GRUPPO 24 ORE

Press Release

Pursuant to CONSOB Resolution 11971/99 as subsequently amended and integrated

Il Sole 24 ORE S.p.A.: BoD approves half-year financial report at 30 June 2016

Highlights

- In 1H16, the 24 ORE Group achieved **consolidated revenue** of 151.8 million euro versus 165.4 million euro in 1H15* (-13.4 million euro). The decrease is attributable to the deconsolidation for 6.6 million euro of the subsidiaries Newton Management Innovation and Newton Lab. Net of the above variation, consolidated revenue falls by 6.8 million euro, mainly as a result of the drop of 3.3 million euro (-5.2%) in advertising revenue, and of the drop of 2.0 million euro in revenue from the Culture Area.

- **Overall Group digital revenue** amounts to 51.1 million euro, accounting for 33.6% of total revenue (31.5% in 1H15), falling by 1.8% versus 2015. **Digital revenue from information content** amounts to 37.3 million euro, accounting for 56.4% of revenue from information content versus 53.4% in 1H15.

- **Circulation revenue from the Daily** (print+digital) is in line with 1H15. Revenue from digital information content of the Daily and of vertical newspapers grows by 2.2 million euro (+18.7%).

- **Advertising revenue**, amounting to 59.9 million euro, drops by 3.3 million euro (-5.2%) versus 1H15, due mainly to the termination of a number of third-party publisher concessions; net of this variation, the area revenue is down by 3.0%. The relevant market drops by an overall 2.8% (*Nielsen January – June 2016*).

- **Revenue from the Culture Area**, amounting to 10.1 million euro, falls by 2.0 million euro (-16.3%) versus 2015, due to lower exhibition turnout.

- **Gross operating profit (EBITDA)** amounts to -19.7 million euro versus a restated -2.8 million euro in 1H15. A difference explained mainly by the drop in revenue, by lower operating income and by non-recurring charges of 8.7 million euro, 5.5 million euro of which related to restructuring costs for future business reorganization. **EBITDA, net of non-recurring charges, amounts to -11.0 million euro.**

- **Operating profit (EBIT)** amounts to -36.1 million euro versus a restated -10.3 million euro in 2015, and includes non-recurring charges of 14.8 million euro. EBIT, net of non-recurring charges, amounts to -21.3 million euro.

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*Comparative figures for 2015 have been restated as a result of a change in an accounting standard and of various corrections of errors.

- The Group closes 1H16 with a negative **net result** of 49.8 million euro, affected by the write-down of deferred tax assets for 10.4 million euro, versus a restated -11.7 million euro in 2015. **Net of non-recurring charges, the net result amounts to -23.6 million euro.**

- At 30 June 2016, Group **equity** stands at 28.2 million euro, decreasing by 59.0 million euro versus 87.2 million euro at 31 December 2015, as a result of the loss for the period of 49.8 million euro, of the restatement of certain comparative figures, and of other variations for a total of 9.2 million euro.

- The **net financial position** comes to -29.6 million euro and includes the remaining debt of 6.9 million euro from the sale and lease back of the Bologna rotary press. The figure improves by 4.3 million euro versus the restated figure of -33.9 million euro at 31 December 2015, thanks to the early cash-in of the vendor loan of 24.5 million euro.

- In light of the business performance, financial and equity results reported in 1H16, the directors have been called to make assessments on the validity of the **going concern assumption**. The directors have approved the guidelines of the 2016-2020 Business Plan at their meeting on 27 September 2016, have received willingness from the lenders to restructure the debt, and from the majority shareholder to positively assess a share capital increase. Notwithstanding existing material uncertainties, the directors have prepared the Half-Year Financial Report on a going concern basis, as they believe that the Group will have adequate financial resources to continue to operate in the future as a going concern.

Milan, 30 September 2016. Today, the meeting of the Board of Directors of Il Sole 24 ORE S.p.A., chaired by Cav. Lav. Dr. Giorgio Squinzi, approved the Half-Year Financial Report at 30 June 2016.

Premise

This Half-Year Financial Report presents changes in a number of financial statement items.

Specifically, a change has been made in the recognition of revenue from the sale of databases. The change was made in light of product and contract developments which call for a pro-rata temporis representation of revenue, applied by adopting a “retroactive" method, as required by IAS/IFRS. This recognition method is consistent with the datbase sale contracts, and offers a more appropriate interpretation of financial disclosures. Revenue and relevant commission costs have therefore been restated from 2012 until the beginning of the current year, with a negative impact on equity of 7.5 million euro.

In 2013, the Company had transferred a rotary press used for the printing of the Daily to a leasing firm. The press was then leased by a supplier of the Group, who continues to use it today for the printing of our Daily. Further analysis of the contracts has led to the conclusion that the transaction as a whole may be regarded as a single sale and lease back transaction, to be accounted for in accordance with IAS 17. The variation had a negative impact of 1.2 million euro on equity.

In 2008, the Group acquired the entire share capital of EMC Inc, a company that provides almost exclusively journalistic services to the Group. Given the irrelevant amount of total assets and total revenue, the company was not included in the consolidation scope. The variation had a positive impact of 0.3 million euro on equity.

Additionally, an error was found in the method used in the recognition of advertising revenue from funds. This type consists in services for the online and print publication of the price of funds managed by customers. The sale agreements are all due on 31 December of the year when they were concluded. Revenue was recognized at the time the agreement was signed. Unlike the prior year, it is deemed appropriate to recognize revenue throughout the year. The change has no effect on the annual consolidated financial statements.

In accordance with IAS 8, the Group has deemed it appropriate to correct the data retroactively, by changing the comparative amounts.

MAIN FIGURES OF THE 24 ORE GROUP 1H 2015							
Amounts in € million	1H 2015	Database revenue adjustment	Fund Advertising revenue adjustment	EMC consolidation	Rotary press	1H 2015 Restated	
Revenue	169.0	(1.6)	(2.1)	0.1	-	165.4	
Gross operating profit (EBITDA)	0.3	(1.5)	(2.1)	(0.0)	0.4	(2.8)	(*)
Operating profit (loss) (EBIT)	(6.7)	(1.5)	(2.1)	(0.0)	(0.1)	(10.3)	
Pre-tax profit (loss)	(7.3)	(1.5)	(2.1)	(0.0)	(0.3)	(11.2)	
Profit (loss) for the period	(8.1)	(1.5)	(2.1)	(0.0)	(0.3)	(12.0)	
Profit (loss) attributable to owners of the parent	(7.9)	(1.5)	(2.1)	(0.0)	(0.3)	(11.7)	
Net financial position	(26.8)	-	-	0.1	(7.2)	(33.9)	(**)(1)
Equity	87.2	(7.5)	-	0.3	(1.2)	78.8	(1)
Average number of employees	1,230	-	-	2	-	1,232	

(1) As at 31 december 2015

MAIN FIGURES OF THE 24 ORE GROUP			
Amounts in € million	1H 2016	1H 2015 Restated	
Revenue	151.8	165.4	
Gross operating profit (EBITDA)	(19.7)	(2.8)	(*)
EBITDA net of non recurring charges	***(11.0)***	***(2.8)***	
Operating profit (loss) (EBIT)	(36.1)	(10.3)	
EBIT net of non recurring charges	***(21.3)***	***(10.3)***	
Pre-tax profit (loss)	(39.3)	(11.2)	
Profit (loss) from continuing operations	(49.8)	(12.0)	
Profit (loss) attributable to owners of the parent	(49.8)	(11.7)	
Profit (loss) net of non recurring charges	***(23.6)***	***(11.7)***	
Net financial position	(29.6)	(33.9)	(**)(1)
Equity attributable to owners of the parent	28.2	78.8	(1)
Employees headcount at the end of period	1,236	1,232	

(1) As at 31 december 2015

(*)EBITDA is defined as earnings before amortization of tangible and intangible assets, financial charges and income, capital gains/losses from disposal of fixed assets, write-down of equity interests, capital gains from disposal of equity interests, depreciation of intangible assets and income tax. Since EBITDA is not seen as an accounting measure by the European IFRS, the determination of its quantity may be prone to ambiguity. The principle adopted by the Group to determine EBITDA may differ from the criteria adopted by other groups. Hence, its amount may not be comparable with the amount determined by other groups.

(**)Net financial position is defined as the sum of cash and cash equivalents, short-term financial assets, non-current financial assets and the fair value measurement of hedged financial instruments, netted against overdrafts and bank loans due within a year and noncurrent financial liabilities. Net financial position is not seen as an accounting measure by the European IFRS. The principle adopted by the Issuer to determine net financial position may differ from the criteria adopted by other groups. Hence, the Group resulting balance, determined by the Issuer, may not be comparable with the balance determined by other groups.

Market environment

Market figures in 2016 continue the downward trend reported in 2015 by advertising sales and newspaper circulation.

The relevant advertising market closes 1H16 down by 2.8%. The downward trend is attributable to the negative performance of print (-4.2%), with dailies and magazines falling by 4.9% and 3.0% respectively, and to the drop of the Internet (-1.9%). Advertising revenue on Radio is the only positive performer (+ 0.6%, *Nielsen - January-June 2016*).

As for circulation, in June 2016 the ADS Board of Directors approved to suspend the release of monthly estimate statements on multiple digital copies. The suspension for dailies and weeklies runs from April. Comparisons with the prior year are made net of multiple digital copies. In the January-June 2016 period, ADS data (net of multiple copies from the start of the year) show a drop of approximately 9.8% in print circulation for the major national newspapers versus the same period of 2015. Print+digital circulation falls by 8.3%. In July 2016, ADS announced that it expected to return to the normal release of data by autumn.

The latest radio audience figures (1H16) indicate a total of 35,611,000 listeners on average day, increasing by 2.0% (+684,000) versus 1H15 (*GFK Eurisko, RadioMonitor*).

The professional market in which the Group operates has seen figures continually shrink. In 2016, the market will witness a more moderate drop than in 2015 (-3.4%), particularly in the tax and legal publishing segment.

The persisting economic crisis has adversely affected the final demand coming from the Group’s main markets: businesses, households, and professionals.

The consumer model is shifting towards electronic media, databases, and online products and services. This shift produces a contraction in expenditure owing to the difficulty on the professional market in selling online information at prices comparable to the print versions.

Analysis of 1H16 consolidated results

In 1H16, the 24 ORE Group achieved **consolidated revenue** of 151.8 million euro versus 165.4 million euro in 1H15 (-13.4 million euro). The variation is attributable to the deconsolidation for 6.6 million euro of the subsidiaries Newton Management Innovation and Newton Lab. Net of the above variation, consolidated revenue fell by 6.8 million euro, mainly as a result of the drop of 3.3 million euro (-5.2%) in advertising revenue, and of the drop of 2.0 million euro in revenue from the Culture Area.

Overall Group digital revenue amounted to 51.1 million euro, accounting for 33.6% of total revenue (31.5% in 1H15), falling by 1.8% versus 2015. **Digital revenue from information content** amounted to 37.3 million euro versus 38.2 million euro (-2.4%) in 1H15, accounting for 56.4% of revenue from information content (53.4% in 1H15).

Main trends in consolidated revenue:

- Circulation revenue from the Daily (print+digital) was in line with 1H15. Revenue from digital information content of the Daily and of vertical newspapers grew by 2.2 million euro (+18.7%).
- Advertising revenue, amounting to 59.9 million euro, dropped by 3.3 million euro (-5.2%) versus 1H15, due mainly to the termination of a number of third-party publisher concessions; net of this variation, the area revenue was down by 3.0%. The relevant market dropped by an overall 2.8% (*Nielsen January – June 2016*).
- Revenue from Tax & Legal databases fell by 7.4%. The various business lines report different downward patterns: a more moderate drop in Tax and Employment, a sharper drop in Law, Construction and PA.
- Revenue from the Education & Services Area amounted to 10.7 million euro, down by 6.3 million euro as a result of the deconsolidation of the Newton subsidiaries; net of the variation in the consolidation scope, revenue was up by 2.2%.
- Revenue from the Culture Area, amounting to 10.1 million euro, fell by 2.0 million euro, or -16.3% versus 2015. Specifically, 12 exhibitions were organized in 1H16 versus 11 exhibitions in 1H15, with total number of visitors down. The decline in revenue was partly offset by MUDEC activities.
- Revenue from the sale of add-ons, books and print magazines, amounting to 10.4 million euro, dropped by 19.4% versus 2015, as a result of the reduction of the portfolio of print products.

Direct and operating costs amounted to 109.1 million euro, falling by 9.7 million euro (-8.2%) versus 1H15, 6 million euro of which due to the deconsolidation of the Newton subsidiaries.

Personnel expense, amounting to 62.2 million euro, was up by 7.2 million euro versus 1H15. The increase is attributable specifically to restructuring costs of 5.5 million euro and to non-recurring charges from the departure of the previous CEO.
Average headcount came to 1,236 units, up by 4 units; net of the deconsolidation of the Newton subsidiaries, average headcount increased by 17 units. The increase is attributable to the application of the Jobs Act, which has allowed atypical contracts to be converted into permanent employment contracts, taking advantage of the reduction in social contributions under the law, with basically no increase in costs.

Gross operating profit (EBITDA) amounted to -19.7 million euro versus a restated -2.8 million euro in 1H15. A difference explained mainly by the drop in revenue and by non-recurring charges of 8.7 million euro, as well as by lower operating income. EBITDA, net of non-recurring charges, amounted to -11.0 million euro.

Operating profit (EBIT) amounted to -36.1 million euro versus a restated -10.3 million euro in 2015, and includes non-recurring charges of 14.8 million euro.

EBIT, net of non-recurring charges, amounted to -21.3 million euro. Amortization and depreciation amounted to 10.3 million euro versus 8.5 million euro in 1H15, up by 1.8 million euro, due mainly to the changed estimate of the useful life of certain intangible assets. EBIT included non-recurring charges from the deconsolidation of Newton for 2.8 million euro, and losses of 2.1 million euro mainly from the disused assets following departure from the Pero offices as a result of the early termination of the lease. EBIT was also impacted by the write-off of software and licenses for 0.9 million euro, and by the impairment of goodwill relating to the Culture Area for 0.2 million euro.

Profit before tax came to -39.3 million euro versus a restated -11.2 million euro in 1H15. The result was affected by financial charges of 2.9 million euro (0.8 million euro in the restated 1H15), which included the non-recurring charges of 1.0 million euro from the early cash-in of the vendor loan. 1H16 had benefited from interest income of 0.9 million euro from the vendor loan.

Income taxes amounted to -10.5 million euro (-0.8 million euro in 1H15). Deferred tax assets were written down by 10.4 million euro, based on an estimate of the probability to recover recognized assets relating to losses carried forward.

The net result came to -49.8 million euro versus a restated 11.7 million euro in 2015. Net of non-recurring charges, the net loss amounted to -23.6 million euro.

The **net financial position** came to -29.6 million euro and includes the remaining debt of 6.9 million euro relating to the recognition of the sale and lease back of the Bologna rotary press. The figure improved by 4.3 million euro versus the restated figure of -33.9 million euro at 31 December 2015, thanks to the early cash-in of the vendor loan of 24.5 million euro.

Significant events after 30 June 2016

On 27 September 2016, the Board of Directors approved the guidelines of the 2016-2020 Business Plan, which focus on:

- a rebalancing of the business-financial structure of the Group through effective cost curbing and operational efficiency action;
- measures to adopt on the current loss-making areas;
- emphasis on quality positioning and on the strategic role of the Daily;
- positive cash flows to drive growth from 2019;
- generation of positive results, enhancing the Group's assets and the strength of the Brand: positive EBITDA from 2017 and a profit in 2019 (10% EBITDA margin in 2020);
- stabilization of revenue, with a 3% CAGR forecast during the Business Plan;

- a share capital increase such as to make the Business Plan financially self-sufficient.

Directors' assessment on the going concern assumption and business outlook

Premise

In light of the business performance, financial and equity results reported in 1H16, the directors are called to make assessments on the validity of the going concern assumption in preparing the half-year financial report and the condensed consolidated half-year financial statements at 30 June 2016.

Specifically, the current material uncertainties may cast significant doubts on the validity of the going concern assumption, related in particular to the following aspects:

- business performance: 1H16 ended mostly with negative results that deviate from the latest budget forecasts for 2016; further losses are expected in the second half of the current year;
- financial position: Group current assets and liabilities show an imbalance, with significant liquidity absorption and failure to meet the financial covenants contained in the existing loan agreements;
- equity position: Group equity is heavily eroded.

Business performance

The 1H16 results and end-of-year estimates deviate significantly from the forecasts made for 2016, based on the 2015-2019 Business Plan approved by the Board of Directors on 13 March 2015. Accordingly, the Plan is deemed unfulfilled and unenforceable. The Board is therefore called to prepare a new Business Plan.

In this regard, on 27 September 2016 the Board of Directors approved the previously mentioned guidelines set out in the new 2016-2020 Business Plan, which will be analyzed in its entirety by the Board in October 2016, after completion of the independent business review (IBR) performed by an independent expert.

Financial position

Available credit lines

In order to meet its short-term financial requirements, the Group currently has total available and usable credit lines of 78.0 million euro; specifically:

- 5.5 million euro relating to revocable credit lines for current account overdrafts, subject to collection and unsecured, at an average interest rate of 3.47%;
- 2.5 million euro relating to revocable credit lines for hot money that may be used to meet short-term temporary financial requirements, at an interest rate of 1.92%;
- 20.0 million euro relating to credit facilities for advances in trade receivables;

- 50.0 million relating to the syndicated loan for a duration of 36 months from its signing in October 2014, at a Euribor interest rate + 5.50%.

At 30 June 2016, credit lines drawn down amounted to 50.6 million euro; the remaining lines and available cash amount to 56.8 million euro.

The Group currently has available and usable credit lines of 78.0 million euro, deemed insufficient to meet the expected total financial requirements for 2017 and 2018 and, specifically, to repay the syndicated loan of 50.0 million euro due on 23 October 2017. The securitization transaction, which contributes significantly to optimizing net working capital, falls due in May 2018.

Medium-term syndicated loan

On 23 October 2014, the Group concluded a medium-term syndicated loan with its main lenders.

The loan consists of a revolving cash credit line amounting to 50.0 million euro, granted by a pool of banks including Intesa Sanpaolo, Banca Popolare di Milano, Banca Popolare di Sondrio, Banca Monte Paschi di Siena and Credito Valtellinese; Banca IMI acts as coordinator and agent bank.

The loan has a 3-year duration from the signing date; repayment must be made on the due date of each drawdown, every 1, 3 and 6 months and, in any event, on the final due date for the total exposure of the loan. The interest margin on the loan is the Euribor rate +5.50%.

The loan does not require any collateral or compulsory security, but has financial covenants recognized at a consolidated level. The initial structure of the covenants was changed on 27 July 2015 in agreement with the lenders, and is as follows:

- the NFP/equity ratio must not exceed 0.75 for the entire duration of the loan;
- the net financial position must not exceed a negative 30.0 million euro at 30 June 2015, at 31 December 2015 and at 30 June 2016;
- EBITDA must not exceed a negative 3.0 million euro at 30 June 2015 and at 31 December 2015, and must be greater or equal to zero at 30 June 2016;
- the NFP/EBITDA ratio must not exceed:
    - 3.0 at 31 December 2016;
    - 3.0 at 30 June 2017.

Failure to meet even one of the covenants results solely in the right to early withdrawal from the loan by the lenders. However, changes to the loan agreement may be requested from the lenders, or the lenders may waive their right to early withdrawal if failure to meet a covenant should occur.

A clean-down clause is also envisaged, under which from 2015 the total use of the credit line must be reduced at least once a year by an amount not exceeding 30% of the total amount agreed for at least three consecutive business days. The clean down for the current year was performed on 5 April 2016.

Failure to meet covenants at 30 June 2016

At 30 June 2016, as a result of extraordinary and one-off events, of external factors and of various market trends that marked the second quarter of the year, the Group requested the lenders to suspend the application of the EBITDA-related financial covenant for the calculation date of 30 June 2016.

On 2 August 2016, the lenders accepted the Group's request and confirmed the approval by their decision-making bodies to suspend the application of the EBITDA-related financial covenant solely for the calculation date of 30 June 2016.

In consideration of the negative net financial position of 29.6 million euro and the negative equity of 28.2 million euro at 30 June 2016, calculated following approval of the above waiver, non-compliance also resulted with the NFP/equity-related financial covenant, which must not exceed 0.75 for the entire duration of the loan.

On 26 September 2016, the lenders received notice of the failure to meet the financial covenants and the concurrent request of a willingness to make arrangements for a meeting without delay to share the reasons behind the failure to meet the financial covenant and to restructure the loan, in view of the Business Plan to be approved by the Board of Directors of the Company next October.

On 29 September 2016, the lenders confirmed their willingness to arrange for the requested meeting, without prejudice to all the loan agreement’s conditions, noting however that any changes to or deviations from the loan agreement were to be submitted for approval by the respective decision-making bodies.

Restructuring of the loan is deemed necessary also in light of the forecasts on the failure to meet the covenants at 31 December 2016, and of the short-term maturity of the loan scheduled on October 23 next year.

Equity position

With regard to equity, amounting to 28.2 million euro at 30 June 2016, shareholders are called to take action through a statement of willingness to increase the share capital, in order to provide the Group with adequate resources to meet short-term financial requirements and to meet any repayment of the syndicated loan at maturity, and to ensure a balanced equity/debt ratio.

In this regard, the majority shareholder has expressed its willingness to take into consideration, also in light of the financial and equity requirements envisaged in the Business Plan, any action on the share capital as may be necessary to allow continuity as a going concern for a period of at least 12 months following approval of this Financial Report.

Directors’ conclusions on continuity as a going concern

Acknowledging the above situation, the directors accordingly took the following steps:

- on 26 September 2016, a formal request was made to the lenders on their willingness to restructure the loan, consistent with the forecasts contained in the 2016-2020 Business Plan. On 29 September 2016, the lenders, taking note of the above letter, confirmed their willingness to take part in a meeting scheduled on 6 October 2016, specifying that any deviation or change in the conditions of the loan agreement would be submitted to approval by the respective decision-making bodies;

- on 27 September 2016, the Board of Directors approved the guidelines set out in the 2016-2020 Business Plan, which will be finalized and analyzed in its entirety by the Board of Directors in October 2016, after completion of the independent business review (IBR) by an independent expert;

- on 29 September 2016, the majority shareholder expressed its willingness to take into consideration, also in light of the financial and equity requirements envisaged in the above 2016-2020 Business Plan, any action on the share capital as may be necessary to allow continuity as a going concern for a period of at least 12 months following approval of this Financial Report.

Based on the above, notwithstanding the mentioned material uncertainties regarding the business performance and financial and equity position of the Group, confident of (i) the ability to implement the actions envisaged in the 2016-2020 Business Plan, whose guidelines were approved by the Board of Directors on 27 September 2016, (ii) the possibility of redefining the terms of the loan agreements with the lenders consistent with the requirements set out in the proposed 2016-2020 Business Plan, (iii) the majority shareholder's support as may be necessary to maintain short and medium-long term equity and financial balance, consistent with the forecasts set out in the 2016-2020 Business Plan, (iv) that all the foregoing points take place in an appropriate and necessary timeframe, the directors have prepared this Half-Year Financial Report on a going concern basis, as they believe that the Group will have adequate financial resources to continue to operate in the future as a going concern.

Business outlook

The economy is slowly improving, with expected growth in 2016 recently revised downwards from the beginning of the year. This estimate is lower than the forecast at end 2015, which had pointed to a 1.4% increase in GDP (*Confindustria Study Centre*).

Looking at the advertising market, the summer period continued the drop witnessed in 2015 by advertising sales on newspapers, magazines and the Internet. Forecasts for 2016 remain rather uncertain to date, and confirm a further decline in advertising sales on newspapers, magazines and the Internet, and a slight growth by Radio.

At its meeting on 27 September 2016, the Board of Directors approved the guidelines of the 2016-2020 Business Plan, which will be analyzed in its entirety in October 2016, after completion of the review performed by an independent expert (IBR).

The guidelines of the Business Plan predict a return to positive results starting from 2017 (EBITDA greater than zero), with revenue basically stable, based therefore on a challenging plan to curb and control all costs.

In 2016, the Group will continue to focus more on developing digital products, driven by the increasing integration of all the professional content from Il Sole 24 Ore, in order to alleviate the expected drop in traditional print publishing.

To date and in the absence of unpredictable events at this time, the Group continues to keep a sharp eye on its relevant market, still marked by a high degree of uncertainty, regarding the advertising market in particular. In light of this context, the results reported in July and August - impacted negatively by seasonal effects - showed further losses. The latest full-year forecasts reasonably suggest that the results of the last quarter of the year may partly offset the loss expected in the third quarter.

Under paragraph 2, article 154-bis of the Consolidated Finance Law (TUF), Valentina Montanari, in her capacity as corporate financial reporting manager, attests that the accounting information contained herein is consistent with the Company's document results, books and accounting records.

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Consolidated Financial Statements of the 24 ORE GROUP at 30 June 2016
Financial Statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION			
Amounts in € million	30.06.2016	31.12.2015 Restated	1.1.2015 Restated
ASSETS			
Non-current assets			
Property, plant and equipment	42.8	48.7	52.5
Goodwill	16.0	18.4	18.1
Intangible assets	55.7	59.7	59.6
Investments in associates and joint ventures	0.6	-	0.0
Available-for-sale financial assets	0.7	0.9	0.9
Other non-current assets	3.4	29.0	27.0
Deferred tax assets	36.6	47.4	57.7
Total	**155.8**	**204.1**	**215.8**
Current assets			
Inventories	4.5	5.6	6.8
Trade receivables	97.2	105.0	112.2
Other receivables	11.3	9.8	10.8
Other current financial assets	0.6	-	(0.0)
Other current assets	7.8	6.2	5.8
Cash and cash equivalents	29.4	39.2	34.5
Total	**150.8**	**165.8**	**170.1**
Assets held for sale		-	-
TOTAL ASSETS	**306.6**	**369.9**	**385.9**

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONT.)			
Amounts in € million	30.06.2016	31.12.2015 Restated	1.1.2015 Restated
EQUITY AND LIABILITIES			
Equity			
Equity attributable to owners of the parent			
Share capital	35.1	35.1	35.1
Equity reserves	61.7	83.0	98.8
Legal reserves	7.0	7.0	7.0
Negative goodwill	11.3	11.3	11.3
Post-employment benefit reserve (IFRS adjustment)	(4.6)	(3.6)	(4.6)
Other reserves	0.3	0.3	0.3
Retained earnings	(32.9)	(29.4)	(35.3)
Profit (loss) attributable to owners of the parent	(49.8)	(25.4)	(9.8)
Total	**28.2**	**78.3**	**102.8**
Equity attributable to non-controlling interests			
Capital and reserves attributable to non-controlling interests	0.0	0.6	0.3
Profit (loss) attributable to non-controlling interests	0.0	(0.1)	0.5
Total	**0.0**	**0.5**	**0.8**
Total equity	**28.2**	**78.8**	**103.6**
Non-current liabilities			
Non-current financial liabilities	6.4	6.7	22.7
Employee benefit obligations	24.8	24.8	27.5
Deferred tax liabilities	5.2	5.2	6.7
Provisions for risks and charges	8.2	8.6	11.3
Total	**44.6**	**45.3**	**68.1**
Current liabilities			
Bank overdrafts and loans - due within one year	51.7	66.5	17.2
Other financial liabilietes	1.5	-	-
Trade payables	143.7	144.7	157.8
Other current liabilities	0.2	0.2	0.1
Other payables	36.8	34.4	39.2
Total	**233.8**	**245.8**	**214.2**
Liabilities held for sale	-	-	
Total liabilities	**278.4**	**291.1**	**282.4**
TOTAL EQUITY AND LIABILITIES	**306.6**	**369.9**	**385.9**

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CONSOLIDATED INCOME STATEMENT		
Amounts in € millions	1H 2016	1H 2015 Restated
1) Continuing operations		
Revenue	**151.8**	**165.4**
Other operating income	2.5	7.0
Personnel expenses	(62.2)	(55.0)
Change in inventories	(1.0)	(0.7)
Purchase of raw materials and consumables	(5.5)	(6.1)
Services	(85.2)	(97.3)
Use of third party assets	(11.3)	(11.3)
Other operating costs	(6.1)	(3.5)
Provisions	(0.7)	(0.5)
Provisions for bad debts	(2.0)	(0.9)
Gross operating profit (EBITDA)	**(19.7)**	**(2.8)**
Amortisation of intangible assets	(6.0)	(4.2)
Depreciation of property, plant and equipment	(4.3)	(4.3)
Change of scope consolidation	(2,8)	-
Capital gain (losses) on disposal of non-current assets	(1.1)	-
Net gains on disposal of non current assets	(2.1)	1.0
Operating profit (EBIT)	**(36.1)**	**(10.3)**
Financial income	0.2	1.0
Financial expenses	(3.1)	(1.8)
Total Financial income (expenses)	**(2.9)**	**(0.8)**
Other income from investment assests and liabilities	(0.2)	-
Pre-tax profit	**(39.3)**	**(11.2)**
Income tax	(10.5)	(0.8)
Net profit (loss) from continuing operations	**(49.8)**	**(12.0)**
2) Discontinued operations		
Profit (loss) from discontinued operations	**-**	**-**
Profit (loss) attributable to minorities	(0.0)	0.3
Profit (loss) attributable to the shareholders of the parent company	**(49.8)**	**(11.7)**

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CONSOLIDATED STATEMENT OF CASH FLOWS		
(in million of euro)	1H2016	1H2015 Restated
Pre-tax profit (loss) attributable to owners of the parent [a]	(39.3)	(10.6)
Adjustments for [b]	**19.4**	**3.1**
Profit (loss) attributable to non-controlling interests	0.0	(0.3)
Amortization	10.3	8.0
Write-off	1.1	-
(Gains) loss	2.1	(1.0)
Deconsolidation of Newton	2.8	-
Increase (decrease) in provisions for risks and charges	(0.3)	(3.4)
Increase (decrease) employee benefits	0.1	(1.2)
Change in deferred tax assets/liabilities	0.3	(0.6)
Financial income (expenses)	2.9	1.5
Other adjustments	-	0.0
Changes in net working capital [c]	**4.8**	**(8.3)**
Increase (decrease) in inventories	1.0	0.7
Increase (decrease) in trade receivables	2.6	(6.8)
Increase (decrease) in trade payables	2.6	(1.2)
Income tax paid	(0.3)	(0.1)
Other changes in net working capital	(1.0)	(0.9)
Total cash flow used in operating activities [d=a+b+c]	**(15.0)**	**(15.9)**
Cash flow from investing activities [e]	**(3.6)**	**(4.2)**
Investments in intangible assets and property plant and equipment	(3.8)	(4.9)
Purchase of investments in of business branches	-	(0.3)
Purchase of investments in subsidiaries	-	(0.0)
Proceeds from the disposal of intangible assets and property plant and equipment	-	1.0
Changes in the scope of consolidation	-	(0.0)
Other changes in investing activities	0.2	(0.0)
Cash flow from financing activities [f]	**30.7**	**1.2**
Net financial interest paid	(2.9)	(1.5)
Repayment of medium/long term bank loans	(0.2)	(0.0)
Changes in short-term bank loans	7.1	3.4
Net change in non-current financial assets	1.5	-
Dividends paid	-	(0.1)
Change in capital and reserves	(0.3)	0.6
Change in equity attributable to non-controlling interests	(0.5)	(0.2)
Other changes financing activities	26.1	(1.0)
Cash flow absorbed during of the period[g=d+e+f]	**12.1**	**(18.9)**
OPENING CASH AND CASH EQUIVALENTS	**(17.7)**	**24.8**
CLOSING CASH AND CASH EQUIVALENTS	**(5.6)**	**6.0**
INCREASE (DECREASE) FOR THE PERIOD	**12.1**	**(18.9)**

CONSOLIDATED NET FINANCIAL POSITION

Amounts in € million	30.06.2016	31.12.2015 Restated
Cash and cash equivalents	29.4	39.2
Bank overdrafts and loans due within one year	(51.7)	(66.5)
Short-term financial receivables to other lenders	0.6	-
Short-term financial liabilities	(1.5)	-
Short-term net financial position	**(23.1)**	**(27.3)**
Non-current financial liabilities	(6.4)	(6.7)
Medium/long-term net financial position	**(6.4)**	**(6.7)**
Net financial position	**(29.6)**	**(33.9)**