	1.8	Other operating expenses	2,530	1.6	2,390	1.5
218,367	88.3	Total operating costs	94,997	61.7	117,234	74.3
2,806	1.1	Other income	1,331	0.9	1,876	1.2
5,170	2.1	Results of equity-accounted companies	2,371	1.5	4,260	2.7
4,963	2.0	Allowance for doubtful accounts and other provisions	188	0.1	531	0.3
31,863	12.9	EBITDA	62,399	40.5	46,095	29.2
5,871	2.4	Depreciation and amortisation	22,826	14.8	2,993	1.9
917	0.4	Adjustments to asset values	0	0.0	1	0.0
25,075	10.1	EBIT	39,573	25.7	43,101	27.3
(123)	(0.0)	Financial income/(expenses)	(6,846)	(4.4)	(20)	(0.0)
(29)	(0.0)	Valuation of financial assets	-	-	-	-
24,923	10.1	Profit/(loss) before income tax	32,727	21.3	43,081	27.3
6,353	2.6	Income tax	8,646	5.6	11,431	7.2
18,570	7.5	Profit/(loss) from continuing operations	24,081	15.6	31,650	20.1
-	-	Profit/(loss) from discontinued operations	-	-	-	-
18,570	7.5	Profit/(loss):	24,081	15.6	31,650	20.1
18,848	7.6	- attributable to the shareholders of the controlling entity	24,105	15.7	31,838	20.2
(278)	(0.1)	- attributable to non-controlling interests	(24)	(0.0)	(188)	(0.1)

Revenues from sales and services totalled Euro 153.882 million, a decrease of approximately 2% compared to the figure for the same semester of the previous financial year (Euro 157.724 million). The revenue trend can be ascribed primarily to the different exhibition calendar in the current semester, which in the same period of the previous year included the European event "The

Innovation Alliance" and the important hosted biennial exhibition, Mostra Convegno Expocomfort. This effect was offset to a significant extent by the presence during the period in question of the directly organised biennial event Tuttofood and the hosted Made Expo, good trends in congress activities, as well as the excellent performance of ancillary services.

Trends concerning the exhibition space occupied in Italy and abroad and changes in terms of square metres compared to the previous semester are indicated below:

- **Annual exhibitions organised by the Group in Italy** (-22,000 square metres): the decrease mainly reflected the performance of Tempo di Libri (-13,155 square metres) and HOMI I semester (-8,290 square metres).
- **Annual exhibitions organised by third parties in Italy** (-8,350 square metres): this figure is the net of an increase of 20,885 square metres, mainly due to Salone del Mobile/Complemento d'arredo (+13,965 square metres) and Packaging premiere (+4,685 square metres) and a decrease of 29,235 square metres that mainly reflected the absence of Enci Winner (-19,300 square metres), Hobby show (-1,700 square metres), Technology Hub (-1,970 square metres) and the decrease in square metres of The Micam (-2,060 square metres).
- **Congresses with related exhibition areas:** these had an increase in rented space of +9,270 square metres.
- **Biennial exhibitions organised by the Group in Italy** (+117,100 square metres): the increase was mainly due to the presence of the biennial exhibitions held in uneven-numbered years Tuttofood (+64,130 square metres) and Transpotec & Logitec (+51,150 square metres).
- **Biennial exhibitions organised by third-parties in Italy** (-90,585 square metres): the decrease mainly reflects the absence of those exhibitions held in even-numbered years, Mostra Convegno Expocomfort (-115,400 square metres), Eurocucina (-37,750 square metres), Xylexpo (-34,915 square metres), Salone del Bagno (-21,210 square metres) and Venditalia (-13,855 square metres). This change was, in part, offset by the presence in the semester of the current year of those exhibitions held in uneven numbered years: Made Expo (+45,930 square metres), Euroluce (+38,900 square metres), Made in Steel (+14,280 square metres), Seeds & Chips (+11,595 square metres) and Lamiera (+22,935 square metres).
- **Biennial exhibitions organised by the Group in Italy** (-13,990 square metres): the decrease reflected the absence of Print4All.
- **Multi-annual exhibitions organised by third-parties in Italy** (-122,445 square metres): this decline referred mainly to the absence of the triennial exhibitions Ipack-Ima (-57,045 square metres) and Plast (-54,920 square metres).
- **Annual exhibitions of the Group abroad** (+14,215 square metres): the change is due primarily to the combined effect of the exhibitions China International Fastener Show (+15,580 square metres), Chinafloor Domotex Shanghai (+8,245 square metres), LET China Guangzhou (+9,200 square metres), LASER Fair Shenzen (+6,100 square metres), GITF International Tour Guangzhou (-2,655 square metres), Industrial Automation Shenzen (-2,145 square metres) and the exhibitions China Tourism International and Commodities Fair (-13,940 square metres), Food Hospitality World Bangalore (-2,150 square metres) and Food Hospitality World Mumbai (-2,460 square metres) which were not held in the semester in question.
- **Biennial exhibitions of the Group abroad** (+8,055 square metres): the increase reflects the presence in the semester under review of the exhibitions held in uneven numbered years - Reatech+Fisiotech (+4,575 square metres) organised in Brazil and Metal+Metallurgy (+3,480 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 2019		1st Half 2018		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:	41	23	45	21	(4)	2
Italy	28	10	33	9	(5)	1
. annual	19	7	22	8	(3)	(1)
. biennial	9	3	6	-	3	3
. multi-annual	-	-	5	1	(5)	(1)
Foreign countries	13	13	12	12	1	1
. annual	11	11	12	12	(1)	(1)
. biennial	2	2	-	-	2	2
. multi-annual	-	-	-	-	-	-
Number of congresses with related exhibition space - Italy	23	-	19	-	4	-
Net sq.metres of exhibition space:	1,035,570	403,490	1,144,300	300,110	(108,730)	103,380
Italy	864,345	232,265	995,345	151,155	(131,000)	81,110
. annual (a)	611,245	115,165	632,325	137,165	(21,080)	(22,000)
. biennial	253,100	117,100	226,585	-	26,515	117,100
. multi-annual	-	-	136,435	13,990	(136,435)	(13,990)
(a) of which congresses with related exhibition space	37,535	-	28,265	-	9,270	-
Foreign countries	171,225	171,225	148,955	148,955	22,270	22,270
. annual	163,170	163,170	148,955	148,955	14,215	14,215
. biennial	8,055	8,055	-	-	8,055	8,055
. multi-annual	-	-	-	-	-	-
Number of exhibitors:	20,080	8,540	20,625	6,045	(545)	2,495
Italy	15,465	3,925	17,550	2,970	(2,085)	955
. annual (b)	11,790	2,230	12,405	2,685	(615)	(455)
. biennial	3,675	1,695	2,630	-	1,045	1,695
. multi-annual	-	-	2,515	285	(2,515)	(285)
(b) of which congresses with related exhibition space	1,720	-	1,850	-	(130)	-
Foreign countries	4,615	4,615	3,075	3,075	1,540	1,540
. annual	4,355	4,355	3,075	3,075	1,280	1,280
. biennial	260	260	-	-	260	260
. multi-annual	-	-	-	-	-	-

EBITDA for the semester was Euro 62.399 million compared to a figure of Euro 46.095 million in the same period of the previous financial year, an increase of Euro 16.304 million. EBITDA, excluding impacts relating to the application of the new IFRS 16 (Euro +24.178 million), declined by Euro 7.874 million, reflecting the effects of the different exhibition calendar for the semester, offset in part by positive commercial performance trends.

EBIT was Euro 39.573 million compared to a figure of Euro 43.101 million in the first semester 2018. This change, excluding the impacts relating to the application of the new IFRS 16, is Euro - 7.486 million and is mainly linked to EBITDA trends.

Profit before taxes was Euro 32.727 million compared to Euro 43.081 million in the first semester 2018 and reflected a negative effect Euro 3.003 million due to the application of the new accounting standard IFRS 16.

Net profit in the semester under review was Euro 24.081 million, reflecting an overall negative effect of Euro 2.188 million due to the application of the new accounting standard IFRS 16, of which Euro 24.105 million was attributable to the **Shareholders of the controlling entity** (Euro 31.838 million in the first semester 2018) while a loss of Euro 24 thousand was attributable to **non-controlling interests** (a loss of Euro 188 thousand in the first semester 2018).

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

Reclassified Consolidated Statement of Financial Position (Amounts in €'000)			
	30/06/19	31/12/18	Change
Goodwill	94,127	94,127	-
Intangible assets with a finite useful life	10,140	10,791	(651)
Right-of-use assets	488,490	-	488,490
Tangible fixed assets	9,663	10,812	(1,149)
Other non-current assets	34,461	32,647	1,814
A Non-current assets	636,881	148,377	488,504
Inventory and contracts in progress	2,921	3,481	(560)
Trade and other receivables	47,767	45,136	2,631
Other assets	-	-	-
B Current assets	50,688	48,617	2,071
Trade payables	41,025	38,548	2,477
Advances	59,554	49,659	9,895
Tax liabilities	11,253	2,229	9,024
Provisions for risks and charges and other current liabilities	30,391	31,258	(867)
C Current liabilities	142,223	121,694	20,529
D Net working capital (B - C)	(91,535)	(73,077)	(18,458)
E Gross capital employed (A + D)	545,346	75,300	470,046
Employee benefit provisions	9,585	8,958	627
Provisions for risks and charges and other non-current liabilities	7,579	7,909	(330)
F Non-current liabilities	17,164	16,867	297
G NET CAPITAL EMPLOYED continuing operations (E - F)	528,182	58,433	469,749
H NET CAPITAL EMPLOYED assets held for sale	-	-	-
TOTAL NET CAPITAL EMPLOYED (G + H)	528,182	58,433	469,749
covered by:			
Equity attributable to the Group	96,841	82,034	14,807
Equity attributable to non-controlling interests	37	61	(24)
I Total equity	96,878	82,095	14,783
Cash & cash equivalents	(57,754)	(28,409)	(29,345)
Current financial (assets)/liabilities	33,345	4,797	28,548
Non-current financial (assets)/liabilities	455,713	(50)	455,763
Net financial position continuing operations	431,304	(23,662)	454,966
Net financial position assets held for sale	-	-	-
L Net financial position (TOTAL)	431,304	(23,662)	454,966
EQUITY AND NET FINANCIAL POSITION (I + L)	528,182	58,433	469,749

At 30 June 2019, **non-current assets** totalled Euro 636.881 million compared to Euro 148.377 million at 31 December 2018. The Euro 488.504 million increase was the net of the increase in assets due to the application of the new accounting standard IFRS 16 of Euro 508.710 million, investments totalling Euro 790 thousand, depreciation and amortisation of Euro 22.826 million (IFRS 16 impact of Euro 20.220 million), an increase in tax assets for deferred taxes of Euro 94 thousand, Euro 1.864 million for valuations of equity accounted investments, exchange rate differences of Euro 42 thousand and other movements of Euro -170 thousand.

Net working capital went from a negative figure of Euro 73.077 million at 31 December 2018 to a negative figure of Euro 91.535 million at 30 June 2019. The change of Euro -18.458 million in this figure mainly reflected the increase of **current liabilities** due to:

- an increase of Euro 9.895 million in advances that was the net of advances invoiced to clients for exhibitions to be held in the next quarters (in particular, Host) and a decrease in invoices for exhibitions held in the first semester 2019 (in particular, HOMI I semester);
- an increase of Euro 9.024 million in taxes liabilities mainly for the higher tax payable in the period;
- an increase of Euro 2.477 million in trade payables.

This effect was partly offset by the increase in "Trade and other receivables" of Euro 2.631 million.

Equity attributable to the Group was Euro 96.841 million at 30 June 2019, compared to Euro 82.034 million at 31 December 2018, an increase of Euro 14.807 million that was due to an increase in the net result for the period of Euro 24.105 million, a decrease of Euro 540 thousand in other items of comprehensive income, the distribution of dividends for Euro 9.227 million, an increase in the reserve for stock grants of Euro 421 thousand and an increase of Euro 48 thousand in exchange rate differences.

Equity attributable to non-controlling interests at 30 June 2019 was Euro 37 thousand compared to Euro 61 thousand at 31 December 2018, a decrease of Euro 24 thousand due to the net result for the period.

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

31/12/18	Group Net Financial Position (Amounts in € '000)	30/06/19
28,409	A. Cash (including bank balances)	57,754
-	B. Other cash equivalents	-
-	C. Securities held for trading	-
28,409	D. Cash and cash equivalents (A+B+C)	57,754
14	E. Current financial assets	2,299
-	- E.1 of which Current financial assets to other related parties	1,283
14	- E.2 of which Current financial assets to other related parties	1,016
11	F. Current bank borrowings	1
3,503	G. Current portion of non-current debt	1,505
1,297	H. Other current financial liabilities	631
678	- H.1 of which Other current financial liabilities to the controlling shareholder	-
4,811	I. Current financial debt (F+G+H)	2,137
(23,612)	J. Current net financial debt (cash) (I-E-D)	(57,916)
50	K. Non-current financial assets	50
50	- K.1 of which non-current financial assets to other related parties	50
-	L. Non-current bank borrowings	-
-	M. Debt securities in issue	-
-	N. Other non-current liabilities	-
(50)	O. Non-current financial debt (-K+L+M+N)	(50)
(23,662)	Net financial debt/(cash) from continuing operations (J+O)	(57,966)
-	Net financial debt/(cash) from assets held for sale	-
(23,662)	P. Net financial debt/(cash) before IFRS 16 effects	(57,966)
-	Q. Current financial liabilities related to the right of use of assets	33,507
-	- Q.1 of which current financial liabilities related to the right-of-use assets to the controlling shareholder	32,006
-	R. Non-current financial liabilities related to the right of use of assets	455,763
-	- R.1 of which non-current financial liabilities related to the right-of-use assets to the controlling shareholder	449,951
-	IFRS 16 financial effects	489,270
(23,662)	S. Total net financial debt/(cash) (P+Q+R)	431,304

The net financial position not including the IFRS 16 lease liability at 30 June 2019 was positive for Euro 57.966 million compared to net availability of Euro 23.662 million at 31 December 2018, with an improvement of Euro 34.304 million.

The increase, also taking into account the distribution of dividends by the Parent Company, reflected the positive operating cash flow generated in the period under review and advance payments for the exhibition calendar that, in coming months, includes some important exhibitions.

The net financial debt inclusive of the IFRS 16 lease liability amounted to Euro 431.304 million.

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 at 30/06/19		1st Half at 30/06/18	
		%		%
Revenues from sales and services				
- By operating segment:				
. Italian Exhibitions business	129,194	81.1	138,584	85.0
. Foreign Exhibitions business	3,118	2.0	2,699	1.7
. Media	5,795	3.6	6,235	3.8
. Congresses	21,191	13.3	15,504	9.5
Total revenues gross of adjustments for inter-segment transactions	159,298	100.0	163,022	100.0
. Adjustments for inter-segment transactions	(5,416)		(5,298)	
Total revenues net of adjustments for inter-segment transactions	153,882		157,724	
- By geographic area:				
. Italy	150,874	98.0	155,025	98.3
. Foreign countries	3,008	2.0	2,699	1.7
Total	153,882	100.0	157,724	100.0
EBITDA				
- By operating segment:		on revenues		on revenues
. Italian Exhibitions business	52,289	40.5	42,967	31.0
. Foreign Exhibitions business	2,516	80.7	1,848	68.5
. Media	816	14.1	673	10.8
. Congresses	6,774	32.0	607	3.9
. Adjustments for inter-segment transactions	4		-	
Total	62,399	40.5	46,095	29.2
- By geographic area:				
. Italy	59,997	39.8	44,247	28.5
. Foreign countries	2,402	79.9	1,848	68.5
Total	62,399	40.5	46,095	29.2
EBITDA				
- By operating segment:		on revenues		on revenues
. Italian Exhibitions business	32,179	24.9	41,050	29.6
. Foreign Exhibitions business	2,283	73.2	1,647	61.0
. Media	701	12.1	544	8.7
. Congresses	4,406	20.8	(74)	(0.5)
. Adjustments for inter-segment transactions	4		(66)	
Total	39,573	25.7	43,101	27.3
- By geographic area:				
. Italy	37,403	24.8	41,520	26.8
. Foreign countries	2,170	72.1	1,581	58.6
Total	39,573	25.7	43,101	27.3
Employees (no. of permanent employees at the end of the period)				
- By operating segment:				
. Italian Exhibitions business	497	71.1	480	70.4
. Foreign Exhibitions business	99	14.2	87	12.8
. Media	54	7.7	59	8.7
. Congresses	49	7.0	55	8.1
Total	699	100.0	681	100.0
- By geographic area:				
. Italy	600	85.8	594	87.2
. Foreign countries	99	14.2	87	12.8
Total	699	100.0	681	100.0

Revenues from sales and services at 30 June 2019 before elimination of transactions among the business segments of the Group were Euro 159.298 million, of which 81% was generated by Italian Exhibition business, 2% by Foreign Exhibition business, 4% by the Media segment and 13% by the Congress segment.

- Revenues from **Italian Exhibition business** were Euro 129.194 million, a decrease of approximately 7% compared to the figure for the same semester of the previous year (Euro 138.584 million). This decrease was mainly generated by the different exhibition calendar due to the absence of 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 the manufacturing industry and the important "even year biennial" exhibition Mostra Convegno Expocomfort. This was, in part, offset by the presence of the biennial exhibitions, Tuttofood, Made Expo and Transpotec & Logitec, held in uneven-numbered years, as well as the excellent performance of ancillary services.
- Revenues from **Foreign Exhibition business** totalled Euro 3.118 million, 16% higher than the figure for the same semester of the previous financial year (Euro 2.699 million). The increase was mainly caused by the more favourable exhibition calendar in Brazil with the presence of the biennial exhibition Reatech.
- Revenues in the **Media** segment totalled Euro 5.795 million in the first semester of 2019, 7% lower than the figure for the same semester of 2018 (Euro 6.235 million). The decrease mainly reflected lower revenues from billboard advertising, due to the absence of Mostra Convegno Expocomfort, a biennial exhibition held in even numbered years.
- Revenues from **Congresses** were Euro 21.191 million, an increase of Euro 5.687 million compared to the figure of the previous financial year (Euro 15.504 million). The increase can be attributed to the more favourable trend in international events, including the WCD dermatology congress, the ESTRO radiotherapy congress and ESA, the largest conference on the observation of earth.

The breakdown by segment of the **EBITDA** of Euro 62.399 million, which compared to Euro 46.095 million in the same period of the previous financial year, was as follows:

- **Italian Exhibition business** had EBITDA of Euro 52.289 million compared to Euro 42.967 million in the same period of the previous financial year. EBITDA, excluding impacts relating to the application of the new IFRS 16 (Euro +22.165 million), declined by Euro 12.843 million, and is primarily correlated with revenue performance. It also benefitted from the positive trend in commercial performance, which partly offset the effects of the different exhibition calendar during the semester.
- **Foreign Exhibition business** had EBITDA of Euro 2.516 million compared to Euro 1.848 million in the same period of the previous financial year. This increase can be attributed mainly to the already mentioned trend in revenues and the result of the equity accounted joint venture with Deutsche Messe AG in relation to activities in China.
- **Media** had EBITDA of Euro 816 thousand compared to EBITDA of Euro 673 thousand in the same semester of 2018. The increase of Euro 143 thousand was mainly due to the optimisation of publication production costs. This effect more than offset the decline in margins correlated with the absence of revenue from the Mostra Convegno Expocomfort exhibition.
- **Congresses** had EBITDA of Euro 6.774 million compared to Euro 607 thousand in the same period of 2018. This positive change, excluding the impact (Euro +1.942 million) relating to the application of the new IFRS 16, is mainly linked to revenue trends.

The **EBIT** of the four operating segments totalled Euro 39.573 million compared to Euro 43.101 million in the same period of the previous year.

The breakdown by geographic area in the first semester shows revenues from foreign activities of Euro 3.008 million compared to Euro 2.699 million in the same semester of 2018. EBITDA was Euro 2.402 million, an improvement on the figure for the first semester of 2018 (Euro 1.848 million) whilst EBIT was Euro 2.170 million compared to an EBIT of Euro 1.581 million, an increase of Euro 589 thousand compared to the figure for the same period of 2018.

Exhibitions directly organised by the Group occupied 403,490 square metres of net exhibition space, equivalent to approximately 39% of the total exhibition space occupied.

In the semester under review, 26 exhibitions were held in the **fieramilano** and **fieramilanocity** exhibition sites, 2 exhibitions were held outside the sites and 23 congresses with related exhibition space.

Exhibitions in Italy occupied net exhibition space totalling 864,345 square metres compared to 995,345 square metres in the first semester of 2018. The number of exhibitors rose from 17,550 in the first semester 2018 to 15,465 in the first semester 2019.

Details of exhibitions held in Italy are given in the 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 30/06/19	1st Half to 30/06/18	1st Half to 30/06/19	1st Half to 30/06/18
Annual Exhibitions:				
Directly organised				
- Bit	15,790	16,280	280	290
- Chibimart Summer	3,505	3,655	115	130
- HOMI I Semester	72,730	81,020	1,205	1,405
- Miart	8,960	8,845	215	205
- Promotion Trade Exhibition	4,530	4,905	140	145
- SposaItalia	9,650	9,305	140	150
- Versilia Yachting Rendez-Vous	a)	a)	135	140
- Tempo di Libri	b)	13,155	b)	220
Total annual exhibitions directly organised	115,165	137,165	2,230	2,685
Hosted				
- Cartoomics	12,800	14,465	435	400
- Fa' la cosa giusta	11,345	11,340	695	720
- LineaPelle (I Semester)	48,710	48,195	1,115	1,110
- Mido	50,710	50,490	1,250	1,270
- Milano Unica (Spring)	28,115	27,075	425	415
- Mipel (March)	8,275	8,890	270	320
- My Plant & Garden	24,935	25,395	620	520
- Packaging premiere*	4,685	-	230	-
- Salone del Mobile/Complemento d'arredo	175,445	161,480	1,035	1,070
- Simac Tanning Tech	18,685	18,230	280	275
- The Micam (Spring)	60,870	62,930	1,255	1,305
- The ONE Milano (February)	13,970	15,435	230	240
- Enci Winner	b)	19,300	b)	30
- Hobby Show (I Semester)	b)	1,700	b)	70
- Technology Hub (3D Print)	b)	1,970	b)	125
Total annual exhibitions hosted	458,545	466,895	7,840	7,870
Total annual exhibitions	573,710	604,060	10,070	10,555

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	Net sq. metres of exhibition space		Number of exhibitors	
	1st Half to 30/06/19	1st Half to 30/06/18	1st Half to 30/06/19	1st Half to 30/06/18
Biennial exhibitions:				
Directly organised				
- Fruit&Veg Innovation	1,820	-	45	-
- Transpotec & Logitec	51,150	-	255	-
- Tuttofood	64,130	-	1,395	-
Total biennial exhibitions directly organised	117,100	-	1,695	-
Hosted				
- Euroluce	38,900	-	360	-
- Lamiera	22,935	-	385	-
- Made Expo	45,930	-	690	-
- Made in Steel	14,280	-	280	-
- Seeds & Chips	11,595	-	250	-
- Workpalce 3.0	2,360	-	15	-
- Biomass Innovation Expo	-	3,455	-	65
- Eurocucina	-	37,750	-	110
- Mostra Convegno Expocomfort	-	115,400	-	1,570
- Salone del Bagno	-	21,210	-	180
- Venditalia	-	13,855	-	285
- Xylexpo	-	34,915	-	420
Total biennial exhibitions hosted	136,000	226,585	1,980	2,630
Total biennial exhibitions	253,100	226,585	3,675	2,630
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	826,810	967,080	13,745	15,700
- Congresses with related exhibition space	37,535	28,265	1,720	1,850
TOTAL	864,345	995,345	15,465	17,550

* First edition of the exhibition.

a) The event took place in Viareggio.

b) The exhibition did not take place.

In the first semester of 2019, 13 exhibitions were held in foreign exhibition centres and the net exhibition space occupied totalled 171,225 square metres compared to 148,955 square metres in the same period of the previous financial year. The number of exhibitors went from 3,075 in the first semester 2018 to 4,615 in the first semester 2019.

Details of exhibitions held abroad in the first semester 2019 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 30/06/19	1st Half to 30/06/18	1st Half to 30/06/19	1st Half to 30/06/18
Annual Exhibitions:				
Exhibitions in China				
- China International Fastener Show °	15,580	b)	800	b)
- Chinafloor Domotex Shanghai °	89,030	80,785	1,605	1,455
- GITF International Tour Guangzhou	8,250	10,905	215	230
- Industrial Automation Beijing	3,620	3,910	150	120
- Industrial Automation Robotic Show Wuhan/Dongguan °	6,245	5,605	200	120
- Industrial Automation Shenzhen	10,805	12,950	500	370
- Let China Guangzhou	9,200	-	310	-
- Laser Fair Shenzhen	6,100	-	250	-
- China Tourism International and Commodities Fair	a)	13,940	a)	160
Total Exhibitions in China	148,830	128,095	4,030	2,455
Exhibitions in India				
- Food Hospitality World Bangalore	a)	2,150	a)	90
- Food Hospitality World Mumbai	a)	2,460	a)	140
Total Exhibitions in India	-	4,610	-	230
Exhibitions in South Africa				
- Cape Town Art Fair	3,930	3,695	105	100
Total Exhibitions in South Africa	3,930	3,695	105	100
Exhibitions in Brazil				
- Ecoenergy (ex Enersolar)	475	630	25	35
- Exposec	9,935	10,695	195	210
- Infocomm	a)	1,230	a)	45
Total Exhibitions in Brazil	10,410	12,555	220	290
Total Annual Exhibitions	163,170	148,955	4,355	3,075
Biennial Exhibitions:				
Exhibitions in China				
- Metal + Metallurgy	3,480	-	130	-
Total Exhibitions in China	3,480	-	130	-
Exhibitions in Brasil				
- Reatech, FisioTech	4,575	-	130	-
Total Exhibitions in Brazil	4,575	-	130	-
Total Biennial Exhibitions	8,055	-	260	-
TOTAL EXHIBITIONS	171,225	148,955	4,615	3,075
° The exhibition was organised in partnership.				
a) The exhibition did not take place.				
b) The exhibition was held/will be held in subsequent quarters.				

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 2019, Group employees totalled 699. The breakdown compared to 31 December 2018 was as follows:

31/12/18			Permanent employees at period end (units)	30/06/19			30/06/18		
Total	Italy	Foreign countries		Total	Italy	Foreign countries	Total	Italy	Foreign countries
			Fully consolidated companies:						
27	25	2	Executives	23	21	2	27	25	2
587	554	33	Managers and White collar workers (including Journalists)	593	563	30	594	561	33
614	579	35	Total	616	584	32	621	586	35
			Equity-accounted companies (a):						
2	-	2	Executives	5	2	3	2	-	2
80	20	60	White collar workers	78	14	64	58	8	50
82	20	62	Total	83	16	67	60	8	52
696	599	97	TOTAL	699	600	99	681	594	87
(a) the indicated data corresponds to the pro-quota of total employees									

Compared to 31 December 2018, the number of permanent employees posted a net increase of 3.

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 the risks by the management of Fiera Milano SpA and of its subsidiaries;
- (iii) consolidation of information and prioritisation of the risks and the consequent areas of action;
- (iv) tolerance analysis of any exposure identified and formulation of the appropriate management strategies/actions and the identification of the persons responsible for implementing such actions.

Organisational and procedural oversight over the ERM process is provided by the Risk Management function, which is responsible for the proper functioning of the overall company risk management process and which works on the basis of the provisions of the ERM Policy, which governs the process 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 into account 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 sector

Current economic, financial and trade outlooks at global level are burdened by many unknowns, linked especially to the tariff war between the United States and China, which had ups and downs in the first half of 2019 and, in Europe, the difficult process of the United Kingdom exiting from the European Union. In China, manufacturing activity trends are recording their worst values of the last 3 years, while the pace of growth in industrial production is at its lowest levels in the last 17 years; US economic growth, which still lies on a robust foundation, as the job market remains healthy and consumer spending is consistent, on the other hand seems destined to slow, also due to the petering out of the drive from the tax reforms and increases in public and military spending that have taken place under the Trump administration.

The economic slowdown and risks also led the European Commission to decrease European Union growth estimates for 2020 from 1.5% to 1.4%, while those for 2019 remain unchanged at 1.2%. On the other hand, estimates for Italy were confirmed: growth of +0.1% in 2019 and +0.7% in 2020, although according to the Commission, Italy is subject to serious risks, so much so that it remains behind in terms of growth within the European Union in both 2019 and 2020.

Within this not very positive overall environment, some beams of light are coming from exports, for which 2019 forecasts contained in the SACE SIMEST Export 2019 Report for Italy show an increase of 3.4%, compared to +3.1% in 2018, confirming a time period which sees Made in Italy exports close in the black for the tenth year in a row, performance that is even more significant as it was achieved in a context of less lively international trade, which has been held back by tensions between the United States and China, the slowdown in advanced economies and the drop in operator confidence. A glance at Italian export sectors highlights a rather even trend across the various groupings: exports of Italian agrifood products are expected to rise by 3.8% in 2019 (the highest), while investment goods record more moderate growth (+3.1% in 2019), suffering from global uncertainty and difficulties in the automotive sector. Slowing global demand should not instead have repercussions on Made in Italy consumer goods (+3.4%), particularly apparel and furnishings, as well as intermediate goods (+3.6%).

The exhibition sector as a whole is without a doubt benefitting from this positive export trend, thanks to the attractiveness of the Italian exhibition market for products from strong sectors (furnishings, food, mechanics and apparel/fashion). In particular, for Fiera Milano, some surveys¹ show how dynamic Italian exhibiting companies are in foreign markets, in terms of turnover as well as the number of countries covered. The share of companies exhibiting at Fiera Milano sites which earn more than 50% of their turnover from exports is continuously on the rise: in 2018, it reached 54%, compared to 44% in 2017 (in the reference pre-crisis year, 2007, it was 30%). At national level, an average of roughly 22% manufacturing companies are exporters, while the companies that exhibit with Fiera Milano that export reach 93%; the main destination countries are Germany, France and the US.

¹ Source: Fondazione Fiera Milano Research and Development Service

In terms of competitiveness, the global exhibition market continues to be fragmented on the whole, but in recent years the trend towards consolidation has accentuated, including following several large M&A transactions that transformed the international panorama and the classification of major players in the sector (e.g., acquisition of UBM by Informa); there is strong interest in the sector by private equity funds, attracted by a market that is continuing to grow at global level, consisting of high value added B2B services and characterised by consistent cash flows. 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.

In this context, to achieve long-term sustainable growth that will ensure the Group's leading domestic market position and also increase its position and competitiveness on the international market, the Fiera Milano Group remains committed to pursuing the strategic policies outlined in the 2018-2022 Plan focusing on four main aims: *(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)* to expand the international business.

Catastrophe risks - terrorism

The Rho exhibition site is considered a target at risk of a possible terrorist attack, considering the high number of people that can be present during some major exhibitions and the resulting media coverage that such an attack would entail. The possible negative repercussions are deemed high as regards damages to buildings, people and the resulting impossibility to continue to operate, while the likelihood of this occurring is deemed low.

To this end, the Group has for some time had an effective security system to manage access to the sites; in particular, also at the indication of and in concert with the relevant Authorities, it has raised its security and access control levels for the areas dedicated to exhibitions, introducing, starting with the December 2017 edition of Artigiano in Fiera, levels of controls based on those used in airports (security controls at gates with scanners for bags and metal detectors for people) and on preventive clearance procedures that are implemented in collaboration with the law enforcement agencies, protection of the walkways with the placement of New Jersey barriers that prevent access by vehicles.

Furthermore, the current "All Risks Property" insurance policy provides insurance coverage for the "terrorist attack" scenario.

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 and congress facilities 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, *(ii)* strengthening proprietary exhibitions, including through M&A transactions, *(iii)* internationalising events (in terms of exhibitors and visitors, including through "geocloning" operations), *(iv)* exploitation of other revenue sources linked to the use of the exhibition sites (such as events other than exhibitions – e.g. Campus Party), 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 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.

To address this dependency and the inherent risks it poses to the business of the aforementioned companies, the Group has implemented some measures to mitigate the potential negative effects 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) through the launch of new products. 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 opportunities not strictly linked to the business organised/hosted at the sites managed by the Fiera Milano Group (business generated outside the exhibition sites). For Mico DMC, the Group is focusing not only on the captive business, but also on potential sources of revenues and profitability that could be generated from its portfolio of third party clients and event organisers.

2. Operational risks related to processes and organisation

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 reduce 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 fieramilano-Rho site 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 proprietary exhibitions. Some steps have already been taken, and others will be taken in the near future, to change 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 management of IT infrastructure and cyber risks

The Group's technological infrastructure is potentially exposed to the risk of a malfunction and/or an interruption due to possible internal or external attacks by hackers or due to other types of unforeseeable events, that could have negative repercussions ranging from delays in the conduct of its business to a temporary interruption in its business. To handle these eventualities, the Group has adequate physical prevention and protection means in place, which include, *inter alia*, a daily back-up of all data and the availability of alternative solutions capable of quickly reactivating infrastructure. The Group is also planning to acquire Disaster Recovery solutions and procedures with geographical redundancy.

Based on the past experience, the potential exposure to a cyber-attack scenario, aiming to disseminate confidential data to third parties or contaminate internet or intranet sites, is modest; from this point of view, adequate IT security devices are in place (firewalls, system architecture)

and “vulnerability assessments” and “penetration tests” are systematically performed on the systems deemed most critical to prevent possible breaches, with satisfactory results. Furthermore, by the end of 2019 the IAM (Identity Access Management) and PAM (Privileged Access Management) projects are expected to be completed, which will make it possible to implement effective and full management of identity and privileged access to the applications in use, with a resulting reinforcement of security measures for access to the Group’s IT platforms. On the insurance front, in the first half of 2019 an insurance policy covering “cyber risk” was taken out.

Risks related to the ability to find and retain the necessary specialist competences

The Fiera Milano Group considers its human resources and competences in the core business 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 2018-22 Strategic Plan (including the consolidation and development of proprietary exhibitions) require specialist professional competences that are not easily found. To manage potential critical issues deriving from this risk factor, in 2018 the Group introduced the performance management system named PLM - Performance & Leadership Management to evaluate employee competences: the system aims to promote the achievement of strategic business targets and evaluate expected behaviours on the basis of a representative leadership model of the Fiera Milano Group. 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 2018 a medium/long-term mixed cash and performance share Incentive Plan was also adopted, in order, *inter alia*, to link the Group management and key individual incentive process with the Company’s actual results and develop policies meant to attract and retain talented professionals. The Plan addressees include Executive Directors and Executives with strategic responsibilities as well as some key managers.

The Group is also exposed to the risk that competences and relationships built up by internal organisers first and foremost and by business resources in general are inadequate to meet new market challenges, which are driven by the demand and offer of the reference product sectors of the exhibitions (e.g., increasing importance of the digital component in the exhibition product range, also in relation to the launch of the Smart District project). In response to this, in 2018 the Group adopted a new organisational model which made it possible to boost the coordination and commercial and organisational synergies of internal organisers and in 2019 the hiring plan calls for the entry of several resources with qualified digital skills. Furthermore, a succession & management continuity plan is expected to be launched for the identification of potential successors of key Group figures, high-potential resources capable of replacing the managers of some strategic areas for the Group in the future, including through competence training and development plans.

Risks related to illegal working practices in the Group’s supply chain

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 risk of exposure to illegal working practices.

The actual likelihood of engaging suppliers with issues surrounding illegal working practices is in any event considered low, due to the numerous organisational and procedural oversight mechanisms put into place by the Group, which has refined and implemented controls *(i)* in the supplier engagement phase, for its reputational and economic/technical qualification, resulting in enrolment in the Group’s supplier register, as well as *(ii)* in the field, in the physical access control phase (check of validity of entry permits by the Security function) and in the phase of executing the contracted services (first-level check by the requesting function and second-level check by the Supplier Quality function).

It should be noted that *i)* the Fiera Milano Group's Code of Ethics establishes the basic policies for combatting illegal work practices and child labour *ii)* the current Model 231 has a specific section on crimes relating to the employment of citizens from third-party countries who do not have resident permits and a specific section on crimes of illicit brokering and labour exploitation, in order to prevent and monitor the aforementioned crimes.

In June 2019 Fiera Milano also signed a Memorandum of Understanding with the Milan Prefecture and some social partners on prevention and the protection of labour in the exhibition sites managed by Fiera Milano: in line with the process already undertaken, the Memorandum aims to combat illegal and irregular work practices through sharing, which strengthens the capacity for intervention and prevention, also thanks to the establishment of a permanent Observatory which promotes the broadest dissemination of the culture of legality.

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

There is the potential risk that low transparency in relations with counterparties could result in illegal conduct such as corruption, compromising the Group's reputation and integrity, also considering its media exposure.

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, which describe the potential types of crime and the relative control protocols to oversee the sensitive matters in question. The control protocols are part of specific corporate procedures of which the most significant, as regards these risks, are those governing procurement of goods and services.

In addition, every customer and supplier, and more generally all third parties, are informed of the 231 models and the Code of Ethics of the Group companies, as specific clauses are included in the contracts which require the counterparty to respect the principles set forth in Italian Legislative Decree 231/2001 and in the Code of Ethics.

At organisational oversight level, in recent years the Group has strengthened the staff of its Procurement and Internal Audit functions and established the Compliance and Security functions.

To ensure the autonomy of the buyers in the Procurement department, the Company 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 for operating positions, and at increasing intervals for those positions with a more predominantly management component.

Employees also participated in classroom and e-learning training courses specifically dedicated to these matters.

Lastly, the Whistleblowing Procedure governs receipt, analysis and treatment of disclosures, including those made anonymously or in confidence, from third parties or from Group company personnel. The procedure calls for a special internal committee (Whistleblowing Committee) with the task of performing investigations when unlawful events and/or conduct are reported. In performing its functions, this committee collaborates with the Supervisory Committee in the case of reports concerning the relevant crimes pursuant to Italian Legislative Decree 231/2001.

3. Legal/compliance risks

Risks related to the reference legal framework on health and safety

The activities of the Group, particularly those carried out in the exhibition and congress 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 that come under the law governing contractors. 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 Italian 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.

To mitigate potential negative effects of the risk factors listed above, aside from contractual protection mechanisms, the Fiera Milano Group has adopted a series of various types of procedural and organisational oversight mechanisms, including:

- the monitoring of the assessment process for supplier selection, with a verification of technical/professional eligibility and a focus on occupational health and safety aspects;
- 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 Italian Legislative Decree 81/2008;
- the systematic updating of the Organisational Model pursuant to Italian Legislative Decree no. 231/01, which includes the Special Occupational Health and Safety Part;
- the preparation and updating of the PASSA document (Health, Safety and Environment activity plan), which contains the plan of measures deemed appropriate or necessary to guarantee the improvement of health and safety levels over time;
- 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 preparation, for each exhibition or event taking place at the exhibition sites, of the Exhibition Security Document (DUSM), which collects general information about the exhibition as well as information about all relevant security aspects.

In June 2019, Fiera Milano signed a document entitled "guidelines for the organisation of work safety in exhibitions within the Fiera Milano S.p.A. sites" with the Milan Prefecture and ATS which calls for, aside from fulfilling the legal obligations referred to in Italian Legislative Decree 81/08, a series of further commitments by the parties, including some borne by FM in its various roles as site manager, organiser, buyer and contractor.

Administrative liability of entities

Italian Legislative Decree no. 231 of 8 June 2001 introduced the "discipline governing the administrative liability of legal entities, companies and of associations without legal status" (Italian Legislative Decree 231/2001) requiring the adoption and effective implementation of organisational, management and control models. To meet the requirements of this Legislative Decree, the companies of the Group subject to the regulations have introduced organisational and management models that are constantly monitored and updated. However, it cannot be excluded that the models adopted could be considered by the competent Authority to be inadequate or not sufficiently updated, resulting in legal sanctions being imposed even if crimes are committed under

the provisions of the law by persons having a functional connection to Fiera Milano SpA and its subsidiaries for their own interest or advantage.

In this regard, in the first semester of 2019 the Group continued its activities to update the 231 Models of the Group companies in order to incorporate the new regulations as well as intervening changes in the organisational structures of the companies. In addition, widespread classroom and online training for all employees is planned by the end of 2019.

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 specific third-party liability 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.

Risks related to compliance with the GDPR – General Data Protection Regulation

In the course of 2018, the Fiera Milano Group finalised a series of revision and adjustment activities on the organisation and procedural structure, as well as on the overall management of privacy and personal data protection obligations, so as to guarantee compliance with reference European regulations (Regulation (EU) no. 679/2016), with regard to the parent company as well as its subsidiaries. In the first half of 2019, the DPO (Data Protection Officer) was appointed for the parent company Fiera Milano SpA.

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 30/06/19 (€ '000)	1st Half at 30/06/18 (€ '000)
Fully consolidated companies		
Fiera Milano SpA		
Revenues from sales and services	126,325	136,633
EBITDA	49,568	38,639
Employees	426	410
Net financial position: debt (cash)	409,900	(17,005)
Nolostand SpA		
Revenues from sales and services	21,380	23,497
EBITDA	3,021	3,050
Employees	63	62
Net financial position: debt (cash)	2,973	(1,206)
Fiera Milano Media SpA		
Revenues from sales and services	5,795	6,235
EBITDA	816	673
Employees	54	59
Net financial position: debt (cash)	(1,582)	(207)
Fiera Milano Congressi SpA		
Revenues from sales and services	21,191	12,524
EBITDA	6,654	758
Employees	41	44
Net financial position: debt (cash)	21,302	(3,503)
La Fabbrica del Libro SpA		
Revenues from sales and services	-	1,395
EBITDA	(43)	(910)
Employees	-	-
Net financial position: debt (cash)	349	83
CIPA Fiera Milano Publicações e Eventos Ltda		
Revenues from sales and services	2,388	1,850
EBITDA	(123)	(459)
Employees	28	30
Net financial position: debt (cash)	(778)	(889)
Fiera Milano India Pvt Ltd		
Revenues from sales and services	-	-
EBITDA	(5)	(4)
Employees	-	-
Net financial position: debt (cash)	(57)	(63)

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Key data of the companies of the Group data compliant with IAS/IFRS	1st Half at 30/06/19 (€ '000)	1st Half at 30/06/18 (€ '000)
Limited Liability Company "Fera Milano"		
Revenues from sales and services	-	-
EBITDA	(6)	(6)
Employees	1	1
Net financial position: debt (cash)	(26)	(38)
Fera Milano Exhibitions Africa Pty Ltd		
Revenues from sales and services	731	849
EBITDA	201	202
Employees	3	4
Net financial position: debt (cash)	(727)	(674)
List of jointly controlled companies equity-accounted		
Hannover Milano Global Germany GmbH		
Revenues from sales and services	23,173	19,335
EBITDA	8,834	6,983
Employees	137	110
Net financial position: debt (cash)	(24,333)	(22,732)
Ipack Ima Srl		
Revenues from sales and services	-	16,895
EBITDA	(603)	6,488
Employees	17	16
Net financial position: debt (cash)	(480)	(3,429)
MiCo Dmc Srl		
Revenues from sales and services	5,395	3,036
EBITDA	352	(151)
Employees	17	11
Net financial position: debt (cash)	(2,342)	(447)

Significant events after the end of the reporting period

On 17 July 2019 Fiera Milano entered into a binding preliminary agreement for the acquisition of 60% of the company MADE Eventi S.r.l. ("MADE eventi").

At the Fiera Milano Rho exhibition site, MADE eventi organises MADE expo, an international biennial architecture and construction exhibition dedicated to designers, businesses, buyers and specialists. MADE expo is the key event in the construction market, with a value estimated by the ANCE Observatory of Euro 128 billion in 2018, up by 1.5% compared to the previous year.

This transaction is part of the strategies of the 2018-2022 Plan, intending to strengthen the portfolio of directly organised exhibitions, in a strategic sector for the country. The reference sector of MADE expo is also synergistic with the Sicurezza exhibition, which includes building automation solutions. Complementary products are also present in FISP, the international exhibition for security and protection, organised by the Fiera Milano Group in São Paulo, Brazil.

The last edition of the MADE expo exhibition, which was held from 13 to 16 March 2019, occupied a net exhibition surface area of roughly 50 thousand square metres and recorded in excess of 90,000 attendees, including roughly 10% from abroad.

The acquisition price agreed for 60% of the company MADE eventi is Euro 1.86 million. The price envisages the absence of financial debts of the company acquired.

The sale agreement is expected to be signed by the end of October 2019.

On 9 July 2019, in order to further strengthen the portfolio of directly organised events, the Cartoomics exhibition brand dedicated to the comics, gaming and entertainment sector was acquired from Upmarket Srl for a total of Euro 320 thousand.

Business outlook

The results of the first semester, and in particular of the second quarter, were ahead of expectations. With reference to the second part of the year, it is recalled that the third quarter will be characterised by the usual suspension of exhibitions in the summer months, typical of this sector and by the postponement of an important biannual exhibition to the month of October. A very positive performance is expected in the fourth quarter, also due to the holding of the directly organised biennial event, Host, which is expected to achieve a new record edition.

The results of the first half year and the business outlook in the remainder of the year have led to an upgrade of the forecast for EBITDA in 2019 as a whole within the range of 96-100 million, compared to the previously communicated target of Euro 84-88 million.

Interim Condensed Consolidated Financial Statements at 30 June 2019

- **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	30/06/19	31/12/18
ASSETS			
Non-current assets			
4	Property, plant and equipment	9,663	10,812
4	Right-of-use assets	488,490	-
38	<i>of which from related parties</i>	481,224	-
	Investments in non-core property	-	-
5	Goodwill	94,127	94,127
5	Intangible assets with a finite useful life	10,140	10,791
2-6	Equity accounted investments	21,774	19,914
6	Other investments	32	32
9-38	Other financial assets	50	50
6	Trade and other receivables	11,302	11,431
38	<i>of which from related parties</i>	11,203	11,335
6	Deferred tax assets	1,353	1,270
	Total	636,931	148,427
Current assets			
7	Trade and other receivables	47,767	45,136
38	<i>of which from related parties</i>	5,327	7,669
8-38	Inventories	2,921	3,481
	Contracts in progress	-	-
9	Current financial assets	2,299	14
38	<i>of which from related parties</i>	2,299	14
10	Cash and cash equivalents	57,754	28,409
	Total	110,741	77,040
Assets held for sale			
	Assets held for sale	-	-
	Total assets	747,672	225,467
EQUITY AND LIABILITIES			
11	Equity		
	Share capital	41,645	41,645
	Share premium reserve	9,379	9,379
	Revaluation reserve	-	-
	Other reserves	4,136	3,667
	Retained profits/(losses)	17,576	8,495
	Profit/(loss) for the period	24,105	18,848
	Total Group equity	96,841	82,034
	Equity attributable to non-controlling interests	37	61
	Total equity	96,878	82,095
Non-current liabilities			
	Bonds in issue	-	-
	Bank borrowings	-	-
13	Financial liabilities related to the right-of-use of assets	455,763	-
38	<i>of which from related parties</i>	449,951	-
	Other financial liabilities	-	-
14	Provision for risks and charges	729	729
15	Employee benefit provisions	9,585	8,958
18	Deferred tax liabilities	6,850	7,180
	Other non-current liabilities	-	-
	Total	472,927	16,867
Current liabilities			
	Bonds in issue	-	-
12	Bank borrowings	1,506	3,514
16	Trade payables	41,025	38,548
17-38	Advances	59,554	49,659
13	Financial liabilities related to the right-of-use of assets	33,507	-
38	<i>of which from related parties</i>	32,006	-
13-38	Other current financial liabilities	631	1,297
38	<i>of which to related parties</i>	-	678
14	Current provision for risks and charges	5,918	6,603
18	Current tax liabilities	11,253	2,229
19	Other current liabilities	24,473	24,655
38	<i>of which to related parties</i>	3,394	3,874
	Total	177,867	126,505
Liabilities held for sale			
	Liabilities held for sale	-	-
	Total equity and liabilities	747,672	225,467

(€ '000)

notes	Consolidated Statement of Comprehensive Income	1st Half at 30/06/19	1st Half at 30/06/18
23	Revenues from sales and services	153,882	157,724
38	<i>of which with related parties</i>	471	6,491
	Total revenues	153,882	157,724
24-38	Cost of materials	1,383	1,481
25	Cost of services	66,628	64,708
38	<i>of which with related parties</i>	3,423	1,017
26	Cost of use of third-party assets	284	25,454
38	<i>of which with related parties</i>	7	23,240
27-38	Personnel expenses	24,172	23,201
28-38	Other operating expenses	2,530	2,390
	Total operating expenses	94,997	117,234
29-38	Other income	1,331	1,876
30	Results of equity accounted associates and joint ventures	2,371	4,260
31	Provisions for doubtful receivables and other provisions	188	531
	EBITDA	62,399	46,095
32	Depreciation of property, plant and equipment	21,901	1,996
38	<i>of which with related parties</i>	19,428	-
	Depreciation of property investments	-	-
32	Amortisation of intangible assets	925	997
33	Adjustments to asset values	-	1
	EBIT	39,573	43,101
34-38	Financial income and similar	280	356
34	Financial expenses and similar	7,126	376
38	<i>of which with related parties</i>	6,860	10
	Valuation of financial assets	-	-
	Profit/(loss) before tax	32,727	43,081
35-38	Income tax	8,646	11,431
	Profit/(loss) for the period from continuing operations	24,081	31,650
	Profit/(loss) for the period from discontinued operations	-	-
36	Profit/(loss) for the period	24,081	31,650
	Profit/(loss) attributable to:		
	The shareholders of the controlling entity	24,105	31,838
	Non-controlling interests	(24)	(188)
11	Other comprehensive income/(loss) that will not be reclassified subsequently to profit or loss for the period		
	Revaluation of defined benefit schemes	(686)	101
	Tax effects	(164)	24
11	Other comprehensive income/(loss) that will be reclassified subsequently to profit or loss of the period		
	Currency translation differences of foreign subsidiaries	52	(102)
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	(23)	6
	Tax effects	(5)	(1)
	Currency translation differences of foreign subsidiaries	(4)	10
	Other comprehensive income/(loss) for the period net of related tax effects	(492)	(8)
	Total comprehensive income/(loss) for the period	23,589	31,642
	Total comprehensive income/(loss) for the period attributable to:		
	The shareholders of the controlling entity	23,613	31,839
	Non-controlling interests	(24)	(197)
37	Earnings/(losses) per share (€)		
	Basic	0.3396	0.4486
	Diluted	0.3396	0.4486

		(€ '000)	
notes	Consolidated Statement of Cash Flows	1st Half at 30/06/19	1st Half at 30/06/18
	Net cash at beginning of the period	28,409	17,922
	Cash flow from operating activities		
10	Net cash from operating activities	67,989	24,259
38	<i>of which from related parties</i>	(874)	(18,092)
20	Interest paid	(72)	(216)
20	Interest received	92	20
	Total from continuing operations	68,009	24,063
	Total from assets held for sale	-	-
	Cash flow from investing activities		
4	Investments in tangible assets	(529)	(579)
5	Investments in intangible assets	(261)	(83)
5	Decrease in intangible assets	26	8
6	Investments in joint ventures	490	3,552
	Total from continuing operations	(274)	2,898
	Total from assets held for sale	-	-
	Cash flow from financing activities		
11	Equity	-	96
12-13-20	Non-current financial liabilities	(23,851)	(1,996)
38	<i>of which from related parties</i>	(22,956)	-
9	Current financial assets	(2,285)	(752)
38	<i>of which from related parties</i>	(2,285)	(752)
12-13-20-38	Current financial liabilities	(3,033)	(11,323)
11	Dividends paid	(9,227)	(358)
	Total from continuing operations	(38,396)	(14,333)
	Total from assets held for sale	-	-
	Total translation differences	6	106
	Net cash for the period from continuing operations	29,339	12,628
	Net cash at the end of the period	57,754	30,656

		(€ '000)	
		1st Half at 30/06/19	1st Half at 30/06/18
	Net cash from operating activities		
	Result of continuing operations	24,081	31,650
	<i>Adjustments for:</i>		
	Profit from equity accounted investments	(2,371)	(4,260)
	Depreciation and Amortisation	22,826	2,993
	Provisions, write-downs and impairment	(81)	384
	Capital gains and losses	-	30
	Financial expenses on leased assets	6,961	-
	Personell cost "Performance Shares Plan"	421	421
	Net change in employee provisions	(59)	81
	Changes in deferred taxes	(249)	(196)
	Inventories	560	(739)
	Trade and other receivables	(5,001)	1,038
	Trade payables	2,477	(2,964)
	Advances	9,895	(14,628)
	Tax payables	9,024	12,055
	Provisions for risks and charges and other liabilities (excluding payables to Organisers)	(1,657)	(2,192)
	Payables to Organisers	1,162	586
	Total	67,989	24,259

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 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)
Fair value stock grant	-	-	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
	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 2018	41,645	9,379	3,667	8,495	18,848	82,034	339	(278)	61	82,095
Allocation of earnings at 31.12.18:	-	-	-	18,848	(18,848)	-	(278)	278	-	-
<i>dividend distribution</i>	-	-	-	(9,227)	-	(9,227)	-	-	-	(9,227)
Fair value stock grant	-	-	421	-	-	421	-	-	-	421
Remeasurement of defined benefit plans	-	-	-	(540)	-	(540)	-	-	-	(540)
Total comprehensive income for the period	-	-	48	-	24,105	24,153	-	(24)	(24)	24,129
Balance at 30 June 2019	41,645	9,379	4,136	17,576	24,105	96,841	61	(24)	37	96,878

Illustrative Notes to the Interim Condensed Consolidated Financial Statements

The Fiera Milano Group Interim Condensed Consolidated Financial Statements at 30 June 2019 were approved and their publication authorised by the Board of Directors on 31 July 2019.

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 Group business consists of hosting exhibitions, fairs and other events, promoting and making available equipped exhibition spaces, as well as offering support for projects and related services. This includes the business of staging exhibitions (and providing final services to exhibitors and visitors).

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

Standards used to prepare the Financial Statements

The Interim Condensed Consolidated Financial Statements were prepared in accordance with IAS and IFRS accounting standards in force at 30 June 2019, 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 Italian 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 2018.

Given the capital and financial position of the first six months of 2019 financial year, the financial forecasts in the budget and in the 2019-2022 Industrial Plan, approved by the Board of Directors on 29 October 2018 and 12 February 2019, the forecasts for working capital requirements and for the financial and capital position of the Group, the Interim Condensed Consolidated Financial Statements have been prepared on the principles of a going concern.

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 2019.

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 2018 except for new standards and amendments applicable from 1 January 2019. 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.

From the applicable date of 1 January 2019, the Group applies IFRS 16 - Leasing, which replaces IAS 17 and the relevant interpretations. As required by IAS 34 – Interim Financial Reporting, the nature and effects of these changes are described below.

- IFRS 16 - Leasing

Regulation no. 2017/1986 issued by the European Commission on 31 October 2017 approves IFRS 16 "Leasing", which replaces IAS 17 and the relevant interpretations. In particular, IFRS 16 defines a lease as a contract that conveys the lessees the right to use an asset for a certain period of time in exchange for consideration. The new accounting standard eliminates the classification of leases as operating or finance leases for the purposes of preparing the financial statements of lessees; in particular, for all the leases with a term of more than 12 months:

- the recognition in the statement of financial position is requested of an asset representing the right of use of the asset (ROU) and of a liability (lease liability) representing the obligation to make the payments required by the contract; as allowed by the standard, the right-of-use and the lease liability may be recognised in entries that are separate from the other equity components;
- the recognition in the income statement is requested of the depreciation and amortisation of the asset for the right of use and of the interest payable accrued on the lease liability, in place of the operating lease payments recognised under operating expenses. The income statement will also include: (i) short-term lease and low value payments, as permitted in simplified form by IFRS 16; and (ii) the variable lease payments, not included in the calculation of the lease liability;
- the recognition in the cash flow is requested of the refunds of the lease liability within the net cash flow from financing activities with the interest payable. Compared to the provisions of IAS 17 with reference to operating leases, applying IFRS 16 will have an impact on the Statement of Cash Flows leading to: (a) an improvement of the net cash flow from operating activities, which will no longer include payments for leases; (b) a worsening of the net cash flow from financing activities, which will include the payments connected to the refund of the lease liability.

Upon first application, the Group opted not to restate the comparative figures for previous years (modified retrospective approach). Based on this criterion, the lease liability is measured on the basis of the payments for the remaining leases, discounted using the marginal loan rate at the first adoption date. The carrying amount of the lease liability is equal to the carrying amount of the right of use ("RoU asset") at the first adoption date. The value of prepaid expenses relating to leases recognised in the statement of financial position at the closing date of these financial statements has been reclassified to the entry "Right of use" ("RoU asset") at the same time as the first adoption of the standard in question.

In addition, the Group applies the exemption granted by the standard in relation to short-term leases (contracts with a term of less than 12 months) for all asset classes and for leases for which the underlying asset has a low unit value. The contracts to which the exemption was applied fall mainly within the following categories: computers, telephones and tablets; office and multifunction printers and other electronic devices.

For these contracts, the introduction of IFRS 16 does not entail the recognition of the financial liability of the lease and the related right of use, but the lease payments are recorded in the income statement on a straight-line basis for the duration of the respective contracts.

The transition to IFRS 16 introduces some elements of professional judgement and the use of assumptions and estimates in relation to the term of the lease and the definition of the marginal loan rate. The main ones are summarised below:

- contract renewal clauses are considered for the purposes of determining the term of the contract when exercising them is considered reasonably certain, i.e. when the Group has the option to exercise them without needing to obtain the counterparty's consent. In particular this criterion has led to the determination of a residual duration of about 13 years for the rental of the exhibition facilities leased from the Controlling Shareholder Fondazione Fiera Milano;

- the discount rate used to determine the lease liability is determined, as described below, by a base rate, which reflects the performance of the financial market, plus a market spread, which reflects the risk premium requested by the lenders taking into account the term of the leases. The 10-year IRS was chosen as the base rate as at 1 January 2019, while the market spread was calculated considering a list of companies comparable with Fiera Milano, listed and operating in the exhibition sector.

The average rate used calculated as so is equal to 2.81%.

The application of IFRS 16 highlights significant impacts both on the accounting representation of the entry Non-current assets and on non-current financial indebtedness, since Fiera Milano Group leases exhibition sites and warehouses either from the controlling shareholder Fondazione Fiera Milano or from third parties, as part of its business activity.

For illustrative purposes only, the table below summarises the effects deriving from the application of the new standard IFRS 16:

	(€'000)			
IFRS 16 effects	1st Half at 30/06/18	1st Half at 30/06/19	1st Half at 30/06/19 pre IFRS 16	Impact IFRS 16
Revenues from sales and services	157,724	153,882	153,882	-
Total revenues	157,724	153,882	153,882	-
Cost of materials	1,481	1,383	1,383	-
Cost of services	64,708	66,628	66,628	-
Cost of use of third-party assets	25,454	284	24,462	(24,178)
Personnel expenses	23,201	24,172	24,172	-
Other operating expenses	2,390	2,530	2,530	-
Total operating expenses	117,234	94,997	119,175	(24,178)
Other income	1,876	1,331	1,331	-
Results of equity accounted associates and <i>joint ventures</i>	4,260	2,371	2,371	-
Provisions for doubtful receivables and other provisions	531	188	188	-
EBITDA	46,095	62,399	38,221	24,178
Depreciation of property, plant and equipment	1,996	21,901	1,681	20,220
Amortisation of intangible assets	997	925	925	-
Adjustments to asset values	1	-	-	-
EBIT	43,101	39,573	35,615	3,958
Financial income and similar	356	280	280	-
Financial expenses and similar	376	7,126	165	6,961
Profit/(loss) before tax	43,081	32,727	35,730	(3,003)
Income tax*	11,431	8,646	9,461	(815)
Profit/(loss) for the period from continuing operations	31,650	24,081	26,269	(2,188)
Right-of-use assets	-	488,490	-	488,490
Net financial debt/(cash)	-26,286	431,304	-57,966	489,270

* For comparative purposes IFRS 16 impact is calculated by applying the Group average tax rate

The following amendments and interpretations are effective for the first time in 2019 and these have had no impact on the Interim Condensed Consolidated Financial Statements.

- Amendment to IFRS 9 - Prepayments Features with Negative Compensation

Under IFRS 9, a debt instrument can be measured at amortised cost or at fair value in the statement of comprehensive income, provided that the contractual cash flows are "solely payments of principal and interest on the reference amount" (the SPPI criterion) and the instrument is classified in the appropriate business model. The amendments to IFRS 9 clarify that a financial asset exceeds the SPPI criterion regardless of the event or circumstance that causes early termination of the contract and regardless of which party pays or receives reasonable compensation for early termination of the contract.

These amendments have not had any impact on the consolidated financial statements.

- Amendments to IAS 19 - Plan Amendment, Curtailment or Settlement

Amendments to IAS 19 set out the accounting rules in the event of an amendment, curtailment or settlement of the plan during the reference period. The amendments specify that when an amendment, curtailment or settlement of the plan occurs during the period, an entity is required to determine the service cost for the remainder of the period following the amendment, curtailment or settlement of the plan, using key actuarial assumptions to remeasure the net defined benefit liability (asset) to reflect the benefits offered by the plan and the plan's assets after the event. Furthermore, an entity is obliged to calculate the net interest for the remaining period after the amendment, curtailment or settlement of the plan: the net defined benefit liability (asset) that reflects the benefits offered by the plan and the plan's assets after the event; and the discount rate used to re-parametrise the net defined benefit liability (asset).

In the reference period, the Group did not record any amendment, reduction or settlement of the plans.

- Amendments to IAS 28 - Long-term interests in associates and joint ventures

The amendments specify that an entity applies IFRS 9 for long-term investments in an associate or joint venture for which the equity method is not applied but which, in substance, form part of the net investment in the associate or joint venture (long-term interest).

This clarification is important because it implies that the expected credit loss model of IFRS 9 applies to such long-term investments.

The amendments also clarify that, in applying IFRS 9, an entity shall not take into account any loss of the associate or joint venture or any loss in value of the investment, recognised as an adjustment to the net investment in the associate or joint venture resulting from the application of IAS 28 Investments in Associates and Joint Ventures.

These amendments have not had any impact on the consolidated financial statements, as the Group does not hold investments in associates and joint ventures for which the equity method is not applied.

- IFRIC Interpretation 23 – Uncertainty over income tax treatments

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of recognition and measurement requirements under IAS 12 – Income Taxes. The interpretation does not apply to taxes or levies outside the scope of IAS 12 nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.

The Interpretation specifically deals with the following points:

- if an entity considers the uncertain tax treatments separately;
- the entity's assumptions about the review of tax treatments by the tax authorities;
- how an entity determines the taxable profit (or tax loss), tax bases, unused tax losses, unused tax credits and tax rates;
- how an entity deals with changes in facts and circumstances.

An entity shall determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments based on which approach better predicts the resolution of the uncertainty.

The Group applies a significant judgement in identifying uncertainties regarding the tax treatment of income taxes. Since the Group operates in a complex multinational context, it has assessed whether the interpretation could have had an impact on its interim consolidated financial statements.

At the time of adopting the interpretation, the Group examined the existence of uncertain tax positions, in particular with reference to the transfer pricing policy.

- 2015-2017 annual improvements Cycle:

IFRS 3 - Business Combinations

The amendments clarify that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination that has taken place in several stages, including the re-measurement at fair value of the investment previously held in the assets and liabilities of the joint operation. In doing this, the buyer remeasures the interest previously held in the joint operation.

The entity applies such amendments to business combinations for which the acquisition date coincides with or is subsequent to the first financial year starting from or after 1 January 2019, with early application permitted.

This amendment has had no impact on the Consolidated Financial Statements of the Group as no business combination took place in which joint control was obtained.

IFRS 11 - Joint Arrangements

An entity that participates in a joint operation, without having joint control, could obtain joint control of the joint operation if the activity of the joint operation constitutes a business as defined in IFRS 3. The amendments clarify that the investments previously held in this joint operation are not remeasured. An entity applies such amendments to the operations in which it has joint control from the beginning of the year starting from or after 1 January 2019, with early application permitted.

This amendment has had no impact on the Consolidated Financial Statements of the Group as no business combination took place in which joint control was obtained.

IAS 12 - Income Taxes

The amendments clarify that the effects of taxes on dividends are related to past transactions or events that generated distributable profits rather than to distributions to shareholders. Therefore, an entity recognises the effects of income tax arising on dividends in the profit or loss for the year, in other comprehensive income/loss or in equity, consistently with the way in which the entity has previously recognised such past operations or events.

The entity applies these amendments for the financial years beginning on or after 1 January 2019, with early adoption permitted. When the entity first applies such amendments, it applies them to the effects that taxes on dividends recognised from the beginning of the first annual reporting period have had. Since the Group's current practice is in line with these amendments, the Group has not recorded any impact resulting from these amendments on its consolidated financial statements.

IAS 23 - Borrowing Costs

The amendments clarify that an entity treats as non-specific loans any loan that from the outset was intended to develop an asset, when all the actions necessary to prepare that asset for use or sale are completed.

An entity applies these amendments to the financial expenses incurred from the beginning of the financial year in which the entity first applies those amendments. The entity applies these amendments for the financial years beginning on or after 1 January 2019, with early adoption permitted. Since the Group's current practice is in line with these amendments, the Group has not recorded any impact resulting from these amendments on its consolidated financial statements.

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 2019 and of the same period of the previous year. 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 2019 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 2 April 2019, through the establishment of the Newco Hannover Milano XZQ Exhibitions, the acquisition was finalised, in cooperation with the German partner Deutsche Messe AG., of the LASERFAIR exhibition, which is the most important exhibition in China in the sector of technology in the laser industry, held in Shenzhen;
- on 18 April 2019 Fiera Milano SpA, to strengthen the capital of the Brazilian subsidiary Eurofairs International Consultoria e Participações Ltda, made a Euro 0.900 million capital contribution. This operation is part of the resolution of the Board of Directors of Fiera Milano SpA of 19 February 2018, which approved to ensure the financial resources of the subsidiary through payments and/or loans up to Euro 2.200 million;
- on 6 June 2019, the deed of merger by reverse incorporation of the controlling shareholder Eurofairs International Consultoria and Participações Ltda into the 100% subsidiary CIPA Fiera Milano Publicações e Eventos Ltda was signed. The signing of the deed follows the resolution of the Board of Directors of Fiera Milano SpA of 12 February 2019 and the Shareholders' Meetings of Eurofairs and CIPA of 6 June 2019.

Attachment 1 gives the list of companies consolidated at 30 June 2019.

Translation of accounts prepared in currencies other than the Euro

The exchange rates used to translate the 2019 and 2018 half-year financial statements of foreign companies into Euro were as follows:

	average 1st Half 2019	average 1st Half 2018	30/06/2019	30/06/2018
South African rand	16.4749	14.8913	16.1218	16.0484
Brazilian reals	4.36	4.1415	4.3511	4.4876
Russian rouble	72.4028	71.9601	71.5975	73.1582
Indian rupee	78.4078	79.4903	78.5240	79.8130

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 is subject to impairment tests at least on an annual basis or more often if indications of impairment emerge. This test requires an estimate of the value of use of the cash-generating unit to which the goodwill is attributed, which itself is based on an estimate of the cash flows the unit is expected to generate and their discounting based on an identified 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 it is determined according to IFRS 13 Fair Value Measurement. 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 tested for impairment when there are internal or external indications that an asset is impaired; this test requires an estimate of the value in use of the cash-generating unit to which the asset belongs, which itself is based on an estimate of the cash flows the cash-generating unit is expected to generate and discounting them to their net present value 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 must use its judgement in estimating the amount of 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 will be continually assessed by the Directors regarding the effective realisation of the initiatives and forecasts and the effects on the financial and economic performance of the Group.

- *Share-based Payments.* According to the contents of IFRS 2 - Share-based Payments, the total amount of the current value of the stock grants (fair value) at the assignment date is recorded

in full in the statement of income among the personnel costs for the period between the allocation date and their maturity date and is recognised against the equity reserve.

The fair value of the stock grants is calculated at their allocation date, reflecting the market conditions existing at the date in question.

In the case of a set "maturity period" in which some conditions must be met (attaining targets) so that the assignees become holders of the right, the cost for remuneration, determined on the basis of the current value of the shares at the allocation date, is recorded under personnel costs based on a straight-line method over the period between the allocation date and the maturity date.

In case of assigning shares free of charge (so-called "stock grant") at the end of the maturity period, the corresponding increase in equity is recorded.

- Taxes 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 40.46% at 30 June 2018 to 40.21% at 30 June 2019.

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

	(€'000)	
Hannover Milano Global Germany GmbH	30/06/19	31/12/18
Current assets	8,775	2,764
Non-current assets	9,404	8,864
Current liabilities	15,137	14,108
Net financial debt/(cash)	(24,333)	(23,330)
Equity	27,375	20,850
Book value of the joint venture	12,211	9,706

	(€'000)	
Hannover Milano Global Germany GmbH	1st Half at 30/06/19	1st Half at 30/06/18
Total revenues and other income	23,316	19,418
Total operating costs	(14,482)	(12,435)
Depreciation and amortisation and write-downs	(258)	(313)
Interest income	186	200
Interest payable	-	-
Profit/(loss) before tax	8,762	6,870
Income tax	(2,227)	(1,867)
Profit/(loss) for the period	6,535	5,003
Non-controlling interests	(298)	-
Profit/(loss) for the period	6,237	5,003
Group profit/(loss)	2,507	2,022

The Group has a 49% shareholding in Ipack-Ima Srl, a company jointly controlled with UCIMA (Union of Italian Automatic Machine manufacturers for packing and packaging) that is equity accounted.

Last year, 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 2019 when it held no exhibition.

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

	(€'000)	
Ipack Ima Srl	30/06/19	31/12/18
Current assets	955	545
Non-current assets	5,407	5,510
Current liabilities	1,687	1,463
Non-current liabilities	1,194	1,269
Net financial debt/(cash)	(480)	(2,182)
Equity	3,961	5,505
Book value of the joint venture	1,941	2,697

	(€'000)	
Ipack Ima Srl	1st Half at 30/06/19	1st Half at 30/06/18
Total revenues and other income	148	17,045
Total operating costs	(751)	(10,557)
Depreciation and amortisation and write-downs	(116)	(118)
Interest income	-	-
Interest payable	(4)	(11)
Profit/(loss) before tax	(723)	6,359
Income tax	198	(1,790)
Profit/(loss) for the period	(525)	4,569
Group profit/(loss)	(257)	2,238

At 30 June 2019 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.

The Group holds, indirectly via Fiera Milano Congressi SpA, a 51% shareholding in MiCo DMC Srl, initially consolidated in full.

On 4 December 2018, the governance agreement concerning MiCo DMC Srl with the partner AIM Group International SpA was amended, determining greater sharing of the choices for managing the activity. When applying IFRS 11 these agreements qualify the company as a joint venture and, starting from December 2018, determine the measurement of the shareholding with the equity method.

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

	(€'000)	
MiCo DMC Srl	30/06/19	31/12/18
Current assets	6,536	1,593
Non-current assets	167	165
Current liabilities	8,435	1,570
Non-current liabilities	218	175
Net financial debt/(cash)	(2,342)	(158)
Equity	392	171
Book value of the joint venture	200	87

	(€'000)	
MiCo DMC Srl	1st Half at 30/06/19	
Total revenues and other income	5,407	
Total operating costs	(5,054)	
Depreciation and amortisation and write-downs	(5)	
Interest income	-	
Interest payable	(2)	
Profit/(loss) before tax	346	
Income tax	(109)	
Profit/(loss) for the period	237	
Group profit/(loss)	121	

At 30 June 2019 and at 30 June 2018, there were no material potential liabilities or obligations relating to the shareholding of the controlling shareholders in the joint venture.

3) Segment information

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.

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

- **Italian Exhibition Business:** 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, the provision of stand fitting, technical and exhibition site services connected to the exhibition and congress activities; by offering project support as well as 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, La Fabbrica del Libro SpA and Nolostand SpA.

- **Foreign Exhibitions Business:** 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 in partnership with third-parties or in the capacity as agents. 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 China Ltd, and Hannover Milano Fairs Shanghai Co. Ltd and its subsidiaries Hannover Milano Best Exhibitions Co. Ltd of which 51% is held and Hannover Milano XZQ Exhibitions of which 60% is held. In addition, it is active through the subsidiary Hannover Milano Fairs India Pvt Ltd;
- Cipa FM Publicações e Eventos Ltda (hereinafter "Cipa FM"), with its registered office in São Paulo;
- 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.

- **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 refers to 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 2019 and 30 June 2018.

Income Statement 1st Half to 30/06/19	Italian Exhibitions Business	Foreign Exhibitions Business	MEDIA	CONGRESSES	Adjustments	Consolidated
Revenues from sales and services to third-parties	125,849	3,008	4,152	20,873	-	153,882
Revenues from intersegment sales and services	3,345	110	1,643	318	(5,416)	-
Total revenues	129,194	3,118	5,795	21,191	(5,416)	153,882
<i>of which from Italy</i>						150,874
<i>of which from foreign activities</i>						3,008
Cost of materials	1,214	9	122	40	(2)	1,383
Cost of services	55,191	2,400	3,107	12,538	(6,608)	66,628
Cost for use of third-party assets	133	130	46	25	(50)	284
Personnel expenses	20,007	668	1,954	1,895	(352)	24,172
Other operating expenses	2,205	48	28	249	-	2,530
Total operating expenses	78,750	3,255	5,257	14,747	(7,012)	94,997
Other income	2,103	262	284	274	(1,592)	1,331
Profit/(loss) of equity accounted companies	(257)	2,508		120		2,371
Allowance for doubtful accounts and other provisions	1	117	6	64		188
EBITDA	52,289	2,516	816	6,774	4	62,399
<i>of which from Italy</i>						59,997
<i>of which from foreign activities</i>						2,402
Depreciation of property, plant & equipment	19,402	98	45	2,356		21,901
Depreciation of property investments						
Amortisation of intangible assets	708	134	70	13		925
Adjustments to asset values						
EBIT	32,179	2,284	701	4,405	4	39,573
<i>of which from Italy</i>						37,403
<i>of which from foreign activities</i>						2,170
Financial income and similar						280
Financial expenses and similar						7,126
Valuation of financial assets						
Profit/(loss) before income tax						32,727
Income tax						8,646
Profit/(loss) from continuing operations						24,081
Profit/(loss) from discontinued operations						-
Profit/(loss) for the period						24,081
Profit/(loss) attributable to non-controlling interests						(24)
Group profit/(loss)						24,105

The table below gives investments by operating segment:

Statement of Financial Position data at 30/06/19	(€'000)
	Investments
Italian Exhibitions Business	473,781
Foreign Exhibitions Business	211
Media	288
Congresses	35,220
Total	509,500

They include the Right-of-use of the leased assets deriving from the application of IFRS 16.

(€'000)

Income Statement 1st Half to 30/06/18	Italian Exhibitions Business	Foreign Exhibitions Business	MEDIA	CONGRESSES	Adjustments	Consolidated
Revenues from sales and services to third-parties	136,627	2,699	4,860	13,538	-	157,724
Revenues from intersegment sales and services	1,957	-	1,375	1,966	(5,298)	-
Total revenues	138,584	2,699	6,235	15,504	(5,298)	157,724
<i>of which from Italy</i>						155,025
<i>of which from foreign activities</i>						2,699
Cost of materials	1,361	6	89	31	(6)	1,481
Cost of services	54,559	2,099	3,738	10,577	(6,265)	64,708
Cost for use of third-party assets	23,167	195	110	2,070	(88)	25,454
Personnel expenses	18,814	655	1,711	2,283	(262)	23,201
Other operating expenses	2,183	65	40	104	(2)	2,390
Total operating expenses	100,084	3,020	5,688	15,065	(6,623)	117,234
Other income	2,124	698	126	253	(1,325)	1,876
Profit/(loss) of equity accounted companies	2,238	2,022				4,260
Allowance for doubtful accounts and other provisions	(105)	551		85		531
EBITDA	42,967	1,848	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	1,248	74	10	664		1,996
Depreciation of property investments						
Amortisation of intangible assets	669	126	119	17	66	997
Adjustments to asset values		1				1
EBIT	41,050	1,647	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 31/12/18	(€'000)
	Investments
Italian Exhibitions Business	2,165
Foreign Exhibitions Business	350
Media	-
Congresses	120
Total	2,635

Notes to the Interim Condensed Consolidated Financial Statements

STATEMENT OF FINANCIAL POSITION

ASSETS

NON-CURRENT ASSETS

4) Property, plant and equipment and Right-of-use assets

	(€'000)						
	Balance at 31/12/18	Changes during the period					Balance at 30/06/19
		Incr.	Decr.	Depr.	Currency translation differences	Reclassification	Other movements
Property, plant and equipment							
. historic cost	114,341	529	-	-	16	13	-
. depreciation	103,529	-	-	1,681	11	-	15
	10,812	529	-	1,681	5	13	(15)
Right-of-use assets							
. historic cost	-	508,710	-	-	-	-	508,710
. depreciation	-	-	-	20,220	-	-	20,220
	-	508,710	-	20,220	-	-	488,490

Property, plant and equipment

The main changes in the semester were as follows:

- Euro 0.189 million of investments mainly made by Nolostand SpA to acquire assets to be hired out, in particular, parts for stands and assets in wood;
- Euro 0.157 million of investments made by Fiera Milano SpA primarily for electronic equipment;
- Euro 0.061 million of investments made by Fiera Milano SpA primarily for electronic equipment and furnishing, and plants at the Rho exhibition site;
- Euro 0.110 million of investments by Fiera Milano Africa for equipment for the Cape Town Art Fair.

Right-of-use assets

These totalled Euro 488.490 million net of amortisation for the period of Euro 20.220 million and refer to the recognition of the right of use of the leased assets deriving from the application of IFRS 16 in force from 1 January 2019. For more details reference is made to the paragraph "Accounting standards and consolidation criteria".

The entry Rights-of-use assets includes Euro 481.224 million (zero at 31 December 2018) for related-party transactions. Note 38 provides further details on related-party transactions.

5) Goodwill and intangible assets with a finite useful life

	(€'000)						
	Balance at 31/12/18	Changes during the period					Balance at 30/06/18
		Incr.	Decr.	Depr.	Currency translation differences	Reclassification	
Goodwill							
. Historic cost	110,724	-	-	-	-	-	110,724
. Amortisation	16,597	-	-	-	-	-	16,597
	94,127	-	-	-	-	-	94,127
Intangible assets with a finite useful life							
. Historic cost	79,751	261	26	-	127	(13)	80,100
. Amortisation	68,960	-	-	925	75	-	69,960
	10,791	261	26	925	52	-	10,140

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.

The goodwill allocations are as follows:

- Italian Exhibition Business cash-generating unit: this comprises the cash-generating units corresponding to all the exhibitions organised and hosted by Fiera Milano SpA and the stand-fitting services provided by NoloStand SpA, for goodwill equal to Euro 82.725 million (of which Euro 70.144 million related to contributions and acquisitions of exhibitions and Euro 12.581 million deriving from fitting services).
- The Publishing and Digital Services group of cash-generating units: this includes the cash-generating units of publications and digital services and the advertising and sponsoring activities. The goodwill of Fiera Milano Media SpA is allocated to this cash-generating unit, which equalled Euro 5.947 million, deriving from the acquisition of publishing companies subsequently incorporated.
- The Congress cash-generating unit: it includes the goodwill of Euro 5.455 million deriving from the acquisition of Fiera Milano Congressi SpA.

There were no significant indications of impairment to goodwill, therefore, they were not subject to impairment tests at 30 June 2019.

Intangible assets with a finite useful life

The increase of Euro 0.261 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 8.574 million (Euro 8.956 million at 31 December 2018):

- Exhibition trademarks:
 - Host: Euro 1.550 million;
 - Mipap Milano Prêt-à-Porter: Euro 1.457 million;
 - Promotion Trade Exhibition: Euro 1.171 million;
 - Exposec: Euro 1.092 million;
 - Fisp: Euro 1.061 million;
 - Transpotec & Logitec: Euro 0.404 million;
 - Festivity: Euro 0.225 million;
 - Tubotech Euro 0.173 million;
 - Miart: Euro 0.107 million;
 - Other trademarks: Euro 0.094 million.
- other trademarks and publishing titles:
 - Technology publications: Euro 0.640 million;
 - Business International: Euro 0.600 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 2019.

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

(€'000)

	Balance at 31/12/18	Changes during the period					Balance at 30/06/19
		Increase	Decrease	Results	Dividend distribution	Currency translation differences	
Equity-accounted investments	19,914	-	18	2,371	490	(3)	21,774
Other investments	32	-	-	-	-	-	32
Trade and other receivables	11,431	3	132	-	-	-	11,302
Deferred tax assets	1,270	96	2	-	-	(11)	1,353
Total	32,647	99	152	2,371	490	(14)	34,461

The entry for equity accounted investments was Euro 21.774 million (Euro 19.914 million at 31 December 2018) and was:

- Euro 18.884 million for the 49% shareholding in Hannover Milano Global Germany GmbH;
- Euro 2.645 million for the 49% shareholding in Ipack-Ima Srl;
- Euro 0.245 million for the 51% shareholding in MiCo DMC Srl.

The changes in the semester were as follows:

- Euro 0.018 million increase for the re-measurement of the defined benefit plans net of the related tax effect;
- the distribution of dividends by 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 11.203 million (Euro 11.335 million at 31 December 2018). Euro 10.412 million was the guarantee deposit for the two property agreements for the Rho and Milan exhibition sites. The decrease in the first half of Euro 0.132 million relates to the refund of security deposit to Fondazione Fiera Milano, following renegotiation of lease contract. 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 totalling Euro 0.099 million (Euro 0.096 million at 31 December 2018).

The entry for trade and other receivables also included Euro 11.203 million of related-party transactions (Euro 11.335 million at 31 December 2018). 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)		
	30/06/19	31/12/18	change	
Trade receivables	35,993	33,389	2,604	
Trade receivables from the controlling shareholder	1,912	4,702	(2,790)	
Trade receivables from <i>joint venture</i>	3,027	87	2,940	
Other receivables	4,407	3,403	1,004	
Prepaid expenses from the controlling shareholder	388	2,879	(2,491)	
Prepaid expenses from <i>joint venture</i>	-	1	(1)	
Accrued income and prepaid expenses	2,040	675	1,365	
Total	47,767	45,136	2,631	

The change of Euro 2.631 million in trade and other receivables in the semester under review was mainly due to:

- an increase in trade receivables due to the trend in invoices and cash received that relates to the exhibition calendar;
- the decrease in "Receivables from the controlling shareholder" relating to investment projects coordinated and headed by Fiera Milano SpA, which were incurred by Fondazione Fiera Milano as part of the plan for the competitiveness and sustainability of exhibition sites;
- the increase in "Trade receivables from joint venture" referring to the subsidiary Fiera Milano Congressi SpA from Mico DMC S.r.l.;
- the decrease in prepaid expenses relating to the lease agreement with the Controlling Shareholder for the reclassification to the entry "Right of use of the leased assets" as better specified in chapter 1.1 "New accounting standards, interpretations and amendments adopted";
- the increase in repaid expenses for insurance premiums and other accruals and for costs incurred in the semester about to end but pertaining to the following period.

The figure for receivables was adjusted for the provision for doubtful receivables in order to bring the accounting value in line with the presumed recoverable value. The change in this provision in the year under review is shown in the table below:

	31/12/18	Provisions	Utilisation and other changes	Currency translation differences	30/06/19
Provision for doubtful receivables	3,574	131	363	25	3,367

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 5.327 million of related-party transactions (Euro 7.669 million at 31 December 2018). Note 38 provides further details on related-party transactions.

8) Inventories

Inventories	(€'000)		
	30/06/19	31/12/18	change
Inventories	10	20	(10)
Suspended costs for future exhibitions	2,911	3,461	(550)
Total inventories	2,921	3,481	(560)

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 2019.

The breakdown of deferred costs by event was as follows:

Manifestazione	(€'000)		
	30/06/19	31/12/18	Change
Host	1,197	523	674
Homi II semester	358	-	358
Fesqua	242	-	242
Fisp	224	-	224
Sicurezza	111	-	111
Tubotech	86	-	86
Promotiontrade exhibition	30	56	(26)
Bit	15	228	(213)
Tuttofood	3	1,192	(1,189)
Miart	-	204	(204)
Homi I semester	-	176	(176)
Exposec	-	109	(109)
Transpotec & Logitec	-	106	(106)
Congresses and other exhibitions	645	867	(222)
Totale	2,911	3,461	(550)

The entry Inventories includes Euro 0.449 million (Euro 0.310 million at 31 December 2018) for related-party transactions. Note 38 provides further details on related-party transactions.

9) Financial assets

Financial assets	(€'000)			
	31/12/18	Increases	Decreases	30/06/18
Non-current other financial assets	50	-	-	50
S/term financing to joint venture	14	1,002	-	1,016
Current financing to controlling shareholder	-	1,283	-	1,283
Total	64	2,285	-	2,349

This entry included the following financial assets:

- Euro 1.283 million for the current account held with Fondazione Fiera Milano, which the year before had a negative balance and was included under financial liabilities. The account carries interest rate at 1-month Euribor plus a spread of 0.75%;
- Euro 1.001 million for the financing given to the joint venture Ipack-Ima Srl. The interest payable on this loan is 1.50%.
- Euro 0.065 million for the financing given to the joint venture MiCo DMC Srl, of which Euro 0.050 million non-current.

The entire entry is a related-party transaction (Euro 0.064 million at 31 December 2018). Note 38 provides further details on related-party transactions.

10) Cash and cash equivalents

Cash and cash equivalents totalled Euro 57.754 million (Euro 28.409 million at 31 December 2018) and was almost entirely composed of short-term bank deposits with floating rate interest.

The change in financial flows in the first semester 2019 compared to first semester 2018 is shown in the Consolidated Statement of Cash Flows.

EQUITY AND LIABILITIES

11) Equity

Equity	(€'000)		
	30/06/19	31/12/18	Change
Share capital	41,645	41,645	-
<i>of which treasury shares</i>	<i>(800)</i>	<i>(800)</i>	-
Share premium reserve	9,379	9,379	0
<i>of which treasury shares</i>	<i>(3,204)</i>	<i>(3,204)</i>	-
Other reserves	4,136	3,667	469
Retained profits/(losses)	17,576	8,495	9,081
Profit/(loss) for the period	24,105	18,848	5,257
Group equity	96,841	82,034	14,807
Capital and reserves attributable to non-controlling interests	61	339	(278)
Profit/(loss) attributable to non-controlling interests	(24)	(278)	254
Equity attributable to non-controlling interests	37	61	(24)
Total	96,878	82,095	14,783

Share capital

At 30 June 2019, the share capital was Euro 41.645 million (Euro 41.645 million at 31 December 2018) net of Euro 0.800 million of treasury shares. The fully paid-up share capital is made up of 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 2018	Change	Number of shares at 30 June 2019
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 accounting principles, 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 2019, the implicit nominal value of the shares was Euro 0.59 per share.

Share premium reserve

This was Euro 9.379 million (Euro 9.379 million at 31 December 2018) net of the reserve for treasury shares of Euro 3.204 million.

Other reserves

Other reserves totalled Euro 4.136 million (Euro 3.667 million at 31 December 2018), with breakdown as follows:

- Euro 8.489 million from the Parent Company legal reserve;
- Euro -5.623 million from the currency translation reserve;
- Euro 1.270 million from the stock grant reserve in relation to the estimated cost of the Performance Shares Plan included in the 2018-2019 management incentives plan.

Changes in the semester under review were as follows:

- a Euro 0.421 million increase in the reserve for the stock grant plan;
- a Euro 0.048 million increase in the translation reserve.

Retained profits/losses

This entry was Euro 17.576 million (Euro 8.495 million at 31 December 2018).

The changes in the semester were as follows:

- a Euro 18.848 million increase from the results of the previous financial year;
- a decrease of Euro 9.227 million for the distribution of dividends by the Parent Company;
- a Euro 0.540 million decrease 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 2019, the Group net profit was Euro 24.105 million.

In the financial year to 31 December 2018, it was positive for Euro 18.848 million.

Capital and reserves attributable to non-controlling interests

Other financial payables were Euro 0.061 million (Euro 0.339 million at 31 December 2018).

A Euro 0.278 million decrease relating to the allocation of the result for the previous financial year;

Net result attributable to non-controlling interests

The net result of the semester attributable to non-controlling interests was negative for Euro 0.024 million. In the financial year to 31 December 2018, it was equal to for Euro -0.278 million.

LIABILITIES

12) Bank borrowings

Bank borrowings	(€'000)		
	30/06/19	31/12/18	change
Current bank borrowings	1,506	3,514	(2,008)
Total	1,506	3,514	(2,008)

	(€'000)	
Current bank borrowings	Fiera Milano	Total
Bank loans - current portion	1,506	1,506
Total	1,506	1,506

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

- Euro 1.506 million (Euro 2.998 million at 31 December 2018) or the 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 compared to the previous year was due to the repayment of the current portions (Euro 0.505 million at 31 December 2018) of the Euro 3.000 million financing given by Cassa di Risparmio di Parma e Piacenza SpA on 27 May 2016, and the payable relating to the credit lines used previously (Euro 0.011 million at 31 December 2018).

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 (MAV) for an amount equal to a multiple of the credit line. At 30 June 2019, 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)		
	30/06/19	31/12/18	change
Non-current financial liabilities related to the right-of-use of assets	455,763	-	455,763
Current financial liabilities related to the right of use of assets	33,507	-	33,507
Other current financial liabilities	631	1,297	(666)
Total	489,901	1,297	488,604

The "Financial payables relating to the right of use of the assets" refer to the non-current portion of the lease liability. This liability represents the obligation to make the payments envisaged by the contracts for the lease of exhibition sites, warehouses and vehicles, deriving from the application of IFRS 16 in force from 1 January 2019.

This entry includes Euro 449.951 million (zero at 31 December 2018) for related-party transactions. Note 38 provides further details on related-party transactions.

Other current financial liabilities	(€'000)		
	30/06/19	31/12/18	change
Current financial liabilities related to the right-of-use of assets	33,507	-	33,507
Financial payables to controlling shareholder	-	678	(678)
Other financial payables	631	619	12
Total	34,138	1,297	32,841

The "Financial payables relating to the right of use of the assets" refer to the current portion of the lease liability. This liability represents the obligation to make the payments envisaged by the contracts for the lease of exhibition sites, warehouses and vehicles, deriving from the application of IFRS 16 in force from 1 January 2019.

The change in the item "Financial payables to controlling shareholder" is due to the existing correspondent current account with Fondazione Fiera Milano, which for the semester under review recorded a credit balance and is recognised among financial assets.

Other financial payables are non-controlling interests relating to the acquisition of Cipa FM.

This entry included Euro 32.006 million (Euro 0.678 million at 31 December 2018) for related-party transactions. Note 38 provides further details on related-party transactions.

14) Provisions for risks and charges

Provisions for risks and charges	(€'000)					
	31/12/18	Provisions	Releases of excess provisions	Utilisation	Other movements	30/06/19
Non current provisions:						
Other provisions for risks and charges	729	-	-	-	-	729
Total non current provisions for risks and charges	729	-	-	-	-	729
Current provisions:						
Provision for charges for "Palazzo Italia" project	197	-	-	-	-	197
Other provisions for risks and charges	6,406	1,058	1,002	784	43	5,721
Total current provisions for risks and charges	6,603	1,058	1,002	784	43	5,918

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

The provision for charges for the Palazzo Italia Berlin project refers to the residual provision regarding the charges related to the end of the contractual relation for the lease of "Palazzo Italia" in Berlin, which expired in September 2018.

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

15) Employee benefit provisions

Employee benefit provisions (€'000)

	31/12/18	Actuarial evaluation	Indemnities and advances paid	30/06/19
Defined benefit plans	8,958	1,026	399	9,585
Total	8,958	1,026	399	9,585

Actuarial evaluation (€'000)

Personnel expenses:	
- indemnities related to defined benefit plans	271
Financial expenses:	
- actualisation charges	69
Other comprehensive income	
- Remeasurement of defined benefit plans	686
Total	1,026

The main hypotheses/assumptions used in the actuarial calculations of defined benefit plans at 31 December 2018 and 30 June 2019 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	30/06/19	31/12/18
Annual technical discount rate	8.80%	1.55%
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%	9,585	9,128	10,082
Annual rate of increase in total employees' salary	+/- 0.5%	9,585	10,527	8,644
Economic and financial assumptions				
Life expectancy	+/- 1 year	9,585	9,633	9,537

16) Trade payables

Advances totalled Euro 41.025 million, a decrease of Euro 2.477 million compared to the figure at 31 December 2018. 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 59.554 million, a decrease of Euro 9.895 million compared to the figure at 31 December 2018.

These were mainly advances invoiced to clients for exhibitions to be held after 30 June 2019. 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)		
	30/06/19	31/12/18	change
Host	32,642	6,460	26,182
The Micam Autumn	3,687	-	3,687
Mostra Convegno Expocomfort	2,392	886	1,506
Homi II semester	2,035	-	2,035
Lineapelle II semester	1,605	-	1,605
Milano Unica Autumn	1,540	-	1,540
Sicurezza	1,295	893	402
Fisp	641	248	393
Eicma Moto	554	-	554
Viscom	502	7	495
Sime	413	279	134
Fesqua	392	171	222
Vitrum	355	48	307
Mido	337	3,103	(2,766)
Tuttofood	302	3,442	(3,140)
L'Artigiano in Fiera	289	-	289
Mipel Autumn	191	-	191
Myplant & garden	189	291	(102)
Campus Party	185	-	185
Smart Building Expo	142	38	104
Tubotech	101	-	101
Homi I semester	-	10,466	(10,466)
Exposec	-	734	(734)
Reatech	-	142	(142)
The Micam Spring	-	3,875	(3,875)
Salone del mobile/Complemento d'arredo	-	2,046	(2,046)
Transpotec & Logitec	-	1,731	(1,731)
Lineapelle I semester	-	1,503	(1,503)
Milano Unica Spring	-	1,134	(1,134)
Promotiontrade exhibition	-	820	(820)
Simac Tanning-Tech	-	709	(709)
Made Expo	-	653	(653)
The One Milano February	-	636	(636)
Bit	-	571	(571)
Euroluce	-	469	(469)
Lamiera	-	379	(379)
SposaItalia	-	371	(371)
Versilia Yachting Rendez-Vous	-	237	(237)
Mipel Spring	-	202	(202)
Packaging Premiere	-	170	(170)
Made in Steel	-	128	(128)
Miart	-	115	(115)
Congresses and other exhibitions	9,765	6,702	3,063
Total	59,554	49,659	9,895

The entry Advances includes Euro 0.029 million (zero at 31 December 2018) for related-party transactions. Note 38 provides further details on related-party transactions.

18) Deferred tax liabilities and tax liabilities

Deferred tax liabilities and tax payables	(€'000)		
	30/06/19	31/12/18	change
Deferred tax liabilities	6,850	7,180	(330)
Current tax liabilities	11,253	2,229	9,024
Total	18,103	9,409	8,694

Deferred tax liabilities were Euro 6.850 million (Euro 7.180 million at 31 December 2018). 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 11.253 million (Euro 2.229 million at 31 December 2018). The change refers mainly 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)		
	30/06/19	31/12/18	change
	S-term	S-term	
Payables to employees	8,515	9,652	(1,137)
Payables to exhibition organisers	6,660	5,498	1,162
Payables to pension and social security entities	2,829	2,141	688
Group VAT payables to the controlling shareholder	1,445	1,998	(553)
Payables to the controlling shareholder fot tax consolidation	1,070	1,070	0
Payables to joint venture	541	252	289
Payables to the controlling shareholder	190	488	(298)
Payables to directors and statutory auditors	96	70	26
Other payables	2,053	3,106	(1,053)
Accrued liabilities to the controlling shareholder	12	2	10
Accrued liabilities to related parties	16	64	(48)
Accrued liabilities to joint venture	120	-	120
Deferred income and Accrued liabilities	926	314	612
Total	24,473	24,655	(182)

The entry included Euro 3.394 million (Euro 3.874 million at 31 December 2018) for 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)	30/06/19	31/12/18	change
A. Cash (including bank balances)	57,754	28,409	29,345
B. Other cash equivalents	-	-	-
C. Securities held for trading	-	-	-
D. Cash and cash equivalents (A+B+C)	57,754	28,409	29,345
E. Current financial assets	2,299	14	2,285
- E.1 of which Current financial assets to other related parties	1,283	-	1,283
- E.2 of which Current financial assets to other related parties	1,016	14	1,002
F. Current bank borrowings	1	11	(10)
G. Current portion of non-current debt	1,505	3,503	(1,998)
H. Other current financial liabilities	631	1,297	(666)
- H.1 of which Other current financial liabilities to the controlling shareholder	-	678	(678)
I. Current financial debt (F+G+H)	2,137	4,811	(2,674)
J. Current net financial debt (cash) (I-E-D)	(57,916)	(23,612)	(34,304)
K. Non-current financial assets	50	50	-
- K.1 of which non-current financial assets to other related parties	50	50	-
L. Non-current bank borrowings	-	-	-
M. Debt securities in issue	-	-	-
N. Other non-current liabilities	-	-	-
O. Non-current financial debt (-K+L+M+N)	(50)	(50)	-
Net financial debt/(cash) from continuing operations (J+O)	(57,966)	(23,662)	(34,304)
Net financial debt/(cash) from assets held for sale	-	-	-
P. Net financial debt/(cash) before IFRS 16 effects	(57,966)	(23,662)	(34,304)
Q. Current financial liabilities related to the right of use of assets	33,507	-	33,507
- Q.1 of which current financial liabilities related to the right-of-use assets to the controlling shareholder	32,006	-	32,006
R. Non-current financial liabilities related to the right of use of assets	455,763	-	455,763
- R.1 of which non-current financial liabilities related to the right-of-use assets to the controlling shareholder	449,951	-	449,951
IFRS 16 financial effects	489,270	-	489,270
S. Total net financial debt/(cash) (P+Q+R)	431,304	(23,662)	454,966

The net financial position that does not include the lease liability IFRS 16 at 30 June 2019 was positive for Euro 57.966 million compared to a net financial position of Euro 23.662 million at 31 December 2018, with an improvement of Euro 34.304 million.

The increase, also taking into account the distribution of dividends by the controlling shareholder, is consequent to the positive operating cash flow generated in the semester under review and advance payments for the exhibition calendar that, in coming months, includes some important exhibitions.

Net debt inclusive of the lease liability IFRS 16 was Euro 431.304 million.

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

Changes in liabilities from financing activities					(Euro '000)
	Balance at 31/12/18	Changes in financial flows		Non-monetary changes	Balance at 30/06/19
		Increase	Decrease	Exchange rate effect	
Non-current financial liabilities related to the right of use of assets	-	-	23,851	479,614	455,763
Total change in non-current financial payables	-	-	23,851	479,614	455,763
Credit lines	11	-	11	-	-
Bank loans	3,503	-	1,997	-	1,506
Current financial liabilities related to the right of use of assets	-	-	327	33,834	33,507
Current financial debt with the controlling shareholder	678	37,408	38,086	-	-
Current payables for acquisition of shareholdings	619	-	-	12	631
Total change in current financial payables	4,811	37,408	40,421	33,846	35,644
Total liabilities from financing activities	4,811	37,408	64,272	513,460	491,407

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 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 hosts and organises exhibitions that are leaders in their sector and, therefore, the loyalty of exhibitors is high. For the controlling shareholder Fiera Milano SpA, the current system means that all receipts from exhibitors flow into the Fiera Milano SpA accounts and that the latter retrocedes to its clients/organisers the amounts due to them.

Part of the services supplied to exhibitors by the companies NoloStand SpA e Fiera Milano Media SpA is invoiced and received on behalf of Group companies by Fiera Milano SpA. These companies 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 almost all of 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 Company sometimes uses specific guarantees as a further means of counteracting credit risk.

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 drop in business volumes caused by the seasonality and cyclicity that characterise the exhibition business could affect its financial results and its ability to generate cash flow. The Group net financial position at 30 June 2019 shows a net financial position pre IFRS 16 of Euro 57.966 million, a significant improvement compared to the figure at 31 December 2018, in line with the positive performance of the activity.

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 no 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 4.540 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 0.166 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 for about Euro 0.700 million;
- Fiera Milano SpA for about Euro 0.150 million.

Besides, Cipa FM is involved in labour disputes, unquantifiable to the present day and low-value.

INCOME STATEMENT

Comments on the trend in revenues and costs have 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 2019	1st Half 2018	change
Sales of exhibition space	45,741	64,611	(18,870)
Exhibitor fees	39,825	26,937	12,888
Rental of stands, fittings and equipment	35,681	30,866	4,815
Revenues from exhibition and congress organisation services	7,159	6,155	1,004
Advertising space and services	5,833	7,056	(1,223)
Catering and canteen services	5,187	5,584	(397)
Exhibition site services	5,115	6,385	(1,270)
Supplementary exhibition services	2,909	2,778	131
Miscellaneous fees and royalties	1,952	1,870	82
Administrative, telephone and internet services	1,504	1,267	237
Access surveillance and customer care services	1,226	1,911	(685)
Exhibition insurance services	719	639	80
Ticket office sales	673	1,209	(536)
Congress organisation	295	324	(29)
Multimedia and on-line catalogue services	63	132	(69)
Total	153,882	157,724	(3,842)

This trend of revenues was mainly due to the different trade fair calendar for the semester under review, which in the same period of the previous year included the European event "The Innovation Alliance" and the important biennial exhibition hosted by Mostra Convegno Expocomfort. This effect was largely offset by the presence in the period under review of the biennial exhibition directly organised by Tuttofood and by the hosted Made Expo, by the good performance of the congress activity as well as by the excellent performance of the related services.

The greater weight of the exhibitions directly organised in the semester of 2019 compared to those hosted explains the increase in "Exhibitor area fees" and the decrease in "Sales of exhibition space" compared to the semester of 2018.

This entry included Euro 0.471 million (Euro 6.491 million at 30 June 2018) for related-party transactions. Note 38 provides further details on related-party transactions.

OPERATING COSTS

24) Costs of materials

The breakdown of this entry was as follows:

Cost of materials	(€'000)		
	1st Half 2019	1st Half 2018	change
Subsidiary materials and consumables	1,026	1,157	(131)
Printed materials, forms and stationery	240	247	(7)
Raw materials	102	68	34
Change in inventories of raw materials	10	6	4
Finished goods and packaging	5	4	1
Uses of provisions	-	(1)	1
Total	1,383	1,481	(98)

The entry does not include related-party transactions (Euro 0.014 million at 30 June 2018).

25) Costs for services

The breakdown of this entry was as follows:

Cost of services	(€'000)		
	1st Half 2019	1st Half 2018	change
Equipment hire	14,138	13,999	139
Stands and equipment for exhibitions	11,495	9,969	1,526
Advertising	9,539	4,287	5,252
Energy costs	5,090	4,739	351
Cleaning and waste disposal	3,381	3,758	(377)
Maintenance	3,315	3,790	(475)
Security and gate services	3,026	3,417	(391)
Technical, legal, commercial and administrative services	2,567	2,821	(254)
Catering services	1,380	1,724	(344)
Telephone and internet expenses	1,347	1,366	(19)
Ticketing	1,059	1,458	(399)
Technical assistance and ancillary services	1,007	726	281
IT services	706	773	(67)
Transport	704	991	(287)
Insurance	607	628	(21)
Change in suspended costs for future exhibitions	559	(302)	861
Technical, legal, commercial and administrative advice	436	794	(358)
Conference and congress services	278	222	56
Collateral events connected to exhibitions	222	2,597	(2,375)
Remuneration of Statutory Auditors	129	143	(14)
Expenses for statutory bodies	12	7	5
Other	5,666	6,917	(1,251)
Uses of provisions	(35)	(116)	81
Total	66,628	64,708	1,920

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

This entry included Euro 3.423 million (Euro 1.017 million at 30 June 2018) 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 2019	1st Half 2018	change
Rent and expenses for exhibition sites	106	23,273	(23,167)
Other rental expenses	76	2,393	(2,317)
Vehicle hire	73	220	(147)
Lease of company division	9	91	(82)
Office equipment and photocopier hire	20	53	(33)
Other rents	-	22	(22)
Uses of provisions	-	(598)	598
Total	284	25,454	(25,170)

The decrease mainly refers to the reclassification of the rental payments of the exhibition sites, warehouses and vehicles, deriving from the application of the new IFRS 16 in force from 1 January 2019. For more details reference is made to the paragraph "Accounting standards and consolidation criteria".

This entry included Euro 0.007 million (Euro 23.240 million at 30 June 2018) for related-party transactions. Note 38 provides further details on related-party transactions.

27) Personnel expenses

The breakdown of this entry was as follows:

Personnel expenses	(€'000)		
	1st Half 2019	1st Half 2018	change
Salaries	16,480	16,211	269
Social Security payments	4,877	5,165	(288)
Defined contribution plan charges	874	768	106
Redundancy incentives	742	1,595	(853)
Directors' remuneration	505	589	(84)
Defined benefit plan charges	271	225	46
External and temporary employees	171	126	45
Seconded employees expenses	126	46	80
Other expenses	863	836	27
Uses of provisions	(737)	(2,360)	1,623
Total	24,172	23,201	971

The entry "Other expenses" includes Euro 0.421 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.

This entry included Euro 0.126 million (Euro 0.046 million at 30 June 2018) 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 2019	1st Half 2018	change
Managers	29	30	(1)
Middle managers and white collar workers	706	696	10
Total personnel	735	726	9

28) Other operating expenses

The breakdown of this entry was as follows:

Other operating expenses	(€'000)		
	1st Half 2019	1st Half 2018	change
Other taxes	1,418	1,210	208
Doubtful receivables	339	921	(582)
Contributions and donations	343	292	51
Copyright royalties (SIAE)	189	231	(42)
Municipal tax on advertising	129	100	29
Gifts and promotional merchandise	88	49	39
Losses on intangible assets	-	30	(30)
Balancing item from closure of prior year exhibition accounts	42	7	35
Other expenses	321	472	(151)
Uses of provisions	(339)	(922)	583
Total	2,530	2,390	140

This entry included Euro 0.117 million (Euro 0.109 million at 30 June 2018) 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 2019	1st Half 2018	change
Other recovered costs	467	533	(66)
Office rent and expenses	239	202	37
Recovery of expenses for seconded employees	99	121	(22)
Insurance indemnities	3	30	(27)
Other income	523	990	(467)
Total	1,331	1,876	(545)

This entry included Euro 0.394 million (Euro 0.459 million at 30 June 2018) 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 2.371 million (Euro 4.260 million at 30 June 2018) and referred to the following joint ventures:

- Deutsche Messe AG for Euro 2.507 million (Euro 2.022 million at 30 June 2018);
- Ipack Ima Srl for Euro -0.257 million (Euro 2.238 million at 30 June 2018);
- MiCo DMC Srl for Euro 0.121 million (balance equal to zero at 30 June 2018).

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 2019	1st Half 2018	change
Write-downs of receivables	131	148	(17)
Personnel disputes	528	50	478
Other legal disputes	531	573	(42)
Releases of excess provisions	(1,002)	(240)	(762)
Total	188	531	(343)

Note 14 provides further details on movements in risk provisions.

32) Depreciation and Amortisation

Depreciation of property, plant and machinery

This was Euro 21.901 million (Euro 1.996 million at 30 June 2018).

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

The entry Depreciation of property, plant & equipment includes Euro 19.428 million (zero at 31 December 2018) for related-party transactions. Note 38 provides further details on related-party transactions.

Amortisation of intangible assets

This was Euro 0.925 million (Euro 0.997 million at 30 June 2018).

Details of amortisation are given in the Notes to the Accounts under the entry for intangible assets with a finite useful life.

33) Impairment charges

Balance equal to zero (Euro 0.001 million at 30 June 2018).

34) Financial income and expenses

Financial income and expenses	(€'000)		
	1st Half 2019	1st Half 2018	change
Interest income on bank deposits	71	81	(10)
Exchange rate gains	68	221	(153)
Interest income from cautionary deposits related to the rent of the exhibition site	41	15	26
Interest income on receivables with the controlling shareholder	5	2	3
Other financial income joint venture	9	9	0
Other financial income	86	28	58
Total income	280	356	(76)
Financial expenses on leased assets with the controlling shareholder	6,855	-	6,855
Financial expenses on leased assets	106	-	106
Charges on discounting defined benefit plans	69	61	8
Exchange rate losses	58	140	(82)
Interest payable on bank accounts	33	154	(121)
Interest payable on the current account with the controlling shareholder	5	9	(4)
Other financial expenses to related parties	-	1	(1)
Other financial expenses	-	11	(11)
Total expenses	7,126	376	6,750
Balance financial income (expenses)	(6,846)	(20)	(6,826)

The financial expenses on leased assets deriving from the application of IFRS 16 in force from 1 January 2019. For more details reference is made to the paragraph "Accounting standards and consolidation criteria".

This entry includes Euro 6.860 million of financial costs and Euro 0.055 million of financial income for related-party transactions (Euro 0.016 million at 30 June 2018). Note 38 provides further details on related-party transactions.

35) Income tax

Income tax	(€'000)		
	1st Half 2019	1st Half 2018	change
Current income tax	8,669	11,698	(3,029)
Deferred income tax	(23)	(267)	244
Total	8,646	11,431	(2,785)

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 does not include related-party transactions (Euro -0.005 million at 30 June 2018).

36) Profit/loss for the period

The net profit in the first semester 2019 was Euro 24.081 million compared to Euro 31.650 million in the first semester of 2018 and was attributable as follows:

- Euro 24.105 million (Euro 31.838 million at 30 June 2018) attributable to the shareholders of the controlling entity;
- A net loss of Euro -0.024 million (a net loss of Euro -0.188 million at 30 June 2018) to non-controlling interests.

37) Earnings/losses per share

Basic earnings per share went from Euro 0.4486 in the first semester of 2018 to Euro 0.3396 in the first semester of 2019; 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 2019	1st Half 2018
Profit/(loss) (€'000)	24,105	31,838
Average no. of shares in circulation ('000)	70,979	70,979
Basic earnings/(losses) per issued share (€)	0.3396	0.4486
Earnings/(losses) per fully diluted no. of shares (€)	0.3396	0.4486

The value used as the numerator to calculate basic earnings per share and fully diluted earnings per share was net profit of Euro 24.105 million for the period ended 30 June 2019 (Euro 31.838 million for the first semester 2018).

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:

	1st Half 2019	1st Half 2018
('000)		
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 Group and with other related parties are normally carried out 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 million is the material threshold above which separate disclosure must be made in the Statement of Financial Position and Euro 1 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, with the 2014 renewal, initially agreed to maintain the rent of Euro 2.850 million per annum, annually adjusted for 100% of the change in the ISTAT consumer price index. Subsequently, on 8 May 2019, Fiera Milano reached an agreement to amend this fee which, with effect from 1 June 2019, envisaged a reduction of Euro 1.5 million per year, as well as the exclusion from the lease of certain areas of the Milan exhibition centre mainly used as car parks. Starting from 1 June 2019, Fiera Milano will pay Fondazione Fiera Milano, in four quarterly advance instalments, an annual rent of Euro 1.4 million, indexed to 100% of the change in the ISTAT index, for the reduction in the rent mentioned above.

The amendment to the lease agreement according the terms described above constitutes a substantial change of a Transaction of Greater Importance between related parties. Therefore, the transaction was approved on 8 May 2019 - pursuant to Article 9.1 of the Related Parties Procedure - by the Company's Board of Directors, subject to obtaining the favourable the reasoned opinion of the Control and Risk Committee on 7 May 2019. Under the provisions of prevailing law, an Information Document drawn up in accordance with Article 10.2 of the Related Parties Procedure and Consob Regulation no. 17221/2010 has been filed and made available to the public at the registered office and at Fiera Milano's operational and administrative offices, on the website and on the authorised storage mechanism. With particular regard to the procedure above, it should be noted that Fiera Milano is a smaller listed company and, as such, benefits from the exemption granted pursuant to Article 10, paragraph 1, of Consob Regulation 17221/2010.

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.

From 1 January 2019 the new IFRS 16 introduced a different accounting treatment for leases. In particular, for all the leases with a term of more than 12 months:

- the recognition in the statement of financial position is requested of an asset representing the right of use of the asset (ROU) and of a liability (lease liability) representing the obligation to make the payments required by the contract;
- the recognition in the income statement is requested of the depreciation and amortisation of the asset for the right of use and of the interest payable accrued on the lease liability, in place of the operating lease payments recognised under operating expenses.

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 former Pavilion 17 in the Milan City site. On 15 March 2005, this contract was updated to reflect the expansion of the congress centre activities. 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 equal to Euro 0.350 million (revalued annually by ISTAT) plus a variable fee of 5% on the excess of revenues with respect to a minimum threshold of turnover generated on the leased area.

Concerning the lease of pavilions 5 and 6 within the Milan City site, on 18 May 2009, Fondazione Fiera Milano signed a preliminary contract with Fiera Milano Congressi SpA 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 of the area called “South Wing” (former pavilions 5 and 6) started on 1 May 2011, with a term of nine years, and 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 for the periods of the 2011–2014 industrial plan only. 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 since 2015.

From 1 January 2019, the new IFRS 16 introduced a different accounting treatment for leases. In particular, for all the leases with a term of more than 12 months:

- the recognition in the statement of financial position is requested of an asset representing the right of use of the asset (ROU) and of a liability (lease liability) representing the obligation to make the payments required by the contract;
- the recognition in the income statement is requested of the depreciation and amortisation of the asset for the right of use and of the interest payable accrued on the lease liability, in place of the operating lease payments recognised under operating expenses.

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 concerned the 2016, 2017 and 2018 financial years.

The Group is assessing possible options for the next three years.

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 20 December 2019.

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

On 24 June 2016, effective from 1 July 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.

The interest payable on this account is 1-month Euribor plus a spread of 0.75%.

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.

VIII. "Corporate Think Tank" investment plan

On 14 May 2018, Fiera Milano SpA, as part of the plan for the competitiveness and sustainability of exhibition and congress sites, signed an agreement with Fiera Milano SpA and Fiera Milano Congressi SpA through which it undertakes to support important investment projects. The parties developed their cooperation through the establishment of a 'Corporate Think Tank' for the joint analysis, comparison and assessment of the way in which investments are made. The parties agree that for the coordination and high supervision of the investment activities of Fondazione Fiera Milano, it will pay Fiera Milano SpA and Fiera Milano Congressi SpA a fee at market value equal to 4% of the total value of the related investments.

Related-party transactions with joint ventures

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 2019, the financing had not been used for an amount equal to Euro 1.000 million.

Ipack-Ima Srl also has commercial relations with the Group for the two exhibitions (Ipack-Ima and Meat-Tech) organised by the Company and uses the centralised management of some administrative and technical services.

On 4 December 2018, the governance agreements was amended concerning MiCo DMC Srl with the partner AIM Group International Spa defining more sharing in the activity's management choices. When applying IFRS 11 these agreements qualify the company as a joint venture and, starting from December 2018, determine the measurement of the shareholding with the equity method in place of line-by-line consolidation.

Relations with the Group are linked to a 10-year loan, which expires on 6 May 2025, granted by the parent company Fiera Milano Congressi SpA and the provision of the "destination management" logistics services.

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:

- revenues to Fiera Parking SpA, a company wholly owned by Fondazione Fiera Milano. On 5 July 2018 Fiera Milano SpA signed a contract with Fiera Parking SpA to entrust the management of the carparks to the **fieramilanocity** central exhibition service. The contract lasts seven years starting from 1 September 2018 and is tacitly renewed for the same period.

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 2019 (€'000)																			
	Right-of-use assets	Non-current financial assets	Trade and other non-current receivables	Trade and other receivables	Inventories	Current financial assets	Financial liabilities related to the right-of-use of assets non-current	Advances	Financial liabilities related to the right-of-use of assets current	Other current liabilities	Revenues from sales and services	Cost of services	Cost of use of third-party assets	Personnel Expenses	Other operating expenses	Other income	Depreciation of property, plant and equipment	Financial income and similar	Financial expenses and similar
Controlling shareholder and other Group companies																			
Fondazione Fiera Milano	481,224		11,203	2,300		1,283	449,951		32,006	2,717	413	173			116	193	19,428	46	6,860
Companies under joint control																			
Ipacq, Ima Srl				257		1,001		29		277	7	3		126		170			9
MICO DMC Srl		50		2,770	449	15				434	3	3,247	7		1	31			
Other related parties																			
Fiera Parking										16	48								
Total related parties transactions	481,224	50	11,203	5,327	449	2,299	449,951	29	32,006	3,444	471	3,423	7	126	117	394	19,428	55	6,860
Total reported	488,490	50	11,302	47,767	2,921	2,299	455,763	59,554	33,507	25,160	153,882	66,628	284	24,172	2,530	1,331	21,901	280	7,126
% Rel. party transactions/Total reported	99%	100%	99%	11%	15%	100%	99%	-	96%	14%	-	5%	2%	-	5%	30%	89%	20%	96%

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 2019 is given in the table included in the section below on other information.

	(€'000)		
Statement of related party cash flow	30/06/19	30/06/18	
Cash flow from operating activities			
Revenues and income	865	6,950	
Costs and expenses	(3,673)	(24,426)	
Interest receivable	55	26	
Interest payable	(5)	(10)	
Losses/income from tax consolidation	-	5	
Changes in trade and other receivables	2,335	93	
Change in other current liabilities	(451)	(730)	
Total	(874)	(18,092)	
Cash flow from investment activities			
Investments in non-current activities			
. Tangible and intangible	-	-	
. Other non-current assets	-	-	
Total	-	-	
Cash flow from financing activities			
Change in financial (assets)/liabilities	(26,014)	(242)	
Total	(26,014)	(242)	
Cash Flow in the period	(26,888)	(18,334)	
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 30.06.19:			
Total	68,009	(274)	(38,396)
Related party transactions	(874)	-	(26,014)
FY to 30.06.18			
Total	24,063	2,898	(14,333)
Related party transactions	(18,092)	-	(242)

39) Significant events after the end of the reporting period

On 17 July 2019, Fiera Milano signed a binding preliminary contract for the acquisition of 60% of the company MADE Eventi S.r.l. ("MADE eventi").

MADE eventi organises MADE expo, the biennial international architecture and construction fair dedicated to designers, companies, buyers and specialised operators, in the Rho exhibition site of Fiera Milano. MADE expo is the key event in the construction market, with a value estimated by the ANCE Observatory of Euro 128 billion in 2018, up 1.5% compared to the previous year.

The operation is part of the strategic guidelines of the 2018-2022 Plan, strengthening the portfolio of exhibitions directly organised in a strategic sector for the country. In addition, the reference sector of MADE expo is synergistic with the Security exhibition, which includes building automation solutions among its proposals. A product complementarity that is also present at FISP, the international trade fair for security and protection, organised by the Fiera Milano Group in Sao Paulo, Brazil.

The latest edition of the MADE expo, which was held from 13 to 16 March 2019, occupied a net exhibition area of about 50,000 square meters and recorded over 90,000 visitors, of which about 10% from abroad.

The agreed purchase price for 60% of MADE eventi is set at Euro 1.86 million. The price includes the absence of financial debt of the acquired company.

The sale and purchase agreement is expected to be signed by the end of October 2019.

On 9 July 2019, in order to further strengthen the portfolio of directly organised events, the Cartoomics exhibition brand dedicated to the comics, gaming and entertainment sector was acquired from Upmarket Srl for a total of Euro 320 thousand.

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 1.445 million in the period to 30 June 2019 (Euro 1.324 million at 30 June 2018) and the breakdown was as follows:

Remuneration	1st Half 2019		
	Directors	Statutory Auditors	Others
Short-term benefits	336	67	578
Post-employment benefits	-	-	74
Other non current benefits	-	-	-
Staff-leaving indemnities	-	-	-
Performance Share Plan	-	-	390
Total	336	67	1,042

The estimated cost for the "Performance Share Plan" includes the value of stock grants assigned for Euro 0.270 million and the cash portion for Euro 0.120 million.

(€'000)

Remuneration	1st Half 2018		
	Directors	Statutory Auditors	Others
Short-term benefits	336	78	446
Post-employment benefits	-	-	30
Other non current benefits	-	-	-
Staff-leaving indemnities	-	-	-
Performance Share Plan	-	-	390
Total	336	78	866

At 30 June 2019, the outstanding amount payable to this category was Euro 0.329 million (Euro 0.370 million at 30 June 2018).

Rho, 31 July 2019

The Board of Directors
The Chairperson
Lorenzo Caprio

List of companies included in the consolidation area and other investments at 30 June 2019

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) Parent Company						
Fiera Milano SpA						
Milan, p.le Carlo Magno 1	Organisation and hosting of exhibitions in Italy	42.445				
B) 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
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
CIPA Fiera Milano Publicações e Eventos Ltda						
São Paulo Brasil, Av. Angelica	Organisation of exhibitions outside of Italy	R \$ 92,005	100	99,99	0,01	99,99 Fiera Milano SpA 0,01 Nolostand 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
C) List of jointly controlled companies equity-accounted						
Hannover Milano Global Germany GmbH						
Hannover Germany, Messegeelaende	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	100 Hannover Milano Global Germany GmbH
Hannover Milano Fairs China Ltd						
Hong Kong China, Golden Gate Building	Organisation of exhibitions outside of Italy	HKD 10	49		100	100 Hannover Milano Global Germany GmbH
Hannover Milano Fairs India Pvt Ltd						
East Mumbai, Andheri	Organisation of exhibitions outside of Italy	INR 274,640	48,99		99,99	99,99 Hannover Milano Global Germany GmbH
Hannover Milano Best Exhibitions Co., Ltd						
Guangzhou China, West Tower, Poly World Trade Center	Organisation of exhibitions outside of Italy	RMB 1,000	24,99		51	51 Hannover Milano Fairs Shanghai Co. Ltd
Hannover Milano XZQ Exhibitions Co., Ltd						
Shenzhen China	Organisation of exhibitions outside of Italy	RMB 100	29,40		60	60 Hannover Milano Fairs Shanghai Co. Ltd
Ipack Ima Sri						
Rho, S.S. del Sempione km 28	Organisation of exhibitions in Italy	20	49,00		49	49 Fiera Milano SpA
Mico DMC S.r.l.						
Milan, p.le Carlo Magno 1	Destination management services	10	51		51	51 Fiera Milano Congressi SpA
D) 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	%
Comitato Golden Card						
Cinisello 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 Italian Legislative Decree no. 58 of 24 February 1998

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 Italian Legislative Decree 24 February 1998, no. 58:
 - the appropriateness 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 2019.

2. It is also declared that:
 - 2.1 the Interim Condensed Consolidated Financial Statements at 30 June 2019:
 - have been prepared in accordance with the applicable international accounting standards recognised by the European Union in accordance with EC Regulation no. 1606/2002 of the European Parliament and of the European Council of 19 July 2002;
 - correspond to the results contained in the accounting records and documents;
 - provide a true and 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.

31 July 2019

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 2019. 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, 2019 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, 1 August 2019

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