INTERIM FINANCIAL REPORT AS AT 30 JUNE 2016

GRUPPO 24 ORE

Corporate bodies

The Board of Directors and the Board of Statutory Auditors were elected by the Ordinary Shareholders' Meeting on 29 April 2016.

The Board of Directors and the Board of Statutory Auditors will remain in office until the Shareholders' Meeting held to approve the 2018 separate financial statements.

Board of Directors

Chairman	Giorgio SQUINZI (1)
Chief Executive Officer	Gabriele DEL TORCHIO (1)
Directors	Luigi ABETE
	Maria Carmela COLAIACOVO
	Mauro CHIASSARINI
	Nicolò DUBINI (2)
	Marcella PANUCCI
	Claudia PARZANI (2)
	Carlo PESENTI
	Livia POMODORO (2)
	Carlo ROBIGLIO

Secretary to the Board

Luigi PREDIERI

(1) Powers assigned by the Board of Directors' Meeting of 13 June 2016

(2) Independent Director

Board of Statutory Auditors

Chairman	Luigi BISCOZZI
Standing statutory auditors	Laura GUAZZONI
	Giovanni MACCAGNANI
Alternate statutory auditors	Fabio FIORENTINO
	Maria SILVANI

Internal Control & Audit Committee

Chairman	Livia POMODORO
Members	Claudia PARZANI
	Carlo PESENTI

Human Resources and Compensation Committee

Chairman	Nicolò DUBINI
Members	Mauro CHIASSARINI
	Claudia PARZANI

Representative of special-category shareholders

Mario ANACLERIO

Manager in charge of financial reporting

Valentina MONTANARI

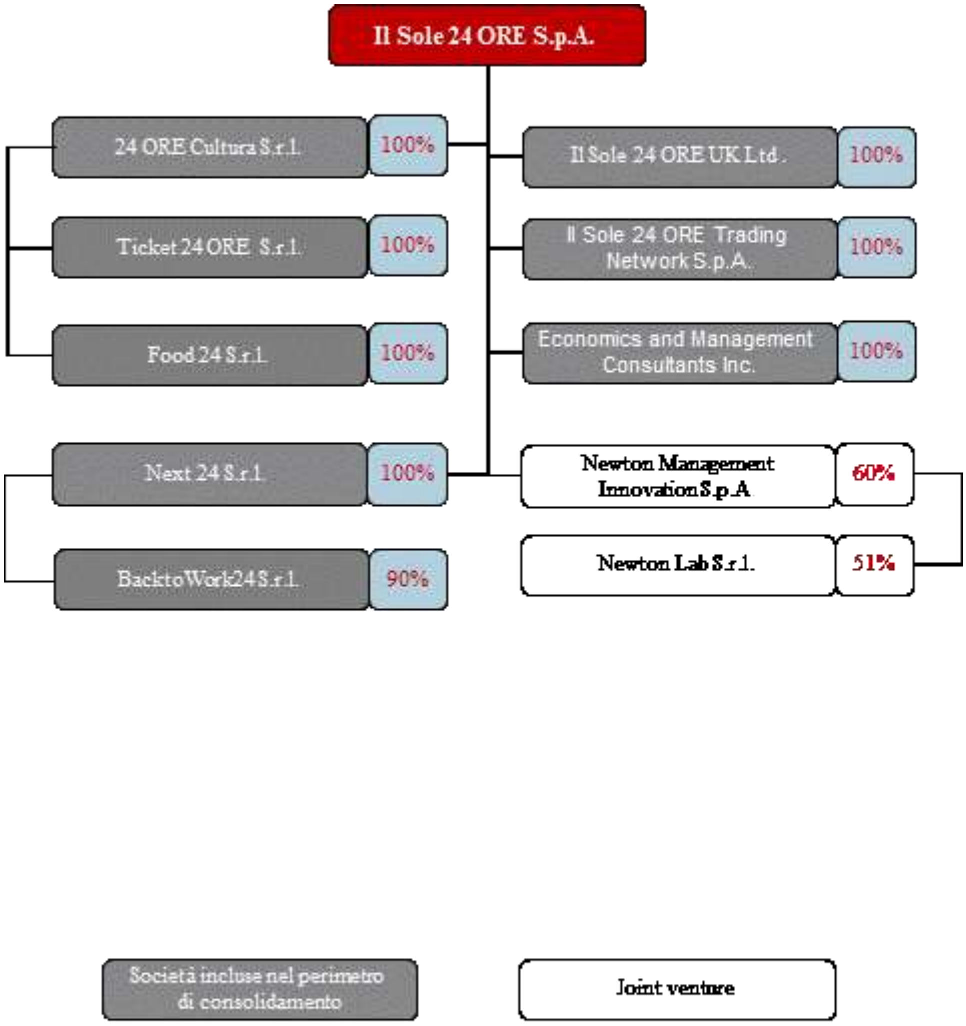
Internal Audit Manager

Massimiliano BRULLO

Independent Auditors

EY S.p.A.

Structure of the 24 ORE Group



DIRECTORS' REPORT AT 30 JUNE 2016

Operating performance and result in the first half of 2016

Introduction

A number of financial statements items have been changed in this interim financial report.

In particular, the revenue recognition method relating to database sales has changed. The change was made in consideration of the product and contract developments, which made it necessary to present revenue pro rata temporis, applied by adopting the backdating criterion required by IAS/IFRS. In addition to being consistent with the database sales contracts, this recognition method offers a fairer reading of the financial reporting. The accrual of revenue and related commission costs were therefore restated from 2012 to the beginning of this year, with a negative impact on equity of €7.5 million.

In 2013 the Company had sold a rotary printing press for daily newspapers to a leasing company. The printing press was then leased to a Group supplier that still uses that press to print our daily newspaper. A more in-depth analysis of the contracts led to the conclusion that the transaction as a whole could be attributed to a single sale and lease back transaction to be accounted for in accordance with IAS 17. This change had a negative impact on equity of €1.2 million.

In 2008 the Group acquired a 100% investment in the share capital of EMC Inc. This company performs journalism activities almost exclusively on behalf of the Group. Also in view of the fact that the total assets and total revenue figures were considered immaterial, the company was not included in the scope of consolidation. This change had a positive impact on equity of €0.3 million.

In addition, an error was detected in the recognition method for fund advertising revenue. This type of revenue consists in a service for the online and printed publication of the trading prices of funds managed by customers. The sales contracts all expired on 31 December of the year in which they were signed. The related revenue was recognised at the time of signing of the contract. Compared to the previous year it is considered appropriate to accrue this revenue over the entire year. This change had no effect on the annual consolidated financial statements.

In accordance with IAS 8, the Group considered it appropriate to make backdated adjustments to the data, changing the comparative figures. Details are provided in paragraphs 4, 8 and 10.1 of the Notes to the consolidated financial statements.

HIGHLIGHTS OF 24 ORE GROUP FOR THE FIRST HALF OF 2015							
(in thousands of euro)	1st Half 2015	Database adjustments	Fund advertising adjustments	EMC consolidation	Rotary printing press	1st Half 2015 Restated	
Revenue	168,975	(1,604)	(2,088)	124		165,407	
Gross operating profit (loss)	331	(1,513)	(2,088)	(7)	437	(2,841)	
Operating loss	(6,660)	(1,513)	(2,088)	(8)	(73)	(10,344)	
Loss before tax	(7,299)	(1,513)	(2,088)	(10)	(276)	(11,187)	
Loss for the period	(8,113)	(1,513)	(2,088)	(13)	(276)	(12,004)	
Loss attributable to owners of the parent	(7,852)	(1,513)	(2,088)	(13)	(276)	(11,743)	
Net financial position (indebtedness)	(26,818)	-	-	59	(7,183)	(33,942)	(1)
Equity	87,170	(7,490)	-	284	(1,167)	78,797	(1)
Average no. of employees	1,230	-	-	2	-	1,232	

(1) Value at 31 December 2015

The key financial figures of the Group at 30 June 2016 are as follows:

HIGHLIGHTS OF 24 ORE GROUP			
(in thousands of euro)	1st Half 2016	1st Half 2015 Restated	
Revenue	151,819	165,407	
Gross operating loss	(19,747)	(2,841)	
Gross operating loss net of non-recurring charges	***(11,037)***	***(2,841)***	
Operating loss	(36,100)	(10,344)	
Operating loss net of non-recurring charges	***(21,349)***	***(10,344)***	
Loss before tax	(39,259)	(11,187)	
Loss from continuing operations	(49,801)	(12,004)	
Loss attributable to owners of the parent	(49,803)	(11,743)	
Loss for the period net of non-recurring charges	***(23,607)***	***(11,743)***	
Net financial indebtedness	(29,564)	(33,942)	(1)
Equity	28,188	78,797	(1)
Average no. of employees	1,236	1,232	

(1) Value at 31 December 2015

The 24 ORE Group closed the first half of 2016 with a **loss of €49.8 million** and recorded **Equity of €28.2 million**, down €59.0 million compared to consolidated equity at 31 December 2015 which totalled €87.2 million, due to the:

- decrease of €8.4 million due to the backdated change in accounting standard relating to databases and other error corrections;
- decrease of €49.8 million due to the loss for the first half of the year. The loss net of non-recurring charges would have been €23.6 million;
- decrease of €0.8 million due to other changes, mainly the actuarial assessment of post-employment benefits.

The **net financial indebtedness** amounted to €29.6 million, compared to a net financial position of €-33.9 million at 31 December 2015, an improvement of €4.3 million as a result of the early collection of the vendor loan for €24.5 million in March 2016.

From this year the Group no longer has control of **Newton Management Innovation S.p.A.** and its subsidiary **Newton Lab S.r.l.** The loss of control is due to the entry into force of a number of shareholder agreement clauses, agreed with the non-controlling interests in 2012 and suspended until this year, in effect resulting in joint control of the company. The company is therefore considered a joint venture and accounted for using the equity method, accepting that this reflects the fair value of the investment at the date control was lost. The value of the investment was therefore adjusted to the pro-quota Equity and amounting to €580 thousand at 30 June 2016. The loss of control and use of the equity accounting method led to the recognition in this interim financial report of impairment losses and adjustments totalling €2,834 thousand.

During the first half of the year, due to the persisting negative situation of the Culture CGU, the goodwill of €250 thousand allocated in relation to the acquisition of Ticket 24 was classified in full as an impairment loss.

With regard to **deferred tax assets**, it must be taken into account that last year the recovery of deferred tax assets on prior years' losses was calculated on the basis of the 2015-2019 business plan, which envisaged recovery in full by 2026. As the results for the first half of 2016 and those forecast for all of 2016 differ significantly from those of the previous plan, which should therefore be fully disregarded, a recovery plan for deferred tax assets was prepared on the basis of guidelines in the 2016-2020 business plan, approved by the Board of Directors on 27 September 2016. This plan was given final approval in October 2016.

The deferred tax assets recovery plan was prepared by calculating the taxable amounts, based on guidelines in the new plan and assuming a taxable amount equal to the last period for periods beyond the explicit forecast time horizon. Taking into consideration the difficulty in estimating taxable income beyond the explicit period, a decrease in recoverable deferred tax assets of 15% was envisaged for the period 2021-2025, 50% for the period 2026-2030 and 100% beyond 2030. The resulting valuation led to an overall reduction in deferred tax assets of €10.4 million in the first half of the year.

In addition to the above, other non-recurring charges recognised in the first half of the year were as follows:

- With the aim of rationalising offices and floor space used, it was decided to leave the Pero (MI) premises from July 2016 and focus activities at the offices in Via Monte Rosa and Via Busto Arsizio in Milan. The termination agreement was finalised on 31 March 2016. This decision, which will result in a saving of €3.9 million per year, led to one-off total costs recognised in the first half of the year of €3.8 million, of which €1.7 million in contractual charges and €2.1 million in losses on disposal of assets such as plant, canteen equipment and dividing panels which were purchases by the company taking over the lease.
- A charge of €1.5 million was recognised following the resignation of the CEO Donatella Treu.
- Restructuring costs of €5.5 million were allocated in relation to future company reorganisations.

- A write-off of €0.9 million was performed for certain licences and software no longer used after their replacement by new systems, particularly the sales cycle, software relating to the production of publishing content and CRM.
- An agreement was reached on 24 February 2016 for the early settlement of the vendor loan, with repayment by Team System of the entire principal of €22.5 million, plus €2 million interest. The original maturity of the vendor loan relating to sale of the Software Area was 15 November 2020. The full amount of €24.5 million was paid in a lump sum on 3 March 2016. The assets recorded in the financial statements at 31 December 2015, including accrued interest, amounted to €25.5 million, resulting in the recognition of a charge of €1 million.

The breakdown of non-recurring charges is as follows:

Breakdown of non-recurring charges		
(in thousands of euro)		1st Half 2016
Gross operating loss		**(19,747)**
Charges for termination of the former CEO contract	(1,500)	
Contractual charges on the Pero property	(1,710)	
Staff restructuring costs	(5,500)	
Total non-recurring charges with an impact on gross operating profit/loss	**(8,710)**	
Gross operating loss net of non-recurring charges		**(11,037)**
Operating loss		**(36,100)**
Total non-recurring charges with an impact on gross operating profit/loss	**(8,710)**	
Impairment loss on Culture goodwill	(250)	
Impairment losses on assets	(854)	
Deconsolidation of Newton	(2,834)	
Losses on disposal of assets relating to the Pero property	(2,103)	
Total non-recurring charges with an impact on operating profit/loss	**(14,751)**	
Operating loss net of non-recurring charges		**(21,349)**
Loss from continuing operations		**(49,801)**
Total non-recurring charges with an impact on operating profit/loss	**(14,751)**	
Charges associated with early collection of the vendor loan	(1,037)	
Impairment losses on deferred tax assets	(10,408)	
Total non-recurring charges	**(26,196)**	
Loss for the period net of non-recurring charges		**(23,605)**

Market environment

The market figures for 2016 still show a downward trend compared to 2015 both in terms of advertising revenue and daily newspaper circulation.

The reference advertising market closed the first half of the year with a 2.8% decline. The downtrend was driven by the negative performance of the press (-4.2%), with daily newspapers down 4.9%, magazines by 3.0% and a 1.9% decline in the Internet. Only radio advertising revenue was positive (+0.6%; *source: Nielsen - January-June 2016).*

As regards the **circulation** figures, in June 2016 the ADS Board of Directors decided to **suspend** the publication of monthly estimated reports for **multiple digital copies**. This suspension for daily and weekly newspapers applies from April. Comparisons with the previous year were performed without taking multiple digital copies into account. In the period January-June 2016, ADS figures (without considering multiple copies from the beginning of the year) show a drop in printed national daily newspaper circulation of around 9.8% compared to the same period in 2015. The circulation figures for printed plus digital copies show an 8.3% decrease. In July 2016, ADS announced that the normal disclosure of figures is expected to return by the end of autumn.

The most recent audience data for the first half of 2016 indicate that the daily radio audience was 35,611,000 listeners on average, recording a 2.0% increase (+684,000) compared to the same period of 2015 (*GFK Eurisko, RadioMonitor*).

The professional market in which the Group operates is characterised by continued downsizing. For 2016, the market decline will be more limited than last year (-3.4%), particularly for tax and legal publishing.

The economic crisis that has continued for such a long time has led to increasing difficulties in final demand in the Group’s top markets: companies, households and professionals.

The consumption model is evolving in favour of electronic media, databases, products and online services. This phenomenon has led to lower spending, due to the difficulty on the professional market of selling online news at prices comparable to printed versions.

Financial performance

HIGHLIGHTS OF THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS		
(in thousands of euro)	1st Half 2016	1st Half 2015 Restated
Revenue	151,819	165,407
Other operating income	2,456	6,982
Personnel expense	(62,200)	(54,970)
Change in inventories	(1,017)	(709)
Purchase of raw materials and consumables	(5,474)	(6,072)
Services	(85,230)	(97,292)
Other operating costs	(17,394)	(14,767)
Provisions and allowance for impairment	(2,707)	(1,419)
Gross operating loss	**(19,747)**	**(2,841)**
Depreciation, amortisation and impairment losses	(14,250)	(8,538)
Net gains on disposal of intangible assets and property, plant and equipment	(2,103)	1,034
Operating loss	**(36,100)**	**(10,344)**
Net financial expense	(2,934)	(843)
Income (expenses) from investments	(225)	-
Loss before tax	**(39,259)**	**(11,187)**
Income taxes	(10,541)	(816)
Loss from continuing operations	**(49,801)**	**(12,004)**
Profit (loss) from discontinued operations	-	-
Loss for the period	**(49,801)**	**(12,004)**
Profit (loss) attributable to non-controlling interests	2	(261)
Loss attributable to owners of the parent	**(49,803)**	**(11,743)**

In the first half of 2016, the 24 ORE Group achieved **consolidated revenue** of €151.8 million, compared with a restated value of €165.4 million for the same period of 2015 (€-13.6 million). Of this change, €6.6 million is attributable to the deconsolidation of the subsidiaries Newton Management Innovation and Newton Lab. Net of the change in scope of consolidation, consolidated revenue recorded a €6.8 million decrease, mainly due to the drop in advertising revenue of €3.3 million (-5.2%) and in Culture area revenue for €2.0 million.

Group digital revenue amounts to €51.1 million and equals 33.6% of total revenue (31.5% in the first half of 2015), down 1.8% compared to 2015. **Digital revenue from information content** totalled €37.3 million, compared to €38.2 million (-2.4%) in the first half of 2015.

With regard to circulation figures, note that from April ADS decided to suspend the reports of data relating to publisher declarations of multiple copies, pending verification of the technical ascertainment methods. In July 2016, ADS announced that the normal disclosure of figures is expected to return by the end of autumn.

The multiple copies suspended also include copies sold to companies and financial operators which they then distribute to their own employees via Intranet, tablet or web. Consistent with its business model, Il Sole 24 Ore owns a significant number of this type of multiple copies.

The circulation figures announced by ADS for June 2016, which therefore do not include multiple copies, show a total circulation (printed plus digital) for Il Sole 24 ORE of an average 249 thousand copies per day, of which 115 thousand digital copies. These figures represent an estimate that is currently being studied and verified, also as regards promotional copies. As envisaged in ADS Regulations, these estimated figures will be subject to verification and annual certification by an independent expert.

The main trends characterising consolidated revenue are:

- Revenue for the daily newspaper (printed+digital) was in line with the first half of 2015. Revenue from digital information content for the daily newspaper and broadsheets was up by €2.2 million (+18.7%).
- Advertising revenue, totalling €59.6 million, was down by €3.3 million (-5.2%) compared to the same period in 2015, mainly due to the close of certain third-party publisher concessions. Net of differences in the scope of consolidation the area revenue declined by 3.0%. The reference advertising market recorded an overall decline of 2.8% (*source: Nielsen January-June 2016*).
- The Tax & Legal databases saw a 7.4% drop in revenue. The decline is differentiated among the company’s various business lines, with a more limited decrease in Tax and Labour and more significant in Legal, Construction and Public Administration.
- Education & Services area revenue amounts to €10.7 million, down by €6.3 million as a result of deconsolidation of the Newton subsidiaries. Net of the change in the scope of consolidation, revenue was up by 2.2%.
- Culture Area revenue totals €10.1 million, down by €2.0 million (-16.3%) compared to 2015. In particular, there were 12 exhibitions in the first half of the year compared to 11 in the same period of 2015, with a decrease in the overall number of visitors. The decline in revenue is partly offset by MUDEC activities.
- Revenue from the sale of add-ons, books and magazines, totalling €10.4 million, were down by 19.4% compared to 2015, due to the downsizing of the printed products portfolio.

Direct and operating costs totalled €109.1 million, down €9.7 million (-8.2%) compared to the first half of 2015 (restated figure), which included €6.0 million as the effect of deconsolidation of the Newton subsidiaries. The main cost items recording a decrease were:

- advertising and commercial expense, down by €2.8 million (-22.4%), due to lower daily newspaper marketing costs (€-1.1 million) and lower Culture area advertising costs resulting from reduced business activities (€-0.8 million);
- costs for the production of Culture area exhibitions, down by €2.1 million;
- advertising expense due to third-party publishers, down by €1.2 million (-11.7%) due to the decrease in publications licensed out.

The main items leading to increased costs were:

- selling costs, up by €2.0 million (+14.3%) as a result of the higher commission income relating to business developed by TeamSystem and intermediated by 24 ORE Trading - Network. Advertising sales agency selling costs rose by €1.0 million due to the recognition of charges relating to the FIGC-Infront contract, for advertising revenue of the Italian Football Federation for the four-year period 2015-2018;

- contractual charges for €1.7 million following the transfer from the Pero offices in Milan.

Personnel expense totalling €62.2 million increased by €7.2 million compared to the first half of 2015. This rise in costs was particularly affected by restructuring costs of €5.5 million and non-recurring charges relating to the contract termination of the former CEO. The average headcount was 1,236 staff, up by 4. Net of the deconsolidation of the Newton subsidiaries, the average headcount rose by 17 staff. This increase was due to application of the Jobs Act, which allowed atypical contracts to be transformed into permanent employment contracts, with access to relief on contributions envisaged by the law, essentially without added costs.

The **gross operating loss** was €19.7 million, compared with a loss of €2.8 million recorded in the first half of 2015. This change was mainly due to the decline in revenue and non-recurring charges amounting to €8.7 million, as well as to lower operating income. Net of the non-recurring charges the gross operating loss was €11.0 million.

The **operating loss** was €36.1 million, compared to a restated operating loss of €10.3 million in 2015, and includes non-recurring charges of €14.8 million.

Net of the non-recurring charges the operating loss was €21.3 million. Amortisation and depreciation amount to €10.3 million versus €8.5 million in the corresponding period of 2015, up €1.8 million mainly as a result of the change in estimated useful life of certain intangible assets. The operating loss also includes non-recurring charges relating to the deconsolidation of Newton for €2.8 million and losses of €2.1 million on the disposal of assets following release of the Pero offices due to early cancellation of the lease. Also affecting the operating loss were the write-off of software and licences for €0.9 million and the impairment loss on Culture area goodwill for €0.2 million.

The **loss before tax** was €39.3 million, compared to a restated loss of €11.2 million in the first half of 2015. Financial expenses had a €2.9 million impact (€0.8 million restated figure for the same period of 2015), which includes non-recurring charges of €1.0 million deriving from early collection of the vendor loan. The first half of 2015 benefited from interest income on the vendor loan of €0.9 million.

Income taxes were negative for €10.5 million (negative for €0.8 million in the first half of 2015). Deferred tax assets were impaired by €10.4 million, based on an estimate of probability of recovery of the assets recognised in the financial statements in relation to losses that can be carried forward.

The **loss attributable to owners of the parent** amounted to €49.8 million, compared with the €11.7 million loss in 2015. Net of the non-recurring charges the loss was €23.6 million.

Consolidated Statement of Financial Position

HIGHLIGHTS OF THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION			
(in thousands of euro)	30.06.2016	31.12.2015 Restated	1.1.2015 Restated
Non-current assets	155,774	204,144	215,815
Current assets	150,795	165,776	170,117
Available-for-sale assets	-	-	-
Total assets	**306,570**	**369,920**	**385,932**
Equity attributable to owners of the parent	28,168	78,286	102,804
Equity attributable to non-controlling interests	20	511	764
Total equity	**28,188**	**78,797**	**103,568**
Non-current liabilities	44,622	45,298	68,136
Current liabilities	233,760	245,825	214,228
Available-for-sale liabilities	-	-	-
Total liabilities	**278,382**	**291,122**	**282,364**
Total equity and liabilities	**306,570**	**369,920**	**385,932**

Non-current assets amounted to €155.8 million compared with €204.1 million at 31 December 2015, for a decrease of €48.3 million. More specifically:

- Goodwill, recognized for €16.0 million, was down by €2.4 million compared to the end of 2015 as a result of the deconsolidation of Newton Management and Newton Lab S.r.l. and due to the impairment of Culture area goodwill relating to Ticket 24;
- Deferred tax assets amounted to €36.6 million, of which €27.2 relating to losses that can be carried forward. Based on the previous plan, the deferred tax assets are recoverable by 2026. The results for the first half of 2016 and those estimated for all of 2016 differ significantly from those of the previous plan, leading to impairment losses on assets for €10.4 million. Note that no new deferred tax assets have been recognised from 2013 onwards;
- Intangible assets totalled €55.7 million, of which €27.8 million relating to radio broadcasting frequencies and €27.9 million to licences and software, including projects in progress. Investments in the first half of the year amounted to €3.1 million, amortisation for the first half totalled €6.1 million and write-offs were performed for €0.9 million;
- Property, plant and equipment totalled €42.8 million. In the first half of the year investments amounted to €0.6 million and asset disposals relating to the Pero property totalled €2.1 million. Depreciation for the first half of the year was €4.3 million;
- Non-current financial assets amounted to €3.4 million, down by €25.5 million due to the early redemption of the vendor loan relating to sale of the Software area, originally due on 15 November 2020. The full amount of €24.5 million was paid in a lump sum on 3 March 2016, with a charge of €1 million recognised.

Current assets amounted to €150.8 million, compared with the restated figure of €165.8 million at the beginning of the year, for a decrease of €15.0 million due mainly to cash and cash equivalents which reduced by €9.8 million compared to 31 December 2015.

Equity totalled €28.2 million compared to the restated figure of €78.8 million at 31 December 2015, down by €50.6 million on the consolidated financial statements at 31 December 2015 due to the loss for the first half of the year of €49.8 million and the actuarial assessment of post-employment benefits.

The equity attributable to non-controlling interests changed due to the deconsolidation of Newton Management Innovation S.p.A. and its subsidiary Newton Lab S.r.l.

Non-current liabilities amounted to €44.6 million, compared with the restated figure of €45.8 million at the beginning of the year.

Current liabilities totalled €233.7 million, down €12.1 million from the restated figure of €245.8 million reported at the beginning of the year. The allocation of restructuring costs for €5.5 million had a particular impact.

Consolidated Statement of Cash Flows

Total cash flows for the first half of 2016, which benefited from early collection of the vendor loan for €24.5 million, stood at €12.1 million compared to cash outflows of €18.9 million in the first half of 2015. The highlights of cash flows are as follows:

HIGHLIGHTS OF CASH FLOWS	1st Half 2016	1st Half 2015 Restated
Loss before tax attributable to owners of the parent	(39,262)	(10,639)
Adjustments	19,415	3,079
Changes in net working capital	4,847	(8,303)
Total cash flows used in operating activities	**(15,000)**	**(15,863)**
Investments	(3,821)	(4,879)
Amounts collected on disposal of fixed assets	-	1,043
Other changes	194	(323)
Cash flows from (used in) investing activities	**(3,627)**	**(4,159)**
Free cash flow	**(18,627)**	**(20,022)**
Cash flows from (used in) financing activities	**30,733**	**1,163**
Change in cash and cash equivalents	**12,106**	**(18,859)**
Cash and cash equivalents:		
At the start of the period	(17,742)	24,829
At the end of the period	(5,635)	5,970
Change in cash and cash equivalents	**12,106**	**(18,859)**

Cash flows used in operating activities stood at a negative €15.0 million, compared to the negative €15.9 million in the previous year, attributable largely to changes in net working capital.

Cash flows used in investing activities stood at a negative €3.6 million and referred mainly to operating investments.

Cash flows used in financing activities stood at a positive €30.7 million, compared to a positive €1.2 million for the previous year, benefiting from the early collection of the vendor loan for €24.5 million.

Net financial position (indebtedness)

NET FINANCIAL POSITION (INDEBTEDNESS)		
(in thousands of euro)	30.06.2016	31.12.2015 Restated
Cash and cash equivalents	29,381	39,198
Bank overdrafts and loans - due within one year	(51,652)	(66,453)
Short-term loans and borrowings from others	(1,486)	-
Short-term loan assets	621	-
Short-term net financial indebtedness	**(23,135)**	**(27,256)**
Non-current financial liabilities	(6,428)	(6,687)
Medium-long term net financial indebtedness	**(6,428)**	**(6,687)**
Net financial position (indebtedness)	**(29,564)**	**(33,942)**

The **net financial indebtedness** amounted to €29.6 million and includes the total residual debt of €6.9 million relating to accounting of the sale and leaseback transaction of the Bologna rotary printing press, as described in paragraph 8 of the Notes to the consolidated financial statements.

The net financial indebtedness compares to the restated indebtedness at 31 December 2015 of €33.9 million, a €4.3 million improvement due to the early collection of the vendor loan for €24.5 million. The net working capital absorption was affected by the seasonal nature of collections, investments and the payment of non-recurring charges.

Significant events of the first half of the year

In January 2016 the trade union and ministerial procedure was finalised for confirmation of the early retirement plan for 28 journalists.

An agreement was reached on 24 February 2016 for the early settlement of the vendor loan, with repayment by Team System of the entire principal of €22.5 million, plus €2 million interest. The original maturity of the vendor loan relating to sale of the Software Area was 15 November 2020. The full amount of €24.5 million was paid in a lump sum on 3 March 2016.

On 29 April 2016, the Shareholders' Meeting agreed to fully cover the parent Il Sole 24 ORE S.p.A.'s loss for 2015 of €21,253,000 using the share premium reserve.

On 29 April 2016, the Shareholders' Meeting also appointed the Board of Directors, which will remain in office until the shareholders' meeting called to approve the financial statements at 31 December 2018. The directors appointed were: Luigi Abete, Mauro Chiassarini, Maria Carmela Colaiacovo, Nicolò Dubini, Marcella Panucci, Claudia Parzani, Carlo Pesenti, Livia Pomodoro, Cesare Puccioni, Carlo Robiglio and Giorgio Squinzi.

The Shareholders' Meeting appointed Giorgio Squinzi as Chairman of the Board of Directors.

The Shareholders' Meeting appointed the Board of Statutory Auditors, which will remain in office until approval of the financial statements at 31 December 2018. Its members are: Luigi Biscozzi as Chairman, Laura Guazzoni and Giovanni Maccagnani as Standing Statutory Auditors. Based on the Board of Statutory Auditors' proposal, EY S.p.A. was appointed as Independent Auditors for the period 2016-2024. Luigi Predieri was appointed as Secretary to the Board.

On 13 June 2016, the Board of Directors of Il Sole 24 ORE S.p.A. co-opted Gabriele Del Torchio as Chief Executive Officer to replace the non-executive, non-independent director Cesare Puccioni.

The Chief Executive Officer was granted full management powers.

On 15 June 2016 the Ministry of Labour issued a decree confirming the reorganisation situation given the company crisis of Il Sole 24 ORE S.p.A. pursuant to Italian Publishing Act 416/81.

On the basis of this decree (and later renewals) the company is authorized to place 231 daily newspaper journalists in temporary redundancy on a revolving basis during the two-year period of the plan (February 2016-January 2018), in line with agreements signed with the trade unions.

In addition, again to manage journalist overstaffing, the placement in temporary redundancy is a technical condition necessary in order to place in early retirement any daily newspaper journalists that meet the personal and contribution requirements of the special publishing legislation for access to early retirement.

Performance of the Group by segment

The table below provides the basic Group figures broken down by business segment.

The presentation of areas has changed compared to 2015, separately illustrating the results of Publishing & Digital, Tax & Legal and Radio, which in 2015 were included in the Publishing segment. This presentation corresponds to that adopted by management in the Directors' Reports. The Corporate and Centralised Services segment includes the Group coordination departments and services related to support processes.

STATEMENT OF PROFIT OR LOSS BY BUSINESS SEGMENT								
SEGMENT	Revenue from third parties	Inter-segment revenue	Tot. revenue	GOP/GOL	Depreciation & Amortisation	Impairment losses	Gains/losses	Operating profit (loss)
PUBLISHING & DIGITAL								
1st Half 2016	39,391	30,557	69,948	(11,482)	(1,589)	(4)	0	(13,075)
1st Half 2015	40,539	31,629	72,169	(11,802)	(1,587)	-	1,037	(12,352)
TAX&LEGAL								
1st Half 2016	31,667	1,436	33,103	5,630	(288)	(2)	0	5,341
1st Half 2015	32,098	1,231	33,329	7,533	(251)	-	(4)	7,278
RADIO								
1st Half 2016	196	8,543	8,739	745	(287)	(0)	0	458
1st Half 2015	262	8,549	8,810	1,229	(321)	-	-	907
SYSTEM								
1st Half 2016	59,926	-	59,926	(1,243)	(4)	(0)	-	(1,248)
1st Half 2015	63,206	25	63,232	2,338	(3)	-	-	2,335
EDUCATION & SERVICES								
1st Half 2016	10,045	701	10,746	(36)	(31)	(2,834)	-	(2,902)
1st Half 2015	16,622	447	17,069	2,045	(92)	-	-	1,953
CULTURE								
1st Half 2016	9,780	330	10,110	(1,740)	(241)	(250)	(35)	(2,266)
1st Half 2015	11,978	95	12,074	(1,721)	(70)	-	-	(1,791)
CORPORATE AND CENTRALISED SERVICES (*)								
1st Half 2016	813	-	813	(11,621)	(7,872)	(847)	(2,069)	(22,409)
1st Half 2015	701	-	701	(2,462)	(6,214)	-	2	(8,674)
CONSOLIDATED								
1st Half 2016	**151,819**	**41,566**	**151,819**	**(19,747)**	**(10,312)**	**(3,938)**	**(2,103)**	**(36,100)**
1st Half 2015	**165,407**	**41,976**	**165,407**	**(2,841)**	**(8,538)**	**-**	**1,034**	**(10,345)**

The figures for the first half of 2015 are presented in restated format.

(*) The operating loss for the Corporate and Centralised Services segment shows a €13.7 million deterioration compared to the first half of 2015, which benefited from the release of provisions for €2.2 million relating to the removal of contractual expenses associated with improvement works on

the Via Monte Rosa offices and the successful conclusion of pending disputes regarding the acquisition of ESA Software.
In the first half of 2016 the segment's operating loss was affected by non-recurring charges totalling €11.7 million, i.e. the one-off costs relating to release of the Pero (MI) offices for €3.8 million, restructuring costs for €5.5 million, costs relating to termination of the former CEO contract for € 1.5 million and the write-off of licences and software for €0.8 million.

Publishing & Digital

Publishing & Digital is the division responsible for the daily newspaper Il Sole24 ORE, digital products associated with the daily newspaper, broadsheets, products annexed to the daily newspaper, magazines, add-ons, the web site and the Radiocor Plus press agency.

PUBLISHING & DIGITAL AREA RESULTS			
(in thousands of euro)	1st Half 2016	1st Half 2015 Restated	% change
Circulation/other revenue	39,803	40,955	-2.8%
Advertising revenue	30,145	31,214	-3.4%
Revenue	**69,948**	**72,169**	**-3.1%**
Gross operating loss	(11,482)	(11,802)	2.7%
GOL margin %	-16.4%	-16.4%	-0.1 p.p.
Operating loss	(13,075)	(12,352)	-5.8%

Market performance

In the first six months of 2016, the Publishing & Digital segment's market of operations again recorded a downward trend in all sectors, similar to those characterising 2015.

The reference advertising market closed the first half of the year with a 2.8% decline. The downtrend was driven by the negative performance of the press (-4.2%), with daily newspapers down 4.9%, magazines by 3.0% and a 1.9% decline in the Internet. Radio revenue increased (+0.6%; *source: Nielsen - January-June 2016).*

As regards circulation figures, ADS suspended its count of multiple digital copies and the figures will be reported and commented net of this type of sale. ADS figures for January-June 2016 show a drop in printed national daily newspaper circulation of around 9.8% compared to the same period in 2015. The circulation figures for printed plus digital copies show an 8.3% decrease.

Area performance

Publishing & Digital closed the first half of 2016 with **revenue** of €69.9 million (-3.1% compared to the first half of 2015). Circulation and other revenue amounts to €39.8 million, down €1.1 million (-2.8% compared to the same period of 2015). Revenue for the daily newspaper (printed+digital) was in line with the same period of 2015 and totals €34.7 million. Revenue from digital information content for the daily newspaper and broadsheets was up by €2.2 million (+18.7%).

With regard to circulation figures, note that from April ADS decided to suspend the reports of data relating to publisher declarations of multiple copies, pending verification of the technical ascertainment methods. In July 2016, ADS announced that the normal disclosure of figures is expected to return by the end of autumn.

The multiple copies suspended also include copies sold to companies and financial operators which they then distribute to their own employees via Intranet, tablet or web. Consistent with its business model, Il Sole 24 Ore owns a significant number of this type of multiple copies.

The circulation figures announced by ADS for June 2016, which therefore do not include multiple copies, show a total circulation (printed plus digital) for Il Sole 24 ORE of an average 249 thousand copies per day, of which 115 thousand digital copies. These figures represent an estimate that is currently being studied and verified, also as regards promotional copies. As envisaged in ADS Regulations, these estimated figures will be subject to verification and annual certification by an independent expert.

Digital revenue from information content increased by 15.2% and stands at 44.4% of total information content revenue, compared to 37.5% in the same period of 2015.

Advertising revenue totals €30.1 million, down 3.4% on the same period last year, a result caused by the negative trend in the advertising revenue market for daily newspapers and in particular the decline in financial advertising.

The **gross operating loss** of the Publishing & Digital area was €11.5 million, compared with a restated gross operating loss of €11.8 million recorded in the first half of 2015. This result is mainly attributable to the €2.6 million drop in revenue, partly offset by lower direct and operating costs.

In the first half of 2016 the range of products sold as add-ons to the **daily newspaper** was expanded. Of note among these are the *Racconti d'autore* proposed with the Sunday edition, the *English Actually* English language study initiative and the *I tuoi soldi* and *L'economia per la famiglia* pocket series that informs on financial and economic issues. In addition, developments continue for the *Norme e Tributari* tabloid focus every Wednesday and there is the monthly publication of the *Guides* explaining the latest regulatory and legislative news on pensions, the home, tax and labour.

The magazines *How To Spend It, IL* and *24hours* closed the first half of the year with advertising revenue up by 1.6% on the same period of the previous year, against the market trend which was down 3.0% (source: *Nielsen January-June 2016*).

Based on qualitative and quantitative research performed by GFK, *How To Spend It* has a regular readership of an average 500,000 readers per issue, with a medium-high profile. The first half of 2016 saw the launch of the new spin-off of Moda24, "*Speciale Pitti Bimbo*", which offered the Group entry to a new market - kidswear.

The generic range of add-ons has seen no new launches since the end of 2015. Given the decline in newsstand sales, this line of business proved no longer profitable and the decision was made to abandon it, retaining the option of launching new spot initiatives based on publication availability and/or initiatives that could be of particular interest. The €0.8 million decline in revenue is therefore attributable to this decision.

The web site *www.ilsole24ore.com*, Italy's first paying web site, recorded over 758,000 unique browsers on average in the first half of 2016, up +4.3% with a 0.7% increase in the average of 5,107,000 pages visited compared to the average for the first half of 2015 (source: *Omniture Sitecatalyst*).

In the first half of 2016, the mobile version of www.ilsole24ore.com saw a 34.3% increase in average daily unique browsers to reach 155,312 and a 77.8% increase in pages browsed (absolute value 441,085) compared to the first half of 2015 (source: *Omniture Sitecatalyst*).

Growth was confirmed as regards social media. At 30 June 2016 the official Il Sole 24 ORE Facebook page had over 630,000 fans, up 14.5% on the figure at 30 June 2015. The number of followers on Twitter has exceeded 2.4 million (source: internal data).

In the first six months of 2016, the **Radiocor Plus press agency** revenue rose by 4.6% compared to the first half of 2015, despite continuing to record negative results.

Tax&Legal

The Tax & Legal Area develops integrated product systems with a technical and regulatory content, targeting professionals, companies and public administration. The specific market segments are covered by three main business lines - Tax/Labour/Economy; Law; Construction and Public Administration - which satisfy all information, education and operating needs of the reference target through specialised information tools that are strongly integrated: books, magazines, databases and web services.

TAX & LEGAL AREA RESULTS			
(in thousands of euro)	1st Half 2016	1st Half 2015 Restated	% change
Circulation/other revenue	32,900	33,196	-0.9%
Advertising revenue	203	133	52.3%
Revenue	**33,103**	**33,329**	**-0.7%**
Gross operating profit	5,630	7,533	-25.3%
GOP margin %	17.1%	22.7%	-5.6 p.p.
Operating profit	5,341	7,278	-26.6%

Market performance

The professional publishing market saw a strong downsizing. In fact, in 2015 professional publishing recorded a decline in business volume of 4.1% on the previous year, though improving on the negative trend already recorded in 2014 (-5.9%). The market decline will be more limited in 2016 compared to previous years (around -3.4% compared to 2015 with a less negative trend than the tax publishing sector average in line with that for legal), but still conditioned by the effects of lower spending power of professionals and by the spending review action taken by Public Administration.

The consumer model for the professional publishing market is evolving in favour of electronic media, databases and online products and services. This phenomenon has led to lower spending, due to the difficulty on the professional market of selling online news at prices comparable to printed versions.

Area performance

Tax & Legal area revenue totalled €33.1 million, down 0.7% on the same period of 2015. Total revenue from digital and printed information content shows an overall decline of 14.1% compared to the same period in 2015. This change was almost fully offset by the growth in revenue from commercial intermediation relating to the agency contract, due to expire on 31 December 2017, signed with TeamSystem, the buyer of the Software area sold in 2014.

In particular, databases saw a 7.4% drop in revenue. The decline is differentiated among the company's various business lines. Products in the Tax and Labour line, where the company's presence is strongest and where renewal of the product mix is in constant development to meet the needs of high-end customers and the medium/low end, recorded a limited decrease of around 2%. The Legal business line saw a decline of approximately 12% and the Construction and PA line was affected by the profound building industry crisis that led to revenue down by 20%.

As regards the revenue trends for the other product lines, of particular note are:

- Magazine revenue was down by 14% compared to the first half of 2015 as a result of downsizing of the portfolio in line with the decline in the market;
- Books were down by 29% following streamlining of the catalogue to eliminate title with negative margins;
- Newsstand products (guides and professional add-ons) recorded revenues in line with those of last year.

The **gross operating profit** was €5.6 million compared with restated gross operating profit of €7.5 million in the first half of 2015, down by 25.3%. The change is mainly due to the different revenue mix, since intermediation revenue has a lower margin than the core business products, databases and magazines.

The Telefisco 2016 event saw the launch of the new database **Plusplus24 Fisco**, enhanced with content from the *Bollettino Tributario* magazine which comments on the main new aspects of tax law, legal proceedings and the most important constitutional, criminal and international issues, and *Percorsi di Approfondimento* edited by Il Sole 24 ORE's leading experts.

The new product **Business Class Fisco** was launched in April, targeting the mid range of the market where, in a single and innovative working environment, all the information and content offered to professionals by the 24 ORE Group can be found: *Il Sole 24 Ore*, *Il Quotidiano del Fisco*, *La Settimana Fiscale*, *Norme e Tributi Mese*, *Guida Pratica Fiscale*, *Guida ai Controlli Fiscali*, *Guida alla Contabilità e Bilancio, L'Esperto Risponde, Norme e Tributi, Riviste24 Fisco* and *Soluzioni24Fisco*.

On the Labour market, the *Circolari 24 Lavoro* were launched, a weekly update service integrated with the daily Labour-related newspaper *Business Class Lavoro*, bringing together all the information and content offered to sector professionals by the 24 ORE Group into a single environment: *Il Sole 24 ORE, Il Quotidiano del Lavoro, Circolari24 Lavoro, Guida al Lavoro, L'Esperto risponde, Norme e Tributi*, *Massimario di Giurisprudenza del Lavoro*, *Riviste24 Lavoro* and *Unico Lavoro 24*.

Radio

The Radio area manages the national Radio 24 broadcaster, News & Talk radio with an editorial format alternating news and entertainment programmes based almost exclusively on speech.

RADIO AREA RESULTS			
(in thousands of euro)	1st Half 2016	1st Half 2015 Restated	% change
Circulation/other revenue	253	292	-13.6%
Advertising revenue	8,486	8,518	-0.4%
Revenue	**8,739**	**8,810**	**-0.8%**
Gross operating profit	745	1,229	-39.4%
GOP margin %	8.5%	13.9%	-5.4 p.p.
Operating profit	458	907	-49.6%

Market performance

The most recent audience data for the first half of 2016 indicate that the daily radio audience was 35,611,000 listeners on average, recording a 2.0% increase (+684,000) compared to the same period of 2015 (*GFK Eurisko, RadioMonitor*).

Area performance

The Radio area closed the first half of the year with revenue of €8.7 million, compared to €8.8 million in the first half of 2015.

The **gross operating profit** was €0.7 million compared with gross operating profit of €1.2 million in the first half of 2015 (€-0.5 million; -39.4%). The change is largely attributable to the increase in direct and operating costs for €0.3 million, particularly editorial costs (+14.1%).

Radio 24 is confirmed in a stable ninth position in the average daily audience rankings for first half of 2016 with an average 2,011,000 daily listeners, a growth of +2.5% compared to the same period of the previous year. This increase is particularly important given that market growth halted at +2.0%. The figures for the second quarter of 2016 (latest available) showed that Monday-Friday listeners numbered 2,181,000, up slightly on the already good performance seen in the second quarter of 2015. On Sundays in particular, a 13% increase was recorded compared to the same quarter last year due to the new broadcasts introduced (source: *GFK Eurisko; RadioMonitor*).

Radio area advertising revenue, including via radio and on the web site www.radio24.it, was down by 0.4% compared to the same period of 2015.

In the first half of 2016, the Radio 24 web site recorded an increase in the number of pages browsed per month from 4.9 million in the first half of 2015 to 5.4 million, whilst unique general users of the site rose from 350 thousand to 590 thousand.

Radio 24’s positive trend is also confirmed by audience data for “on demand” radio on the new web site and App: in the period January-June 2016 the number of audio files and podcasts downloaded rose by 3.1% compared to the same period of the previous year, reaching over 9,400,000 downloads.

System Area – Advertising revenue

System is the division acting as the advertising sales agency for the Group's main media and for some third-party media.

SYSTEM AREA RESULTS			
(in thousands of euro)	1st Half 2016	1st Half 2015 Restated	% change
Captive revenue	48,173	49,708	-3.1%
Non-captive revenue	11,753	13,523	-13.1%
Revenue	**59,926**	**63,232**	**-5.2%**
Gross operating profit (loss)	(1,243)	2,338	-153.2%
GOP/GOL margin %	-2.1%	3.7%	-5.8 p.p.
Operating profit (loss)	(1,248)	2,335	-153.5%

Market performance

The reference advertising market closed the first half of the year with a 2.8% decline. The downtrend was driven by the negative performance of the press (-4.2%), with daily newspapers down 4.9%, magazines by 3.0% and a 1.9% decline in the Internet. Only radio advertising revenue was positive (+0.6%; *source: Nielsen - January-June 2016).*

Area performance

System closed the first half of the year with revenue of €59.9 million, down 5.2% compared to the first half of 2015. This result is mainly attributable to the concessions for certain publications (i.e. FAZ, LePoint, FD, EIEconomista, Sky and Borsa Italiana) included in 2015 but no longer in portfolio in 2016. Net of this difference in scope, the area revenue was down by 3.0%, compared with a reference market which closed the first half of the year down 2.8%. Revenue on Group media was €48.2 million, down 3.1% compared to the first half of 2015.

System continued its development of numerous integrated multimedia communications projects (press-radio-Internet) and special ad hoc initiatives for customers, with Radio 24 also generating a significant presence in the country through activities sponsored by customers.

The **gross operating loss** was €1.2 million, compared with a profit of €2.3 million recorded in the first half of 2015. The change is mainly due to the decline in revenue and to the recognition of charges on the FIGC-Infront contract, relating to advertising revenue for the Italian Football Federation for the four-year period 2015-2018.

Analysis of the various Group media shows that **Il Sole 24ORE** closed the first half of the year down by 4.6% (daily newspapers market -4.9%; *Nielsen - January-June*), which was affected by the negative trend in financial advertising, for which Il Sole 24 ORE is the market leader in revenue terms, and in the financial market in general. The first half of the year saw a drop in the number of extraordinary financial transactions (IPOs, mergers, share capital increases) and related announcements by the companies involved. The commercial figure was down by 3.1%, compared with a market figure of -3.9% (national commercial in daily newspapers). Also note that in the first half of the year the daily newspapers market saw a reduction in the planning of companies in the

Finance/Insurance sector (-13%). This phenomenon had a particular impact on Il Sole 24 ORE (-16.2%) as it is the daily newspaper that handles the largest number of announcements for this sector (23% market share).

Radio 24 closed the first half of the year in line with the same period last year (+0.3%) and compares with a market up 0.6% (*Nielsen - January-June 2016*). In the first half of the year the radio market saw fewer investments by companies in the Finance/Insurance and Professional Services sectors (-22.7%; *Nielsen radio analysis per second - January-June*). Radio24 was particularly penalised by this phenomenon as these two sectors represent 24% of total advertising space revenue (*Nielsen analysis per second - January-June*). For Radio24 this decline was offset by the increase in company planning in the Automotive sector (+26.2%), the radio's leading sector.

Internet revenue fell by 13.3%, mainly as a result of the difference in scope (due mostly to the loss of Sky.it, Borsa Italiana and FAZ). Net of this change, the online result was down by 5.0%, compared with a market decline of 1.9% (*source: Nielsen - January-June 2016).*

Education & Services

The Education & Services area provides specialist training to young university graduates, managers and professionals and organises annual conferences and events on a contract basis for large customers all over Italy. Included in this area are the activities of the subsidiary Next 24 S.r.l., which provides support services to businesses in their innovation and digital transformation processes.

EDUCATION & SERVICES AREA RESULTS			
(in thousands of euro)	1st Half 2016	1st Half 2015 Restated	% change
Business School and Events	10,151	10,305	-1.5%
Next area	595	208	186.3%
Newton	-	6,556	-100.0%
Revenue	**10,746**	**17,069**	**-37.0%**
Gross operating profit (loss)	(36)	2,045	-101.8%
GOP/GOL margin %	-0.3%	12.0%	-12.3 p.p.
Operating profit (loss)	(2,902)	1,953	-248.6%

Market performance

The training market, including financed training, had estimated revenue of €620 million (source: *ISFOL reports 2013/2014*).

The 2016 spending forecasts are positive. In fact, 34% of the sample interviewed plan to increase spending, 58% steady investments and only 8% expect a decrease. In the training market, the main sources of funding are the *Interprofessional Funds* which cover 46% of the total expense. Experiential learning has increased: action learning, case history, coaching/mentoring, project work, workshop and laboratories, internal experience sharing and role play.

As regards the events market, the most recent figures for 2015 recorded a recovery in investment in events and communications by Italian companies. The total spending volume was €819 million (+4.3% compared to 2014; source: *Event Report – Astra Ricerche on behalf of the ADC Group*).

From research conducted on a sample of 300 Italian companies that invest in communication, of which 42% invested 20% of their budgets in events, a positive forecast emerged for the next two years, so much so that in 2017 investments in events are expected to reach €1,041 million.

Area performance

Education & Services area revenue, including 24 ORE Training, Events and Next revenue, amount to €10.7 million, down by €6.3 million compared to the first half of 2015. The previous year's revenue included revenue of the Newton subsidiaries for €6.6 million. On a like-for-like basis, net of the Newton deconsolidation, the area revenue was up 2.2% (€0.3 million).

Business School and Events revenue totalled €10.2 million, down 1.5% on the same period of the previous year.

Full-time master courses recorded a 21.8% increase on the same period of 2015, with 33 initiatives targeting young graduates. The part-time master course for managers saw more than 1,800 participants. During the period the higher education range for middle managers and executives was expanded, with 16 blended-model Executive master courses offering classroom and online training. The part-time master courses continued in weekend or weekday module formats for professional updates with the release of attendance certificates.

Revenue from the Next24 range launched in the first few months of 2015, relating to support services to businesses for innovation and digital transformation processes, was €0.5 million, compared to revenue of €0.2 million in the first half of 2015.

The gross operating profit (loss) for the Education & Services area was at break-even point, down €2.1 million compared to the first half of 2015, mainly due to costs incurred by Next24 for structural organisation and to deconsolidation of the Newton subsidiaries.

Culture

This Area produces publishing content in two segments - the production of exhibitions and book publication - and includes Group activities in the Culture segment, through 24ORE Cultura S.r.l. and its subsidiaries Ticket 24 ORE S.r.l. and Food 24 S.r.l.

CULTURE AREA RESULTS			
(in thousands of euro)	1st Half 2016	1st Half 2015 Restated	% change
Circulation/other revenue	10,110	12,074	-16.3%
Revenue	**10,110**	**12,074**	**-16.3%**
Gross operating loss	(1,740)	(1,721)	-1.1%
GOL margin %	-17.2%	-14.3%	-3.0 p.p.
Operating loss	(2,266)	(1,791)	-26.5%

Market performance

The exhibitions production market continues to grow. All the performance indicators were positive: business volume (+2.2%), entrance tickets (+6.6%), spending at the exhibition stores (+7.2%) and spending by the public (+0.7%). *Source: SIAE – 2015 Exhibitions Yearbook (18 July 2016).*

Preliminary figures for 2016 confirm the 2015 trend.

Area performance

Culture area revenue in the first half of 2016 totalled €10.1 million, down 16.3% on the same period of 2015. This change was due to the exhibitions sector which in the first half of the year saw a 30% decline associated with fewer visitors, partly offset by MUDEC activities, up €1.1 million due to sponsorship revenue and to events held at the museum. The main revenue sources are organised exhibitions (€4.2 million), the exhibition bookshop (€2.3 million) and MUDEC-related activities (€1.6 million), including sponsorships, events and the management of venue services (internal store, catering - in March 2016 entrusted to Enrico Bartolini, a Michelin two-star chef - and the carpark).

2016 saw the conclusion of the following exhibitions launched in 2015: *Da Raffaello a Schiele* and *Alfons Mucha e le atmosfere art nouveau* at the Palazzo Reale in Milan, *Tamara de Lempicka* in Verona and *Gauguin. Racconti dal paradiso* and *BARBIE - The icon*, at the MUDEC.

The following exhibitions opened in 2016: *Il Simbolismo. Arte in Europa dalla Belle Époque alla Grande Guerra* at the Palazzo Reale (5 February), *Mirò* at the MUDEC (24 March), the second and third stops for the *BARBIE - The icon* exhibition at the Complesso del Vittoriano in Rome (15 April) and Palazzo Albergati in Bologna (18 May), the second stop for *Alfons Mucha e le atmosfere art nouveau* at the Palazzo Ducale in Genoa (30 April) and lastly the *Escher* exhibition at the Palazzo Reale in Milan (24 June).

In the first six months of 2016 the exhibitions held brought in 590,000 visitors (812,000 in the first half of 2015), of which 205,000 to the MUDEC.

The Culture Area gross operating loss was €1.7 million, including prior year costs and impairment losses on receivables for €0.8 million. Management of the activities focused on the goal of balancing the level of gross operating profit (loss). For this purpose, exhibition management was reorganised with a view to reducing risks and returning to profit in the next year, limiting the number of initiatives to 4/6 per year and in particular concentrating on Milan.

During the first half of the year, due to the persisting negative situation of the Culture CGU, the goodwill of €250 thousand allocated in relation to the acquisition of Ticket 24 was classified in full as an impairment loss.

Related-party transactions

Related-party transactions form part of normal business operations and of the core business of each company involved, and are settled at arm's length.

The company follows the Transactions with Related Parties procedure resolved by the Board of Directors on 15 November 2010, in execution of CONSOB regulation approved with resolution no. 17221 of 12 March 2010, subsequently amended with resolution no. 17389 of 23 June 2010. The related-party transaction disclosure is provided in paragraph 10.3 Related-party transactions in the Notes to the condensed interim consolidated financial statements.

The related parties referred to are entered in the register of related parties, established by the procedure adopted on 15 November 2010. This procedure can be viewed in the Governance section of the web site *www.gruppo24ore.com*.

Principal risks and uncertainties

In the extensive number of activities where it is present, the 24 ORE Group is exposed to a series of risks. Their identification, assessment and management involve the Group's Chief Executive Officer, also in her capacity as executive director of the internal control and risk management system as per the Corporate Governance Code of Borsa Italiana S.p.A., and the heads of business areas and central corporate functions.

As part of this process, the different types of risk (strategic, operating, legal and regulatory, financial and reporting) are classified according to assessment of their impact on achievement of objectives, the likelihood of their occurrence and the degree of effectiveness of protective actions implemented. The weighted result of the application of these assessment criteria permits prioritisation of action and monitoring and identification of those responsible for managing such risks.

In addition, in order to assure a further appropriate and timely risk-management tool, the principal risks and their indicators are constantly monitored as part of the Group's normal internal reporting process.

At the meeting of the Internal Control and Audit Committee on 19 January 2016 and of the Board of Directors of Il Sole 24 ORE S.p.A. on 16 March 2016, the report identifying the Group's principal risks was presented. That same Board meeting of 16 March 2016 approved the 2016 Audit Plan.

Strategic risks

Risks connected with strategies in the traditional and multimedia publishing sectors

The publishing industry is affected by a process of transition from conventional forms of publishing to electronic/online publishing, associated with the introduction of new technologies and distribution channels. It is sometimes difficult to predict the impacts of this in terms of the market's competitive dynamics.

The Group is continuing to develop and expand its business in online publishing and digital products. It has in fact made investments targeting development of this sector within all business segments. Further investments are planned by the Group in the future.

An important part of future growth will depend to a significant extent on growth of digital/electronic business. Given this, any failure of these initiatives, and also any delays in the transition process, might generate adverse effects on the Group's financial position and performance.

Operating risks

Risks connected with the advertising revenue trend

The Group generates a considerable part of its revenue through sale of advertising space in its own media (the daily newspaper "Il Sole 24 ORE", magazines, radio and websites) and those of independent publishers.

In the first half of 2016 advertising revenue totalled €59.7 million and accounted for 38.9% of Group revenue (vs. 38.1% of total revenue in the first half of 2015).

A significant share of revenue and profit margins therefore depends on the quality of publishing products created and on our ability to make them appealing to advertisers. Given this, the Group might have to make investments to maintain and/or increase the competitiveness of its publishing products to attract and/or maintain strong interest on the part of advertisers, with consequent effects on the Group's financial position and performance.

In addition, the forecasts for the advertising market are at present still rather uncertain and could have a negative impact on the financial position and performance of the Group.

Risks connected with the newspaper's circulation trend

Advertising revenue and revenue from newsstand and subscription sales substantially depend on levels of circulation and readership. The entire paid daily press market has been riding a steadily downward trend for several years now, which is also related to ever-increasing competition from new media. The economic crisis has further exacerbated these circumstances.

As regards reports on circulation figures for the publishing market, produced by Accertamenti Diffusione Stampa S.r.l. (ADS), note that the aforementioned company's regulations governing criteria for the reporting of multiple digital copies are currently being amended.

On 8 July 2016 the Board of Directors of Accertamenti Diffusione Stampa S.r.l. approved the guidelines for review of the regulations which will be more restrictive than in the past.

The risk for the 24 ORE Group is that it will see the certified number of copies sold diminish, even significantly.

With regard to circulation figures, the Group has undertaken a study and verification process, also in relation to promotional copies.

Risks associated with the databases performance

The professional publishing market, the main reference for customers of the databases sold by the Group, is characterised by strong downsizing and is evolving in favour of electronic media, databases and online products and services. This phenomenon has led to lower spending, due to the difficulty on the professional market of selling online news at prices comparable to printed versions.

This persisting situation could result in further declines in revenue in the coming years.

Risks connected with maintenance of the high degree of reliability and reputation of our brand and products

We believe that the Group brand and products have an excellent reputation thanks to the quality of contents and professionalism of the staff, in particular to that of journalistic staff in the publishing field. Events eroding that reputation or reducing customers' trust in products' quality and reliability would therefore have a negative impact on the Group's business turnover and financial position and performance.

Risks connected with the relationship with certain Group worker categories

The Group's business and financial position and performance could suffer significantly from the effects of renewal of national and/or company-level collective agreements for some categories of workers, as well as of any cases of conflict that may occur, particularly during negotiation of such agreements.

Strikes, work slowdowns and interruptions of services and business activity, or contractual renewals that cause significant cost increases, leading to consequent operating rigidity of the Group, could therefore adversely affect its profitability and the possibility of maximising its operating efficiency.

The presentation of a costly restructuring plan in terms of labour costs, with possible effects on employee income and/or staffing levels, can give rise to conflict with the trade unions.

In particular, the risk is the announcement of one or more one-day strikes with the daily newspaper failing to reach the newsstands, accompanied by minor conflicts that could hinder the company's normal flow of operations.

Risks connected with the trade receivables trend

Based on the type of customers targeted by the products and services of the Group's various segments, it is not believed that there is a high risk in terms of trade receivables. It is nevertheless deemed advisable to activate operating procedures that limit sales to customers considered not to be solvent and to post a specific allowance for impairment to cover any losses caused by non-collectability of receivables.

At the same time, however, the persisting difficult contingent economic situation has generated increased credit risk exposure, in connection with customers' extension of payment times and the potential increase in insolvencies.

Legal and regulatory risks

VAT regime applicable to bundled publishing products

The 2016 Stability Act reduced the Italian VAT rate on digital daily newspapers and magazines from 22% to 4%, equating it to the corresponding rate for printed books.

In this way, in Italy the law was aligned to what has been happening since 1 January 2012 in France and Luxembourg where e-books, and under certain conditions also newspapers, are subject to a minimum VAT rate.

On 5 March 2015, the Court of Justice decision sentenced both France and Luxembourg for violation of EU regulations.

The EU precedent now also exposes Italy to the risk of a similar sentence, even though the change of taxable venue has made any attempt at competition between countries pointless.

Therefore there is the risk that Italy will decide to repeal the law recently introduced and that the 24 ORE Group will need to once again apply the higher VAT rate on its newspapers, magazines and e-books.

The European Commission has launched a consultation on the issue of the VAT regime for digital publications.

Publication of notices and calls for tender

Articles 66 and 122 of Italian Legislative Decree 163/2006 (Public Contract Code) require notices and calls for tender above the Community's threshold to be published in at least 2 of the main nationally distributed newspapers and at least two newspapers with the greatest local distribution in the location where the contract work is carried out (paragraph 7, article 66) and the publication of notices and calls for tender for works with a value exceeding €500 thousand in at least one of the main nationally distributed newspapers and at least one of the newspapers with the greatest local distribution in the location where the contract work is carried out (paragraph 5, article 122).

On 30 December 2015, Official Gazette no. 302 published Italian Law Decree no. 210 of 30 December 2015 (the "Milleproroghe" Decree) containing the "Extension of deadlines envisaged for legal provisions".

Paragraph 7 of the article on this measure extends for a further year the mandatory publication of notices and calls for tender in national and local daily newspapers.

The deadline set as 1 January 2016 for the migration to digital publication only of calls for tender, stated in article 26, paragraph 1-bis, Law Decree no. 66 of 24 April 2014, converted to Law no. 89 of 23 June 2014, is therefore postponed to 1 January 2017.

Universal postal service

By Resolution no. 163/15/CONS, the AGCOM launched a public consultation for comments on the request of Poste Italiane - appointed provider of the universal service - to reduce the number of days' service.

Poste Italiane's proposal is to deliver mail on alternate days in 5,296 Italian municipalities (out of a total of 8,046), on the fortnightly basis of a delivery schedule of Monday-Wednesday-Friday-Tuesday-Thursday.

European regulations envisage that the universal service "guarantees a minimum of five business days' service per week, unless there are exceptional geographical circumstances or conditions.

Italian regulations, however, refer to particular situations of an infrastructural or geographical nature in areas with a population density of less than 200 inhabitants per sq.km, and in any event up to a maximum of one eighth of the national population" (Article 3, Italian Legislative Decree 261/99, as amended by Legislative Decree 58/2011).

From a reading of the two regulations, it clearly emerges that Italian rules have in effect over-extended the option of reducing the number of days' provision of the universal service.

Approval was granted to Poste Italiane by Resolution no. 395/15/CONS of 25 June 2015, in accordance with the methods described below.

The implementation of alternate day deliveries (according to the fortnightly schedule of Monday-Wednesday-Friday-Tuesday-Thursday) will be in three steps, on 1 October 2015, 1 April 2016 and no earlier than February 2017, respectively.

The first step will involve a limited population range (0.6% of the Italian population) up to a maximum of 25% of the population in the final step.

By order no. 4882 of 29 April 2016, Chambers I of the Lazio Regional Administrative Court deferred assessment of the compliance of Resolution 395/15/CONS with European law to the European Court of Justice.

Other information

Ownership status and treasury shares

At 30 June 2016, the share capital of Il Sole 24 ORE S.p.A., fully subscribed and paid in, totalled €35,123,787.40, divided into 90,000,000 ordinary shares (67.50% of share capital) and 43,333,213 special shares (32.50% of share capital), of which 3,302,027 treasury shares, without any indication of par value.

Pursuant to Article 93 of Italian Legislative Decree no. 58 of 24 February 1998, Confindustria (the Confederation of Italian Industry) owns all ordinary shares of Il Sole 24ORE S.p.A., accounting for 67.50% of the share capital and with voting rights.

All Il Sole 24 ORE S.p.A. shares currently owned by Confindustria, as well as any shares it may acquire in future, are registered on a fiduciary basis in the name of Mr. Vincenzo Boccia, in his capacity as Chairman of Confindustria.

Shareholders, with the exception of the Company may not hold more special category shares, as treasury shares, than those representing one fiftieth of the share capital plus one share. The limit applies both to equity investments directly held by the individual shareholder, and (i) to shares owned by the shareholder's close family, including the non-legally separated spouse, dependent children and children living with the shareholder; (ii) to shares owned indirectly through subsidiary companies, fiduciaries or intermediaries; (iii) to shares owned directly or indirectly by a secured creditor or by a usufructuary, when corporate rights are assigned to them, and to repurchased shares.

The limit also applies to shares owned by the shareholder's group, i.e. the group formed by subsidiary entities, parent entities or entities subject to joint control and the group formed by persons connected with the shareholder, whatever their legal status.

Whoever holds more special category shares than the limit prescribed by the Company By-laws shall notify the Company in writing immediately after the occurrence of the event that led to the excess. The shares held in excess shall be sold within one year from the notice or, in the absence of any notice, from the company's notification that the prohibition was violated.

For the shares held above the possession limit prescribed by the Company By-laws, the shareholder is not entitled to recording on the Shareholder Register and to exercise corporate rights. The dividends accrued on surplus shares remain acquired by the company, which enters them in a specific reserve.

Special category shares are attributed a preferential dividend of 5% in proportion to the implicit par value of the share, which cannot be cumulated from one year to the next.

At the date of the Board of Directors' meeting, based on the entries in the Shareholder Register, and taking into account the notifications received pursuant to Article 120 of the Italian Consolidated Finance Act, the following parties directly or indirectly own Company shares accounting for 2% or more of share capital.

PARTIES DIRECTLY OR INDIRECTLY OWNING COMPANY SHARES ACCOUNTING FOR 2% OR MORE OF SHARE CAPITAL

Declarant	Direct shareholders	% of ordinary share capital	% of voting capital
Ordinary shares			
Confindustria - Confederazione Generale dell'Industria Italiana	Confindustria - Confederazione Generale dell'Industria Italiana	67.500%	67.500%
Special-category shares			
Il Sole 24 ORE S.p.A.	Il Sole 24 ORE S.p.A.	2.477%	2.477%
Edizioni S.r.l.	Edizioni S.r.l.	2.000%	2.000%

There are no shareholders exceeding the special-share ownership limit under Article 8 of the Company By-laws.

Pursuant to paragraph 7 of Article 119-bis of the Issuers Regulation, introduced by Consob Resolution no. 18214 of 9 May 2012, asset management companies and qualified parties which, as part of the management activities pursuant to Article 116-terdecies, paragraph 1 letters e) and f), respectively, of the Issuers Regulation, have acquired managed holdings exceeding 2% and below 5% are not subject to the disclosure requirements established in Article 117 of the aforementioned Regulation.

The Shareholders' Meeting has not delegated any powers to the Board of Directors either to increase share capital under Article 2443 of the Italian Civil Code or to issue participatory financial instruments.

There are no Shareholder Meeting authorisations to buy back treasury shares pursuant to Articles 2357 et seq. of the Italian Civil Code.

Organisational, management and control model pursuant to Italian Legislative Decree 231 of 8 June 2001

With the application of Italian Legislative Decree 231 of 8 June 2001 as amended, which introduced a specific regime of corporate liability for certain types of crime, the Company has adopted specific in-house rules and regulations aimed at reducing the risk of illicit acts that could benefit the Company.

In particular, the Company's Board of Directors has approved an organisational, management and control model pursuant to Italian Legislative Decree 231/01 (hereinafter "the Model") which meets the requirements of said legislation and which has been prepared in accordance with the guidelines issued by Confindustria.

The current Model was drafted on the basis of a detailed analysis of the Company's operations designed to identify potentially at-risk activities. On the basis of the information collected and the observations formulated, the Company has drawn up rules of conduct, principles and control methods for drafting internal procedures. Driven by the Supervisory Committee, periodically and at least once a year, as well as in the case of regulatory and internal organisational changes, the Company updates the company analysis to identify potentially at-risk activities in order to ascertain the need to update the Model.

The Model includes specifications of the field of application and the target audience for the Model, and also defines the functions and powers of the Supervisory Committee, which is appointed by the Board of Directors, and establishes the information that must be provided to this committee.

The Model comprises a special part, which in turn is divided into sections that establish specific principles of control designed to prevent (i) crimes against the Public Administration, (ii) white collar crimes, (iii) corruption between private entities or persons, (iv) market abuse, (v) culpable manslaughter and unintentional injuries committed in breach of accident-prevention regulations and regulations for the protection of occupational hygiene and health, (vi) receipt of stolen goods, money laundering and "reuse" (use of money, assets or profits having an illegal origin), as well as self-money laundering, (vii) computer crime, (viii) copyright infringement, (ix) environmental violations committed by Company directors, executives, employees or outsourcers, or other offences contemplated by Italian Legislative Decree 231/01, whose risk of perpetration has been deemed remote, possible only in theory but not in practice.

Lastly, the Model contains the Code of Conduct and set of principles and ethical and conduct principles designed to prevent commission of the offences envisaged in Legislative Decree 231/2001. The Model has also defined the disciplinary system, broken down according to the various types of recipients of the Model and designed to penalise violation of the provisions of the Model.

So as to ensure the utmost efficacy of application of these rules, the Company has promoted awareness of the Model and has arranged specific training and communication initiatives illustrating its contents.

The Model is available for viewing in the Governance section of the Company's website: *www.gruppo24ore.com*.

Significant events after the end of the period

On 27 September 2016 the Board of Directors approved the 2016-2020 Business Plan guidelines, which in particular envisage:

- recovery of the Group's economic and financial structure through targeted cost-cutting action and operational efficiency improvement;
- action on the areas currently operating at a loss;
- focus on the quality ranking and the strategic role of the daily newspaper;
- positive cash flows to support growth from 2019;
- generation of positive economic results, enhancing the Group's assets and the strength of the Brand: gross operating profit from 2017 and net profit in 2019 (GOP/GOL margin of 10% in 2020);
- stabilising revenue, forecasting a CAGR of 3% over the course of the plan;
- a share capital increase of an amount able to grant self-sufficiency of the business plan from equity and financial points of view.

Directors' evaluation of the going concern assumption and the business outlook

Introduction

Given the financial results for the first half of 2016, the directors are required to evaluate the grounds for a going concern assumption in preparation of the interim financial report and the condensed interim consolidated financial statements at 30 June 2016.

In particular, note the presence of significant uncertainties that could give rise to major doubts about continuation of the company as a going concern, associated primarily with the following aspects:

- economic position: in the first half of the year the economic results achieved have been extensively negative and differ widely from the most recent 2016 budget estimates. Further losses are expected in the second half of this year;
- financial position: the Group has recorded an imbalance between current assets and liabilities, with significant absorption of cash flows and failure to comply with covenants envisaged in the outstanding loan agreements;
- equity position: the Group has seen a significant erosion of its equity.

Economic position

The results for the first half of 2016 and those forecast for the entire year differ significantly from those estimated for the current year, formulated on the basis of guidelines in the 2015-2019 business plan, approved by the Board of Directors on 13 March 2015. This plan is therefore disregarded and no longer applicable. The formulation of a new business plan has proved necessary.

In this respect, on 27 September 2016 the Board of Directors approved the previously mentioned guidelines for the new 2016-2020 Business Plan, which will be fully examined by the Board of

Directors in October 2016, after completion of the independent business review (IBR) by an independent expert.

Financial position

Available credit facilities

For coverage of short-term financial requirements, the Group currently has usable credit facilities available for a total of €78.0 million. More specifically:

- €5.5 million relating to revocable current account overdrafts, subject to collection and unsecured, paid at an average interest rate of 3.47%;
- €2.5 million relating to revocable bank credit facilities for hot money that can be used for short-term temporary financial requirements, at an interest rate of 1.92%;
- €20.0 million relating to credit lines for advances on trade receivables;
- €50.0 million relating to the syndicated loan with a 36-month duration from the date of signing, in October 2014, at an interest rate of the Euribor +5.50%.

At 30 June 2016, a total of €50.6 million of the credit facilities has been used; the remaining availability on such facilities amounts to €56.8 million.

The credit facilities currently available to the Group, which can be used for a total of €78.0 million, are insufficient to meet the overall financial needs expected for 2017 and 2018, and in particular the repayment of the syndicated loan for €50.0 million due on 23 October 2017. The securitisation, which at present makes a significant contribution to optimising the net working capital, matures in May 2018.

Medium-term syndicated loan

On 23 October 2014, the Group signed a medium-term syndicated loan with the Group's main lending banks.

The loan consists of a revolving cash credit facility for a total of €50.0 million, granted by a pool of banks comprising of Banca Intesa Sanpaolo, Banca Popolare di Milano, Banca Popolare di Sondrio, Banca Monte dei Paschi di Siena and Credito Valtellinese. Banca IMI acts as coordinator and agent bank.

The loan is for 3 years from the date of signing and repayment must be made on the due date for each drawdown, every of 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 envisage collateral or mandatory guarantees, but does have financial covenants recognised at consolidated level. The initial structure of the covenants was amended on 27 July 2015, in agreement with the lending banks, as follows:

- the NFP/equity ratio must not exceed 0.75 for the entire duration of the loan;
- the net financial indebtedness must not exceed €30.0 million at 30 June 2015, 31 December 2015 and 30 June 2016;
- gross operating profit (loss) must not exceed a loss of €3.0 million at 30 June 2015 and 31 December 2015, and must be equal to or higher than zero at 30 June 2016;
- the NFP/gross operating profit (loss) ratio must not be greater than:

3.0 at 31 December 2016;
3.0 at 30 June 2017.

Failure to satisfy even one of the covenants involves the right of early withdrawal from the loan by the banks. However, the lending banks are permitted to make changes to the loan agreement, or to waive their right to early withdrawal if failure to satisfy a covenant should occur.

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

Failure to comply with the covenants at 30 June 2016

At the end of June 2016, as a result not only of extraordinary and non-recurring events, but also to external factors and the different market trends seen in the second quarter of the year, the Group asked the lending banks to suspend application of the covenant associated with gross operating profit (loss) for the calculation date of 30 June 2016.

On 2 August 2016 the lending banks informed the Group that its request had been accepted and confirmed the approval of their decision-making bodies for amendment of the gross operating profit (loss)-related covenant for the calculation date of 30 June 2016 only.

As the net financial indebtedness at 30 June 2016 was €29.6 million and equity €28.2 million, determined after the aforementioned waiver was granted, a situation also emerged of non-compliance with the covenant based on the debt-equity ratio, which must not exceed 0.75 for the entire duration of the loan.

Therefore on 26 September 2016 the lending banks were informed of non-compliance with the covenants and at the same time were asked about their willingness to arrange a meeting as soon as possible to explain the reasons for non-compliance with the covenant and to redefine the loan structure in reference to the contents of the Business Plan due to be approved by the Company's Board of Directors in October.

On 29 September 2016 the lending banks confirmed their willingness to hold the meeting requested, without prejudice to all the contractual terms but specifying that any changes or exceptions to the loan agreement would be subject to approval by the respective decision-making bodies.

Redefinition of the loan structure is also necessary in relation to forecasts of non-compliance with the covenants at 31 December 2016 and the short-term maturity of the loan, due on 23 October next year.

Equity position

In relation to the added value at 30 June 2016 achieved by equity, amounting to €28.2 million, intervention of the shareholders is necessary to state their willingness to perform a share capital increase, in order to provide the group with adequate funding of its short-term financial needs and to make repayment as necessary of the syndicated loan on maturity, as well as to guarantee a balanced debt-equity ratio.

In this respect the majority shareholder confirmed its willingness, also in view of the financial and equity needs that will arise from the business plan, to positively assess and take any action on the share capital that could prove necessary to all operations to continue on a going concern basis, for a period of not less than 12 months from the approval of this financial report.

Directors' conclusive assessment of going concern

Accepting the situation described previously, the directors took the following action:

- on 26 September 2016 a formal request was made to the lending banks regarding their willingness to redefine the loan structure, in line with the forecasts of the 2016-2020 business plan. Accepting the information provided in the aforementioned letter, on 29 September 2016 the lending banks confirmed their willingness to attend a meeting on 6 October 2016, specifying that any exception or change to the terms of the loan would be subject to approval by the related decision-making bodies;

- on 27 September 2016 the Board of Directors approved the guidelines for the new 2016-2020 Business Plan, which will be fully examined 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 confirmed its willingness, also in view of the financial and equity needs that will arise from the aforementioned 2016-2020 business plan, to positively assess and take any action on the share capital that could prove necessary to all operations to continue on a going concern basis, for a period of not less than 12 months from the approval of this financial report.

Based on the above, despite the significant uncertainties described previously in relation to the economic, financial and equity positions of the Group, the Directors are confident (i) in the capacity to implement the action envisaged in the 2016-2020 business plan, the guidelines for which were approved by the Board of Directors on 27 September 2016, (ii) in the possibility of redefining the terms of the loan agreements with the lending banks, in line with the financial needs forecast in the 2016-2020 business plan, (iii) in receiving equity and financial support from the majority shareholder to an extent necessary to maintain short-term and medium/long-term equity and financial balance, in line with forecasts of the 2016-2020 business plan and (iv) that all of the above can be implemented with appropriate and necessary timing. Consequently, they prepared this interim financial report on a going concern basis, on the assumption that the Group will have sufficient funding available to continue operations in the future as a fully functional entity.

Outlook

The economic scenario is slowly improving, with the 2016 growth forecast reviewed downwards recently compared to that at the start of the year. This estimation is lower than the 2015 year-end forecasts, which suggested GDP growth of 1.4% (*source: Confindustria Study Centre).*

As regards the advertising market, compared to 2015 the summer months still show a drop in revenue on daily newspapers, magazines and the Internet. The forecasts for 2016 are still rather uncertain and confirm a further decline in advertising revenue from daily newspapers, magazines and the Internet. Forecasts for Radio are up slightly.

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

The business plan guidelines envisage a return to positive results from 2017 onwards (GOP/GOL above zero), with revenue essentially stable, and are consequently based on an intensive reduction plan and complete cost control.

For the current year the Group will continue to focus strongly on the development of digital products, supported by the increasing integration of all the professional and Il Sole 24 ORE content to offset the forecast decline in traditional printed publishing.

As things currently stand, and in the absence of currently unforeseeable events, the Group continues to closely monitor the reference scenario, which is still burdened by a high degree of uncertainty, particularly as regards the advertising market. Taking this context into consideration, the results during July and August - negatively impacted by season effects - led to further losses being recorded. The most recent forecasts for the year as a whole indicate that the results for the final quarter of the year can reasonably be expected to recover part of the loss forecast for the third quarter.

Milan, 30 September 2016

Chief Executive Officer

Gabriele Del Torchio

(Signed on the original)

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF THE 24 ORE GROUP AT 30 JUNE 2016

Consolidated Statement of Financial Position

CONSOLIDATED STATEMENT OF FINANCIAL POSITION				
(in thousands of euro)	Note	30.06.2016	31.12.2015 Restated	1.1.2015 Restated
ASSETS				
Non-current assets				
Property, plant and equipment	(1)	42,801	48,655	52,453
Goodwill	(2)	15,982	18,397	18,147
Intangible assets	(3)	55,707	59,750	59,576
Investments in associates and joint ventures	(4)	580	-	20
Available-for-sale financial assets	(5)	727	948	909
Other non-current assets	(6)	3,421	28,956	26,977
Deferred tax assets	(7)	36,555	47,439	57,732
Total		**155,774**	**204,144**	**215,815**
Current assets				
Inventories	(8)	4,547	5,564	6,779
Trade receivables	(9)	97,170	104,995	112,181
Other receivables	(10)	11,306	9,820	10,830
Other current financial assets	(11)	621	-	(0)
Other current assets	(12)	7,770	6,200	5,840
Cash and cash equivalents	(13)	29,381	39,198	34,487
Total		**150,795**	**165,776**	**170,117**
Assets held for sale				
TOTAL ASSETS		**306,570**	**369,920**	**385,932**

(*) Paragraph 8 of the Notes to the consolidated financial statements.
As required by Consob Resolution no. 15519 of 27 July 2006, the effects of related-party transactions on the Statement of Financial Position, the Statement of Comprehensive Income and Statement of Cash Flows are reported in paragraph 10.3 and detailed in paragraph 10.2. Reference should be made to paragraph 10.1 for the breakdown of the restated statement of financial position.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONT.)				
(in thousands of euro)	Note	30.06.2016	31.12.2015 Restated	1.1.2015 Restated
EQUITY AND LIABILITIES				
Equity				
Equity attributable to owners of the parent				
Share capital	(14)	35,124	35,124	35,124
Equity reserves	(15)	61,728	82,981	98,814
Legal reserve	(16)	7,025	7,025	7,025
Negative goodwill	(17)	11,272	11,272	11,272
Post-employment benefit reserve (IFRS adjustment)	(18)	(4,604)	(3,598)	(4,593)
Other	-	277	303	263
Losses carried forward	(19)	(32,851)	(29,409)	(35,289)
Loss attributable to owners of the parent	(20)	(49,803)	(25,412)	(9,811)
Total		**28,168**	**78,286**	**102,804**
Equity attributable to non-controlling interests				
Capital and reserves attributable to non-controlling interests	-	18	596	273
Profit (loss) attributable to non-controlling interests	-	2	(86)	491
Total		**20**	**511**	**764**
Total equity		**28,188**	**78,797**	**103,568**
Non-current liabilities				
Non-current financial liabilities	(21)	6,428	6,687	22,697
Employee benefits	(22)	24,773	24,846	27,457
Deferred tax liabilities	(7)	5,211	5,212	6,678
Provisions for risks and charges	(23)	8,210	8,553	11,304
Total		**44,622**	**45,298**	**68,136**
Current liabilities				
Bank overdrafts and loans - due within one year	(24)	51,652	66,453	17,197
Other current financial liabilities	(25)	1,486	-	-
Trade payables	(26)	143,681	144,707	157,761
Other current liabilities	(27)	165	242	77
Other payables	(28)	36,777	34,423	39,174
Total		**233,760**	**245,825**	**214,228**
Liabilities held for sale		-	-	
Total liabilities		**278,382**	**291,122**	**282,364**
TOTAL EQUITY AND LIABILITIES		**306,570**	**369,920**	**385,932**

(*) Paragraph 8 of the Notes to the consolidated financial statements.
As required by Consob Resolution no. 15519 of 27 July 2006, the effects of related-party transactions on the Statement of Financial Position, the Statement of Comprehensive Income and Statement of Cash Flows are reported in paragraph 10.3 and detailed in paragraph 10.2. Reference should be made to paragraph 10.1 for the breakdown of the restated statement of financial position.

Consolidated Statement of Profit or Loss

CONSOLIDATED STATEMENT OF PROFIT (LOSS) FOR THE PERIOD			
(in thousands of euro)	Note (*)	1st Half 2016	1st Half 2015 Restated
1) Continuing operations			
Total revenue	**(29)**	**151,819**	**165,407**
Other operating income	(30)	2,456	6,982
Personnel expense	(31)	(62,200)	(54,970)
Change in inventories	(8)	(1,017)	(709)
Purchase of raw materials and consumables	(32)	(5,474)	(6,072)
Services	(33)	(85,230)	(97,292)
Use of third party assets	(34)	(11,266)	(11,260)
Other operating costs	(35)	(6,128)	(3,507)
Provisions	(23)	(697)	(519)
Allowance for impairment	(9)	(2,010)	(900)
Gross operating loss		**(19,747)**	**(2,841)**
Amortisation of intangible assets	(3)	(5,999)	(4,229)
Depreciation of property, plant and equipment	(1)	(4,313)	(4,309)
Change in scope of consolidation	(4)	(2,834)	-
Impairment losses on property, plant and equipment and intangible assets	(36)	(1,104)	-
Net gains on disposal of non-current assets	(37)	(2,103)	1,034
Operating loss		**(36,100)**	**(10,344)**
Financial income	(38)	178	972
Financial expense	(38)	(3,112)	(1,815)
Net financial expense		**(2,934)**	**(844)**
Other income (expenses) from investment assets and liabilities	(39)	(225)	-
Loss before tax		**(39,259)**	**(11,188)**
Income taxes	(40)	(10,541)	(816)
Loss from continuing operations		**(49,801)**	**(12,004)**
2) Discontinued operations			
Profit (loss) from discontinued operations			
Profit (loss) attributable to non-controlling interests		(2)	261
Loss attributable to owners of the parent	**-**	**(49,803)**	**(11,743)**

(*) Paragraph 8 of the Notes to the consolidated financial statements.

Consolidated Statement of Comprehensive Income

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME		
(in thousands of euro)	1st Half 2016	1st Half 2015 Restated
Loss for the period	**(49,801)**	**(12,004)**
Other comprehensive income (expense)		
Other reclassifiable comprehensive income	**-**	**14**
Effective portion of changes in fair value of cash flow hedges	-	19
Taxes on other reclassifiable comprehensive income	-	(5)
Other non-reclassifiable comprehensive income (expense)	**(1,007)**	**604**
Actuarial gains (losses) on defined benefit plans	(1,007)	833
Taxes on other non-reclassifiable comprehensive income (expense)	-	(229)
Other comprehensive income (expense) after tax	**(1,007)**	**618**
Total comprehensive expense	**(50,807)**	**(11,386)**
Attributable to:		
Non-controlling interests	**2**	**(261)**
Owners of the parent	**(50,809)**	**(11,125)**
Total comprehensive expense for the period	**(50,807)**	**(11,386)**

(*) Paragraph 8 of the Notes to the consolidated financial statements.
As required by Consob Resolution no. 15519 of 27 July 2006, the effects of related-party transactions on the Statement of Financial Position, the Statement of Comprehensive Income and Statement of Cash Flows are reported in paragraph 10.3 and detailed in paragraph 10.2.
The income components resulting from non-recurring events or transactions, or from infrequent transactions or events, are also reported in paragraph 10.3.
Reference should be made to paragraph 10.1 for the breakdown of the restated statement of comprehensive income.

Consolidated Statement of Cash Flows

CONSOLIDATED STATEMENT OF CASH FLOWS			
(in thousands of euro)	Note	1st Half 2016	1st Half 2015 Restated
Items of the statement of cash flows			
Loss before tax attributable to owners of the parent [a]		(39,262)	(10,639)
Adjustments [b]		**19,415**	**3,079**
Profit (loss) attributable to non-controlling interests		2	(261)
Depreciation & Amortisation		10,312	8,025
Impairment losses		1,104	-
(Gains) losses		2,103	(1,034)
Deconsolidation of Newton		2,834	-
Change in provisions for risks and charges		(342)	(3,428)
Change in employee benefits		139	(1,210)
Change in deferred tax assets/liabilities		339	(578)
Net financial income		2,924	1,544
Other adjustments		-	21
Changes in net working capital [c]		**4,847**	**(8,303)**
Change in inventories		1,017	709
Change in trade receivables		2,551	(6,831)
Change in trade payables		2,586	(1,182)
Income taxes paid		(262)	(94)
Other changes in net working capital		(1,045)	(905)
Total cash flows used in operating activities [d=a+b+c]		**(15,000)**	**(15,863)**
Cash flows from (used in) investing activities [e]		**(3,627)**	**(4,159)**
Investments in intangible assets and property, plant and equipment		(3,821)	(4,879)
Acquisition of investments in subsidiaries		-	(250)
Acquisition of investments in associates		-	(39)
Disposal of intangible assets and property, plant and equipment		-	1,043
Changes in scope of consolidation		-	(10)
Other changes in investing activities		194	(24)
Cash flows from (used in) financing activities [f]		**30,733**	**1,163**
Net financial interest paid		(2,924)	(1,544)
Change in medium/long-term bank loans		(245)	(36)
Change in short-term bank loans and borrowings		7,121	3,436
Changes in other payables and loan assets		1,486	-
Dividends paid		-	(142)
Change in share capital and reserves		(316)	618
Change in equity attributable to non-controlling interests		(493)	(180)
Other changes in financial assets and liabilities		26,104	(989)
Cash flows used during the first half of the year [g=d+e+f]		**12,106**	**(18,859)**
Opening cash and cash equivalents		**(17,742)**	**24,829**
Closing cash and cash equivalents		**(5,635)**	**5,970**
Increase (decrease) for the period		**12,106**	**(18,859)**

(*) Paragraph 8 of the Notes to the consolidated financial statements.
As required by Consob Resolution no. 15519 of 27 July 2006, the effects of related-party transactions on the Statement of Financial Position, the Statement of Comprehensive Income and Statement of Cash Flows are reported in paragraph 10.3 and detailed in paragraph 10.2. Reference should be made to paragraph 10.1 for the breakdown of the restated statement of cash flows.

Consolidated Statement of Changes in Equity

24 ORE GROUP - CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in thousands of euro)	Note	Share capital	Equity reserves (share premium reserve)	Legal reserve	Negative goodwill	Post-employment benefit reserve (IFRS adjustment)	Other reserves	Retained earnings/ Losses carried forward	Profit (loss) for the period	Equity attributable to owners of the parent	Equity attributable to non-controlling interests	Total equity
Balance at 31 December 2014		**35,124**	**98,814**	**7,025**	**11,272**	**(4,593)**	**(14)**	**(28,012)**	**(9,811)**	**109,804**	**764**	**110,568**
Effects of restatement							277	(7,277)		(7,000)		(7,000)
Balance at 31 December 2014 - Restated		**35,124**	**98,814**	**7,025**	**11,272**	**(4,593)**	**263**	**(35,289)**	**(9,811)**	**102,804**	**764**	**103,568**
Income/expenses recognised directly in equity						604	14			618		618
Loss for the period									(11,743)	(11,743)	(261)	(12,004)
Total income/expenses for the period		**-**	**-**	**-**	**-**	**604**	**14**	**-**	**(11,743)**	**(11,125)**	**(261)**	**(11,386)**
Change in the 2014 profit (loss)			(15,833)					6,022	9,811	(0)		(0)
Other changes								(142)		(142)	(180)	(322)
Balance at 30 June 2015		**35,124**	**82,981**	**7,025**	**11,272**	**(3,989)**	**277**	**(29,409)**	**(11,743)**	**91,537**	**323**	**91,860**

24 ORE GROUP - CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in thousands of euro)	Note	Share capital	Share premium reserve	Legal reserve	Negative goodwill	Post-employment benefit reserve (IFRS adjustment)	Other reserves	Retained earnings/ Losses carried forward	Profit (loss) for the period	Equity attributable to owners of the parent	Equity attributable to non-controlling interests	Total equity
Balance at 31 December 2015		**35,124**	**82,981**	**7,025**	**11,272**	**(3,598)**	**-**	**(22,132)**	**(24,012)**	**86,659**	**511**	**87,170**
Effects of restatement							303	(7,277)	(1,399)	(8,373)		(8,373)
Balance at 31 December 2015 - Restated		**35,124**	**82,981**	**7,025**	**11,272**	**(3,598)**	**303**	**(29,409)**	**(25,412)**	**78,286**	**511**	**78,797**
Income/expenses recognised directly in equity						(1,007)				(1,007)		(1,007)
Profit (loss) for the period									(49,803)	(49,803)	2	(49,801)
Total income/expenses for the period		**-**	**-**	**-**	**-**	**(1,007)**	**-**	**-**	**(49,803)**	**(50,810)**	**2**	**(50,808)**
Change in the 2015 profit (loss)			(21,253)					(4,158)	25,412	0		0
Deconsolidation of Newton								544		544	(544)	-
Other changes							(26)	172		146	51	197
Balance at 30 June 2016		**35,124**	**61,728**	**7,025**	**11,272**	**(4,604)**	**277**	**(32,851)**	**(49,803)**	**28,167**	**20**	**28,187**

(*) Paragraph 8 of the Notes to the consolidated financial statements.

Milan, 30 September 2016

Chief Executive Officer

Gabriele Del Torchio

(Signed on the original)

Notes to the consolidated financial statements

1. General information

The 24 ORE Group (also referred to as the "Group") operates in a leadership position in the business news and information market. Its products and services are offered to the general public, professionals, businesses and financial institutions.

The composition of the Group and the scope of its consolidation at 30 June 2016, with the changes that have taken place with respect to 31 December 2015, are reported in paragraph 7, Scope of consolidation.

Disclosures on long-term investments, company restructuring and discontinued operations are available in paragraph 8 of the Notes to the consolidated financial statements.

The companies included in the scope of consolidation at 30 June 2016 were:

- **Il Sole 24 ORE S.p.A.**, the parent, which acts both as the holding company for controlling investments in Group companies, and as an operating company, by performing core business activities (general, financial and professional news and information, press agency, etc.);
- **Il Sole 24 ORE UK Ltd.**, which mediates for the sale of advertising space in the United Kingdom;
- **Il Sole24 ORE – Trading Network S.p.A.**, which performs agency activities for the distribution of Group and third-party products;
- **24 ORE Cultura S.r.l.**, specialised in products dedicated to art and photography and in the organisation of shows and events;
- **Ticket 24 ORE S.r.l.**, an e-commerce and online marketing company, operating in the exhibition and events ticketing and reception sector. The company is controlled through 24 ORE Cultura S.r.l.;
- **Food 24 S.r.l.**, established on 9 February 2015, a company operating in the entertainment and catering industry at the Mudec site. The company is controlled through 24 ORE Cultura S.r.l.;
- **Next 24 S.r.l.**, established on 4 December 2015, a company operating in the business and professional training sector;
- **BacktoWork 24 S.r.l.**, specialised in the production and development of communications projects through the creation and management of a portal that aims to bring together managers and small businesses. The company is controlled through Next 24 S.r.l.
- **Economics and Management Consultants Inc. (EMC)**, operating in the politics, economy and finance information sector in the United States.
- **Newton Management Innovation S.p.A.**, a company active in training services, is consolidate using the equity method. This company holds an investment in Newton Lab S.r.l.

The registered and administrative offices of Il Sole 24 ORE S.p.A. are located at Via Monte Rosa 91, Milan, Italy. Confindustria (the Confederation of Italian Industry) controls the parent.

The share capital of the parent totals €35,124 thousand, represented by 90,000,000 ordinary shares and 43,333,213 special-category shares. Their breakdown is as follows:

- 90,000,000 ordinary shares owned by Confindustria, accounting for 67.5% of all shares;

- 40,031,186 special-category shares listed in the standard segment (Class 1) of the Milan screen-based equity market (MTA - Mercato Telematico Azionario) of Borsa Italiana S.p.A., accounting for 30.0% of all shares;
- 3,302,027 special-category treasury shares, accounting for 2.5% of all shares.

The Company By-laws contain provisions whereby the controlling shareholders of the Company may not be changed. In particular, in accordance with Article 8 of the Company By-laws, shareholders may not hold more special-category shares than those that represent one fiftieth of the share capital plus one share, with the exception of the Company which owns them as treasury shares.

Il Sole 24 ORE S.p.A. special-category shares are currently listed in the Standard (Class 1) segment on the MTA of Borsa Italiana S.p.A.

SHARE IDENTIFICATION CODES	
Name	Il Sole 24 ORE S.p.A.
ISIN	IT0004269723
Alphanumerical code	S24.MI
Reuters code	S24.MI
Bloomberg code	S24 IM

The interim financial report, comprising the condensed interim financial statements as at 30 June 2016, the interim directors’ report and the statement prescribed by Article 154-bis, paragraph 5 of Italian Legislative Decree 58/1998 (Consolidated Finance Act), in compliance with the provisions set forth in Article 154-ter, paragraph 2 of Italian Legislative Decree 58/1998 (Consolidated Finance Act), was approved by the Board of Directors Meeting of 30 September 2016.

2. Format, content and International Financial Reporting Standards adopted

These condensed interim consolidated financial statements at 30 June 2016 were prepared on the assumption that the Group is operated on a going concern basis and in accordance with the recognition and measurement criteria set out in IAS/IFRS (International Accounting Standards - IAS and International Financial Reporting Standards - IFRS), as amended by the applicable interpretations (issued by the Standing Interpretations Committee - SIC and International Financial Reporting Interpretations Committee - IFRIC), endorsed and published by the International Accounting Standards Board - IASB, endorsed by EC Regulation 1126/2008 of the European Commission, as amended.

EC Regulation no. 1126/2008 as amended adopts the IFRS in compliance with EC Regulation 1606/2002 of the European Parliament and Council, specifically referred to in Article 154-*ter*, paragraph 3 of Italian Legislative Decree 58/1998 (Consolidated Finance Act) for the preparation of condensed interim consolidated financial statements.

The format and content of these condensed interim consolidated financial statements comply with the disclosures envisaged in IAS 34 - *Interim financial reporting* for condensed-format interim financial statements. Therefore, these condensed interim consolidated financial statements do not include all information required in the annual financial statements and must be read together with the consolidated financial statements at 31 December 2015. Their purpose, in fact, is to provide an update to the last approved annual consolidated financial statements, concentrating on new assets, events and circumstances arising during the period between 31 December 2015 and 30 June 2016, and providing an explanation of significant transactions and events in order to understand changes in the Statement of Financial Position and the profit (loss) for the period.

The accounting standards and measurement and recognition policies used to draw up the condensed interim consolidated financial statements are the same accounting standards and methods used to prepare the last set of annual consolidated financial statements, to which reference is made, except for what is indicated in paragraph 4, Changes in accounting policies, errors and changes in estimates.

The currency used to present these condensed interim consolidated financial statements is the euro and amounts are expressed in thousands of euro unless otherwise stated.

The following **IFRS, amendments and interpretations endorsed by the European Union**, which have no significant effects for the Group, are applicable from 1 January 2016:

Amendments to IAS 19 - Defined benefit plans: employee contributions. This amendment applies to employee contributions or to defined benefit plans. The aim of the amendments is to simplify the accounting for contributions that are independent of the number of years of service of the employee. For IASB the amendments enter into force for financial statements beginning on or after 1 July 2014; for the EU application begins from 1 February 2015.

Improvements to IFRS: 2010-2012 Cycle. On 12 December 2013 the IASB published the "Annual Improvements to IFRSs: 2010-2012 Cycle" which contains the amendments to standards as part of their annual improvement process. For IASB the amendments enter into force for financial statements beginning on or after 1 July 2014; for the EU application begins from 1 February 2015. The main changes concern:

- *IFRS 2 Share-Based Payment*: the definitions of "vesting condition" and "market condition" have been amended and additional definitions for "performance condition" and "service condition" have been added;
- *IFRS 3 Business Combinations*: the amendments clarify that a contingent consideration classified as an asset or liability must be measured at fair value at every year end, and changes in fair value (other than period measurement adjustments) must be recognised in profit or loss;
- *IFRS 8 Operating Segments*: the amendments require an entity to disclose the measurements performed by management in application of the operating segment aggregation criteria, including a description of the aggregated operating segments and the profit indicators considered in determining whether these operating segments have similar profit characteristics;
- *IFRS 13 Fair Value Measurement*: the Basis for Conclusions has been amended to clarify that the option remains valid for recognition of current trade receivables and payables without recognising the discounting effects, if such effects prove immaterial;
- *IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets*: the inconsistencies in the recognition of accumulated depreciation and amortisation when an item of property, plant and equipment or an intangible asset is subject to

revaluation have been eliminated. The new requirements clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that the accumulated depreciation or amortisation is equal to the difference between the gross carrying amount and the carrying amount net of impairment losses recognised;

- *IAS 24 Related Party Disclosures*: the provisions applicable to the identification of related parties and the disclosure to be made are clarified when the assets of executives with strategic responsibilities are provided by a management entity (and not by an individual).

Amendments to IFRS 11 Joint Arrangements**:** these provide clarification on the accounting recognition of investments made in joint arrangements that constitute a business. The amendments will be applicable retroactively for annual periods beginning on or after 1 January 2016. Early application is permitted.

Amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets**:** the amendments clarify that the use of revenue-based methods to calculate the depreciation or amortisation of an asset is not appropriate in that the revenue generated by a business activity that includes the use of an asset generally reflects factors different from the consumption of economic benefits deriving from that asset. This assumption, however, can be overcome in certain limited circumstances. The amendments apply to annual periods beginning on or after 1 January 2016; early application is permitted.

Amendment to IAS 1 Presentation of Financial Statements: the main changes regard the presentation method and aggregation of items in the Statement of financial position and the Statement of comprehensive income. The amendments apply with effect from financial years beginning on or after 1 January 2016. Early application is permitted.

Improvements to IFRS: 2012-2014 Cycle.

In September 2014 the IASB published the "Annual Improvements to IFRSs: 2012-2014 Cycle" which contains the amendments to standards as part of their annual improvement process. The main changes concern:

- *IFRS 5 Non-current Assets Held for Sale and Discontinued Operations*: the amendment introduces specific instructions in a case in which an entity reclassifies an asset (or disposal group) from held for sale to held-for-distribution (or vice versa), or when the recognition of a held-for-distribution asset has ceased;
- *IAS 19 Employee Benefits*: clarifies that high quality corporate bonds used to determine the discount rate of post-employment benefits must be issued in the same currency used to pay the benefits;
- *IAS 34 Interim Financial Reporting*: clarifies the requirements in a case in which the necessary disclosure is presented in the interim financial report but outside the interim financial statements. The amendment requires that this disclosure is included through cross-referencing from the interim financial statements to other parts of the interim financial report and that the report is made available to financial statements readers in the same manner and by the same deadlines as the interim financial statements;
- *IFRS 7 Financial Instruments: Disclosures*: introduces clarification of the fact that a servicing contract constitutes a residual involvement in a transferred asset for the purpose of the disclosure necessary on transferred assets.

The following **IFRS, amendments and interpretations not yet endorsed by the European Union**, which have no significant effects for the Group, are applicable from 1 January 2016:

IFRS 14 Regulatory Deferral Accounts: IFRS 14, issued by the IASB in January 2014 allows only first-time adopters of IFRS to continue recognising amounts relating to the rate regulation in accordance with previous accounting standards adopted. In order to improve comparability with entities that already apply IFRS and do not recognise such amounts, the standards require that the effect of the rate regulation must be presented separately from other items.

Amendment to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: the amendments discuss the recognition of aspects associated with the sale or transfer of assets between an investor and its associate or joint venture. The main consequence of the changes is that any gain or loss is recognised in full when the transaction involves a business. Amendments to IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investments in Associates and Joint Ventures: Applying the Consolidation Exception. The amendments regard investment entities and companies which, though not investment entities, have an equity investment or joint venture interest in an investment entity.

New financial reporting standards

Note that the IASB and the IFRIC have approved some changes to the IFRS currently in force and issued new IFRS and new IFRIC interpretations. As the effective date of these documents is deferred, they have not been adopted for the presentation of these consolidated financial statements, but will be applied from the pre-established date on which they become mandatory. The main changes concern:

IFRS, amendments and interpretations not endorsed by the European Union, not yet in force and not adopted early by the Group

IFRS 15 Revenue from Contracts with Customers: this standard, introduced by the IASB in May 2014, introduces a general framework to establish if, when and to what extent revenue should be recognised. The standard replaces the recognition criteria stated in IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes. IFRS 15 will apply with effect from financial years beginning on or after 1 January 2017. Early application is permitted.

IFRS 9 Financial Instruments: this standard replaces IAS 39 Financial Instruments: Recognition and Measurement, and introduces new instructions for the classification and measurement of financial instruments, as well as new general rules on hedging transactions. The new standard will be applicable retroactively from 1 January 2018. Early application is permitted.

IFRS 16 Leases: proposes substantial changes to the accounting treatment of lease arrangements in the leaseholder's financial statements, which will have to recognise the assets and liabilities arising from lease contracts in the statement of financial position, with no distinction between operating and finance leases. In particular, the leaseholder will have to recognise lease-related liabilities at the present value of future instalments. In addition, user rights on the asset referred to in the lease contract will need to be recognised under assets at the same value assigned to the related liabilities. After initial recognition, the user right will be amortised on a straight-line basis over the duration of the contract or, if less, over the useful life of the asset. The liability will gradually reduce as instalments are paid and interest on these will be recognised. To calculate the liability, account must be taken only of the fixed component of instalments envisaged in the contract and any inflation-linked component, but not of any variable components. Future payments determined in this manner will be discounted at the contractual rate or at the interest rate on the marginal loan of the leaseholder, throughout the period in which the contract cannot be cancelled. IASB expects the standard to be applied for financial years beginning on or after 1 January 2019. Early application is permitted for companies applying IFRS 15 Revenue from Contracts with Customers.

***Amendment to IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses**:* clarifies the accounting of deferred tax assets relating to debt instruments measured at fair value. The amendments apply with effect from financial years beginning on or after 1 January 2017. Early application is permitted.

The Group has begun to assess the impact resulting from introduction of the new standards and interpretations.

3. Consolidated financial statements

The Group has prepared the consolidated statement of financial position by classifying current and non-current assets and liabilities separately.

For each asset and liability item that includes amounts falling due both within and beyond 12 months from the reporting date, the amount that is expected to be recovered or paid beyond 12 months has been indicated.

The Consolidated Statement of Financial Position was prepared at the end of the reference six-month period and the comparable figures refer to the restated annual consolidated financial statements for the previous year.

All revenue and cost items recognised during the period, including financial expenses, the portion of profit (loss) of associates and joint ventures measured at equity, tax payables and a single amount relating to the total discontinued assets are presented in the consolidated statement of profit or loss immediately preceding the consolidated statement of comprehensive income.

The consolidated statement of comprehensive income opens with the profit or loss for the period, presents the section on other comprehensive income (expense), total other comprehensive income (expense) and the total comprehensive income (expense) resulting from the total of profit (loss) for the period and other comprehensive income (expense).

The consolidated statement of profit or loss presents the breakdown of profit (loss) for the period attributable to owners of the parent and that attributable to non-controlling interests.

The consolidated statement of comprehensive income shows the breakdown of comprehensive income (expense) for the period attributable to owners of the parent and that attributable to non-controlling interests.

The components that are recognised separately from profit (loss) for the current period pursuant to specific IFRS provisions are presented under Other comprehensive income (expense) in the consolidated statement of comprehensive income.

The section on Other comprehensive income (expense) must present items relating to amounts of other comprehensive income (expense) for the period, classified by nature (including the portion of other comprehensive income (expense) of associates and joint ventures measured at equity) and grouped according to those which, in compliance with other IFRS:

- will no longer be reclassified to profit or loss;
- will later be reclassified to profit or loss when certain conditions are met.

Other comprehensive income (expense) that can be reclassified to profit or loss includes:

- gains and losses on translation of the financial statements of a foreign operation;
- the effective portion of gains and losses on cash flow hedging instruments;
- the gains and losses resulting from the restatement of available-for-sale financial assets.

Other comprehensive income (expense) that cannot be reclassified to profit or loss relates to actuarial gains and losses on defined benefit plans.

The items of Other comprehensive income (expense) are presented gross of the related tax effects, with a single amount for total taxes attributable to these items. The tax is divided between items that could later be reclassified to profit or loss and those that cannot.

Items are classified in the consolidated statement of profit or loss according to their nature. The consolidated statement of profit or loss and consolidated statement of comprehensive income were prepared for the half-year reporting period of the current year and are compared with the restated statements for the same half-year period of the previous year.

Disclosure of cash flow is provided in the consolidated statement of cash flows, which is an integral part of these condensed interim consolidated financial statements.

The indirect method has been used for presenting cash flows, according to which the profit (loss) for the period has been adjusted for the effects of:

- changes in inventories, receivables and payables generated by operating activities;
- non-cash transactions;
- all other elements whose cash effects are cash flows involved in investing or financing activities.

The reconciliation between the amounts relating to the components of cash and cash equivalents in the consolidated statement of cash flows and the equivalent items reported on the consolidated statement of financial position is reported in the Notes to the consolidated financial statements.

The table illustrating the net financial position (indebtedness) has been prepared on the basis of the guidance provided by the Committee of European Securities Regulators (CESR) on 10 February 2005, “Recommendations for consistent implementation of the EU Commission’s Regulation on Prospectuses”. The table details the main components of net financial position (indebtedness) and indicates payable/receivable positions vis-à-vis related parties.

The Consolidated Statement of Changes in Equity shows:

- the total comprehensive income (expense) for the period, with separate indication of the total amounts attributable to the owners of the parent and those attributable to non-controlling interests;
- for each equity item, any effects of retroactive application or retroactive restatement are recognised pursuant to IAS 8 Accounting policies, changes in accounting estimates and errors;
- for each Equity item, reconciliation of the carrying amount at the beginning and at the end of the period, with separate indication of the changes resulting from:

- profit or loss;
- other comprehensive income (expense) and
- any transactions with shareholders, with separate indication of capital injections by shareholders, distribution of Equity to shareholders, and changes in equity interests in the subsidiaries without loss of control.

For each Equity component, an analysis of Other Comprehensive income (expense) by item is presented in the consolidated statement of changes in equity.

The consolidated statement of changes in equity has been prepared based on the half-year reporting date compared with the figures for same period of the previous year.

At the foot of the Consolidated Statement of Financial Position, Consolidated Statement of Profit or Loss, Consolidated Statement of Comprehensive Income and Consolidated Statement of Cash Flows, reference is made to a specific section where a statement illustrates the sub-items for the amounts of positions or transactions with related parties, with indication of the effects on the financial position, profit or loss for the period and cash flows of the Group.

The sub-items regarding any income (expense) component (if they are of a material amount) deriving from non-recurring events or operations are recorded separately from their reference items, with indication of the effects on the financial position, profit or loss for the period and the cash flows of the Group.

A specific table, which is an integral part of these condensed interim consolidated financial statements, lists the Group’s companies indicating their name, registered office, share/quota capital, equity interests directly or indirectly owned by the parent and each subsidiary, and consolidation method, as well as equity-accounted interests.

The Notes to the consolidated financial statements are presented selectively to explain significant transactions and events for a better understanding of changes in the statement of financial position and statement of profit or loss after the end of the previous reporting period. In the consolidated statement of financial position, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the statement of cash flows and the consolidated statement of changes in equity, reference is made to the detailed disclosure provided in paragraph 8 of the Notes to the consolidated financial statements.

4. Changes in accounting policies, errors and changes in estimates

The accounting policies adopted in these condensed interim consolidated financial statements have changed with respect to those used in the previous consolidated annual financial statements only if this change which will be reflected in the next annual consolidated financial statements is required by a new official accounting standard or if it helps to provide more pertinent and reliable information on the effects of transactions performed on the entity’s financial position, results of operations or cash flows.

The changes in accounting policies are recognised:

- in accordance with the provisions of specific transitory measures (if any) of that policy;
- retroactively, if the accounting policy does not contain transitory measures, or if the policy is changed voluntarily, recognising the effect to opening equity. Other comparative figures for each prior year are also adjusted as if the new policy had always been applied.

The prospective approach is used only when it is impractical to determine the specific effects on the year or the cumulative effect of the change for all previous years.

In case of material errors, the same policy is applied as for changes in the accounting policies illustrated above. In the case of non-material errors, accounting adjustments are made to the Statement of profit or loss in the period when the error is found.

In periods in which a change in accounting policy is applied with retroactive effects, and when the change has a significant impact on disclosures in the statement of financial position at the beginning of the previous year, three statements of financial position are necessary:

- the end of the current year;
- the end of the previous year;
- the start of the previous year.

Changes relating to estimates made in previous interim periods or years are recognised prospectively in the statement of profit or loss in the interim period when the change occurs if it affects only that period. If subsequent periods are affected, it is recognised in the interim financial statements, annual financial statements and those of future years.

Changes in accounting policies, errors and changes in estimates involving these condensed financial statements are described in detail in paragraph 8.

5. Financial instruments and risk management

In order to provide disclosures that allow assessment of the materiality of the financial instruments on the financial position, results of operations and cash flows, supplementary information is provided to facilitate evaluation of the magnitude and nature of the related risks.

In compliance with the provisions of IAS 34 *Interim financial reporting*, fair value disclosures for financial instruments are provided in accordance with IFRS 13 *Fair value measurement* and IFRS 7 *Financial instruments: disclosures* as specifically mentioned for the preparation of interim financial statements.

Furthermore, pursuant to provisions specifically envisaged for interim financial reporting, disclosures are provided in accordance with *IFRS 7 Financial instruments: disclosures* for offsetting financial assets and liabilities, if any.

The risks related to the financial instruments used are:

- market risk, i.e. the risk of a financial instrument's fair value or cash flows fluctuating following changes in market prices. This risk can be further broken down into:
  - currency risk, i.e. the risk that the value of a financial instrument might fluctuate as a result of movements in exchange rates;
  - interest rate risk on fair value, i.e. the risk that the value or future cash flows of a financial instrument might fluctuate as a result of changes in market interest rates;
  - price risk, i.e. the risk that the fair value of a financial instrument or its future cash flows might fluctuate as a result of changes in market prices;
- credit risk, i.e. the risk that one of the parties of a financial instrument does not fulfil an obligation and causes a financial loss to the other;
- liquidity risk, i.e. the risk of having problems in fulfilling the obligations associated with financial liabilities settled in cash or through other financial assets.

Directors' evaluation of the going concern assumption and the business outlook

Introduction

Given the financial results for the first half of 2016, the directors are required to evaluate the grounds for a going concern assumption in preparation of the interim financial report and the condensed interim consolidated financial statements at 30 June 2016.

In particular, note the presence of significant uncertainties that could give rise to major doubts about continuation of the company as a going concern, associated primarily with the following aspects:

- economic position: in the first half of the year the economic results achieved have been extensively negative and differ widely from the most recent 2016 budget estimates. Further losses are expected in the second half of this year;
- financial position: the Group has recorded an imbalance between current assets and liabilities, with significant absorption of cash flows and failure to comply with covenants envisaged in the outstanding loan agreements;
- equity position: the Group has seen a significant erosion of its equity.

Economic position

The results for the first half of 2016 and those forecast for the entire year differ significantly from those estimated for the current year, formulated on the basis of guidelines in the 2015-2019 business plan, approved by the Board of Directors on 13 March 2015. This plan is therefore disregarded and no longer applicable. The formulation of a new business plan has proved necessary.

In this respect, on 27 September 2016 the Board of Directors approved the previously mentioned guidelines for the new 2016-2020 Business Plan, which will be fully examined by the Board of Directors in October 2016, after completion of the independent business review (IBR) by an independent expert.

Financial position

Available credit facilities

For coverage of short-term financial requirements, the Group currently has usable credit facilities available for a total of €78.0 million. More specifically:

- €5.5 million relating to revocable current account overdrafts, subject to collection and unsecured, paid at an average interest rate of 3.47%;
- €2.5 million relating to revocable bank credit facilities for hot money that can be used for short-term temporary financial requirements, at an interest rate of 1.92%;
- €20.0 million relating to credit lines for advances on trade receivables;
- €50.0 million relating to the syndicated loan with a 36-month duration from the date of signing, in October 2014, at an interest rate of the Euribor +5.50%.

At 30 June 2016, a total of €50.6 million of the credit facilities has been used; the remaining availability on such facilities amounts to €56.8 million.

The credit facilities currently available to the Group, which can be used for a total of €78.0 million, are insufficient to meet the overall financial needs expected for 2017 and 2018, and in particular the repayment of the syndicated loan for €50.0 million due on 23 October 2017. The securitisation, which at present makes a significant contribution to optimising the net working capital, matures in May 2018.

Medium-term syndicated loan

On 23 October 2014, the Group signed a medium-term syndicated loan with the Group's main lending banks.

The loan consists of a revolving cash credit facility for a total of €50.0 million, granted by a pool of banks comprising of Banca Intesa Sanpaolo, Banca Popolare di Milano, Banca Popolare di Sondrio, Banca Monte dei Paschi di Siena and Credito Valtellinese. Banca IMI acts as coordinator and agent bank.

The loan is for 3 years from the date of signing and repayment must be made on the due date for each drawdown, every of 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 envisage collateral or mandatory guarantees, but does have financial covenants recognised at consolidated level. The initial structure of the covenants was amended on 27 July 2015, in agreement with the lending banks, as follows:

- the NFP/equity ratio must not exceed 0.75 for the entire duration of the loan;
- the net financial indebtedness must not exceed €30.0 million at 30 June 2015, 31 December 2015 and 30 June 2016;
- gross operating profit (loss) must not exceed a loss of €3.0 million at 30 June 2015 and 31 December 2015, and must be equal to or higher than zero at 30 June 2016;
- the NFP/gross operating profit (loss) ratio must not be greater than:
    - 3.0 at 31 December 2016;
    - 3.0 at 30 June 2017.

Failure to satisfy even one of the covenants involves the right of early withdrawal from the loan by the banks. However, the lending banks are permitted to make changes to the loan agreement, or to waive their right to early withdrawal if failure to satisfy a covenant should occur.

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

Failure to comply with the covenants at 30 June 2016

At the end of June 2016, as a result not only of extraordinary and non-recurring events, but also to external factors and the different market trends seen in the second quarter of the year, the Group asked the lending banks to suspend application of the covenant associated with gross operating profit (loss) for the calculation date of 30 June 2016.

On 2 August 2016 the lending banks informed the Group that its request had been accepted and confirmed the approval of their decision-making bodies for amendment of the gross operating profit (loss)-related covenant for the calculation date of 30 June 2016 only.

As the net financial indebtedness at 30 June 2016 was €29.6 million and equity €28.2 million, determined after the aforementioned waiver was granted, a situation also emerged of non-compliance with the covenant based on the debt-equity ratio, which must not exceed 0.75 for the entire duration of the loan.

Therefore on 26 September 2016 the lending banks were informed of non-compliance with the covenants and at the same time were asked about their willingness to arrange a meeting as soon as possible to explain the reasons for non-compliance with the covenant and to redefine the loan structure in reference to the contents of the Business Plan due to be approved by the Company's Board of Directors in October.

On 29 September 2016 the lending banks confirmed their willingness to hold the meeting requested, without prejudice to all the contractual terms but specifying that any changes or exceptions to the loan agreement would be subject to approval by the respective decision-making bodies.

Redefinition of the loan structure is also necessary in relation to forecasts of non-compliance with the covenants at 31 December 2016 and the short-term maturity of the loan, due on 23 October next year.

Equity position

In relation to the added value at 30 June 2016 achieved by equity, amounting to €28.2 million, intervention of the shareholders is necessary to state their willingness to perform a share capital increase, in order to provide the group with adequate funding of its short-term financial needs and to make repayment as necessary of the syndicated loan on maturity, as well as to guarantee a balanced debt-equity ratio.

In this respect the majority shareholder confirmed its willingness, also in view of the financial and equity needs that will arise from the business plan, to positively assess and take any action on the share capital that could prove necessary to all operations to continue on a going concern basis, for a period of not less than 12 months from the approval of this financial report.

Directors' conclusive assessment of going concern

Accepting the situation described previously, the directors took the following action:

- on 26 September 2016 a formal request was made to the lending banks regarding their willingness to redefine the loan structure, in line with the forecasts of the 2016-2020 business plan. Accepting the information provided in the aforementioned letter, on 29 September 2016 the lending banks confirmed their willingness to attend a meeting on 6 October 2016, specifying that any exception or change to the terms of the loan would be subject to approval by the related decision-making bodies;

- on 27 September 2016 the Board of Directors approved the guidelines for the new 2016-2020 Business Plan, which will be fully examined 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 confirmed its willingness, also in view of the financial and equity needs that will arise from the aforementioned 2016-2020 business plan, to positively assess and take any action on the share capital that could prove necessary to all operations to continue on a going concern basis, for a period of not less than 12 months from the approval of this financial report.

Based on the above, despite the significant uncertainties described previously in relation to the economic, financial and equity positions of the Group, the Directors are confident (i) in the capacity to implement the action envisaged in the 2016-2020 business plan, the guidelines for which were approved by the Board of Directors on 27 September 2016, (ii) in the possibility of redefining the terms of the loan agreements with the lending banks, in line with the financial needs forecast in the 2016-2020 business plan, (iii) in receiving equity and financial support from the majority shareholder to an extent necessary to maintain short-term and medium/long-term equity and financial balance, in line with forecasts of the 2016-2020 business plan and (iv) that all of the above can be implemented with appropriate and necessary timing. Consequently, they prepared this interim financial report on a going concern basis, on the assumption that the Group will have sufficient funding available to continue operations in the future as a fully functional entity.

Outlook

The economic scenario is slowly improving, with the 2016 growth forecast reviewed downwards recently compared to that at the start of the year. This estimation is lower than the 2015 year-end forecasts, which suggested GDP growth of 1.4% (*source: Confindustria Study Centre).*

As regards the advertising market, compared to 2015 the summer months still show a drop in revenue on daily newspapers, magazines and the Internet. The forecasts for 2016 are still rather uncertain and confirm a further decline in advertising revenue from daily newspapers, magazines and the Internet. Forecasts for Radio are up slightly.

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

The business plan guidelines envisage a return to positive results from 2017 onwards (GOP/GOL above zero), with revenue essentially stable, and are consequently based on an intensive reduction plan and complete cost control.

For the current year the Group will continue to focus strongly on the development of digital products, supported by the increasing integration of all the professional and Il Sole 24 ORE content to offset the forecast decline in traditional printed publishing.

As things currently stand, and in the absence of currently unforeseeable events, the Group continues to closely monitor the reference scenario, which is still burdened by a high degree of uncertainty, particularly as regards the advertising market. Taking this context into consideration, the results during July and August - negatively impacted by season effects - led to further losses being recorded. The most recent forecasts for the year as a whole indicate that the results for the final quarter of the year can reasonably be expected to recover part of the loss forecast for the third quarter.

Financial risk

Financial risk management is performed following a principle of prudence and of minimisation of the risks connected with financial assets and liabilities. The investment of surplus cash or the raising of necessary resources is carried out with the main objective of neutralising the risk of loss of capital, avoiding speculation, and interest rate fluctuations, avoiding exposure of the profit (loss) to any unexpected increases in financial expenses.

The Group constantly monitors the financial risks to which it is exposed, in order to assess any negative impact and initiate appropriate mitigation action. The Board of Directors of the parent has the overall responsibility for creating and supervising the Group's risk management system, as well as for the development and control of risk management policies.

The Group's risk management policies are intended to identify and analyse the risks to which the Group is exposed, defining appropriate limits and the monitoring systems for such risks. Policies and related systems are periodically reviewed in consideration of changes in market conditions and in Group activities.

Financial management of subsidiaries takes place through specific infragroup current accounts on which any cash surpluses are deposited or on which the parent provides the financial resources needed for the subsidiaries to conduct their business operations. The aim is also to optimise the impact on profit or loss of the financial income and expenses accruing on these current accounts.

The conditions applied to infragroup current accounts are as follows:

- Lending rate on the balances of subsidiaries: 1M Euribor flat rate;
- Borrowing rate on the debt of subsidiaries: 1M Euribor +5.50%;
- Repayment terms within 48 hours of any request from the parent.

Centralised management of the Group's finances also makes it possible to control and co-ordinate the operations of each subsidiary efficiently, also via more effective financial planning and control. This also provides useful input to ensure the best possible handling of the Group's relationships with its main banks and credit institutions and to help monitor the Group's financial risk and treasury movements in a systematic way.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument fluctuate following changes in market prices, due to changes in interest rates, exchange rates or in the market prices of equity instruments. The objective of market-risk management is to manage and control the Group's exposure to the risk and keep it within appropriate limits, whilst also optimising the return on the investments to which such risk relates.

The Group uses derivative instruments during the normal course of its financing activities and also takes on financial liabilities to manage market risk. It performs these activities in accordance with the guidelines established by the Board of Directors of the parent. The Group performs hedging transactions to manage the volatility of results relating to financial instruments.

Currency risk

The Group is marginally exposed to currency risk on purchases denominated in currencies other than the functional currency of the various Group entities.

These transactions mainly refer to the following exchange rates: EUR/USD, EUR/GBP and EUR/CHF.

It is the Group's policy to undertake full hedging, where possible, of significant exposures arising from receivables and payables denominated in currencies other than the euro.

Interest rate risk

The Group's financial performance is exposed to fluctuations in market interest rates, with special reference to net financial expense relating to facilitated medium/long-term floating-rate loans.

The return on financial investments, consisting of short-term cash investments with a maturity of not more than three months, is not affected by changes in interest rates.

The return on financial investments, consisting of short-term cash investments with a maturity of not more than three months, as well as financial expense associated with current account overdrafts and short-term hot money, is not affected by changes in interest rates.

Price risk

The main raw material used by the Group that could be exposed to significant price risk is paper.

Paper is handled centrally for all of the Group's business units by means of careful procurement planning and inventory management. In line with best market practices, supply contracts are agreed with leading Italian and foreign paper companies for fixed quantities at fixed prices for the maximum period that the market currently permits, i.e. about one year.

The Group does not use hedges such as paper swaps, as they offer limited liquidity in terms both of counterparties and maturities.

Credit risk

Credit risk is the risk of a customer or one of the counterparties of a financial instrument causing a financial loss by not honouring an obligation.

Within the Group, credit risk mainly relates to trade receivables generated from sales of products and services by the various business units.

Considering the type of customers that the Group has for its products and services, the management does not believe there is a high level of trade credit risk. As there is no high concentration of this risk, the policy is to limit sales to any customers that are considered insolvent or are unable to provide adequate guarantees.

Customer credit risk is controlled by grouping customers by type and business area, considering whether customers are advertising agencies, financial companies and institutions, public entities, professionals and natural persons, distributors and bookstores, or other customers. Other factors examined are geographical location, business sector, credit age, the due dates of invoices issued, and previous payment behaviour.

In the face of this risk, a specific allowance for impairment is made to cover any losses caused by non-collectibility.

As regards financial receivables, it is believed that the Group is not exposed to significant risk as it invests cash and cash equivalents only with banks of premier standing, mainly using short-term investment instruments with maturities of not more than 3 or 6 months (on demand or term deposits).

Liquidity risk

Liquidity risk is the risk of the Group having difficulty in meeting obligations associated with financial liabilities and therefore of having difficulty in accessing, at suitable economic conditions, the financial resources necessary for its operations.

In managing liquidity risk, the Group's approach is to ensure, as far as possible, that there are always sufficient financial reserves to meet its obligations when due, both in normal conditions and in conditions of financial stress.

Besides the trend in market interest rates, the main factors determining Group liquidity are the cash flows generated or absorbed by operating and investing activities and the flows relating to repayment of financial liabilities and collection of income relating to financial investments.

The Group has taken a series of actions designed to optimise the management of financial resources and mitigate liquidity risk:

- centralised management of Group liquidity through constant withdrawal of cash surpluses from subsidiaries and through coverage of the latter's requirements with resources provided by the parent;
- maintenance of an adequate reserve of available liquidity;
- availability of adequate short-term and medium-term lines of credit;
- planning of the future financial position, also as regards the impact of medium/long-term debt on the overall net financial position (indebtedness);
- utilisation of an appropriate internal control system to assess available liquidity in relation to operational planning.

For coverage of short-term financial requirements, the Group currently has usable credit facilities available for a total of €78.0 million, as reported in detail in the paragraph *Available credit facilities* above.

At 30 June 2016, the credit facilities had been used for a total of €50.6 million; the remaining availability on such facilities and available liquidity, amounting to €56.8 million, are therefore sufficient to also cover the cash requirements expected for 2016.

However, it must be taken into consideration that at 30 June 2016 two covenants associated with the syndicated loan were not satisfied, as described in the paragraph *Available credit facilities*. The year-end forecasts indicate that the covenants will not be satisfied also at 31 December 2016.

On 26 September 2016 the lending banks were informed of non-compliance with the covenants and at the same time were asked about their willingness to arrange a meeting as soon as possible to explain the reasons for non-compliance with the covenant and to redefine the loan structure in reference to the contents of the Business Plan due to be approved by the Company's Board of Directors in October.

On 29 September 2016 the lending banks confirmed their willingness to hold the meeting requested, without prejudice to all the contractual terms but specifying that any changes or exceptions to the loan agreement would in any event be subject to approval by the respective decision-making bodies.

Fair value and carrying amount

The following table shows - for each financial asset and liability and for trade receivables and payables - the carrying amount recognised in the Consolidated Statement of Financial Position and the related fair value.

FAIR VALUE				
(in thousands of euro)	1st Half 2016		2015	
	Carrying amount	Fair Value	Carrying amount	Fair Value
Assets held to maturity	1,575	1,575	26,158	26,158
Trade receivables	112,085	112,085	120,138	120,130
Cash and cash equivalents	29,381	29,381	39,139	39,139
Unsecured bank loans	0	0	(16)	(16)
Syndicated loan	(34,388)	(34,556)	(50,484)	(50,550)
Unsecured current account advances	(16,754)	(16,754)	(15,457)	(15,457)
Bank overdrafts and loans - due within one year		0	0	0
Trade and other payables	(96,814)	(96,814)	(101,935)	(101,935)
Total	**(4,915)**	**(5,083)**	**17,543**	**17,469**
Loss not recognised		**(168)**		**(74)**

Guarantees and commitments

The Group has outstanding bank sureties totalling €14,034 thousand.

These sureties are summarised below:

- sureties granted by the parent as security on lease contracts for €9,416 thousand. Specifically, there are sureties in favour of Torre Re Fund II, for the property located in via Monte Rosa, Milan, for a total of €4,158 thousand, in favour of Quorum SGR for the property located in Via Pisacane, Pero, for a total of €4,500 thousand, and in favour of Finamo for the property located in Piazza Indipendenza, Rome, for €670 thousand;
- sureties issued by the parent in favour of Ministries, Public Entities or Municipalities, as guarantees for tenders, prize competitions, service supply contracts, etc. for a total of €1,871 thousand;
- sureties issued by the parent to private third-party counterparties for commercial transactions, supply contracts, etc. for a total of €1,370 thousand;
- sureties issued by the parent as commitment guarantees for its subsidiaries to private third-party counterparties and public entities for tenders, commercial transactions, supply contracts, etc. for a total of €1,376 thousand, against lines of credit signed by the parent.

The Group has a contractual commitment relating to the contract with FIGC, in partnership with Infront, for advertising revenue for the Italian Football Federation for the four-year period 2015-2018, referring to the guaranteed minimum advertising revenue to be achieved in the four years in question, which for the duration of the contract totals €57 million. At the date of this interim report the advertising revenue contracts amount to €47 million.

6. Principal reasons for uncertainties in estimates

Estimates are used mainly to recognise impairment losses on assets, to calculate probable future returns of publications that have been distributed, to determine the extent to which receivables and inventories should be impaired and written down, and to quantify the amounts to be provisioned for probable risks.

Estimates are also used in the actuarial calculation of amounts due as Post-employment benefits, for quantification of income taxes, for measurement of the fair value, the useful life of assets and the recoverability of deferred tax assets.

Pursuant to IAS 34 *Interim financial reporting*, the interim measurements of figures in the condensed interim financial reporting can be based on estimates greater than those of the annual consolidated financial statements. The measurement procedures used for this purpose are designed to ensure that the information provided is reliable and that all significant financial information relevant for an understanding of the Group’s statement of Financial Position or Statement of Profit or Loss is illustrated.

These estimates and assumptions are reviewed at least once a year and the effects of each change are immediately reflected in profit or loss for the period.

In particular, publication returns are estimated using statistical techniques and updated monthly on the basis of actual figures received.

The estimate of legal risks takes the nature of the litigation and the probability of an adverse outcome into account.

Furthermore, the estimates pertaining to the measurement of the recoverable amount of goodwill and other intangible assets with indefinite useful life is made at least annually, or earlier if there are signs of impairment, on the basis of the fair value, less costs to sell or value in use, using the discounted cash flow method.

7. Scope of consolidation

SUBSIDIARIES CONSOLIDATED ON A LINE-BY-LINE BASIS						
Company name	Business	Headquarters	Currency	Share/quota capital paid in	% of consolidation	Held by
24 ORE Cultura S.r.l.	Art products	Milan	EUR	120,000	100.0%	Il Sole 24 ORE S.p.A.
Il Sole 24 ORE UK Ltd	Sale of advertising space	London	EUR	50,000	100.0%	Il Sole 24 ORE S.p.A.
Il Sole 24 ORE - Trading Network S.p.A.	Intermediation	Milan	EUR	250,000	100.0%	Il Sole 24 ORE S.p.A.
Next 24 S.r.l.	Training services	Milan	EUR	10,000	100.0%	Il Sole 24 ORE S.p.A.
EMC INC.	US news agency	New York	USD	2,000	100.0%	Il Sole 24 ORE S.p.A.
Ticket 24 ORE S.r.l.	Art products	Milan	EUR	10,000	100.0%	24 ORE Cultura S.r.l.
Food 24 S.r.l.	Catering	Milan	EUR	10,000	100.0%	24 ORE Cultura S.r.l.
BacktoWork 24 S.r.l.	Internet services	Milan	EUR	100,000	90.0%	Next 24 S.r.l.

SUBSIDIARIES: DETAILED BREAKDOWN OF SHARE/QUOTAHOLDINGS					
Company name	Consolidation: attributable to owners of the parent	Consolidation: attributable to non-controlling interests	Voting rights: attributable to owners of the parent	Voting rights: attributable to non-controlling interests	Held by
24 ORE Cultura S.r.l.	100.0%	0.0%	100.0%	0.0%	Il Sole 24 ORE S.p.A.
Il Sole 24 ORE UK Ltd	100.0%	0.0%	100.0%	0.0%	Il Sole 24 ORE S.p.A.
Il Sole 24 ORE - Trading Network S.p.A.	100.0%	0.0%	100.0%	0.0%	Il Sole 24 ORE S.p.A.
Next 24 S.r.l.	100.0%	0.0%	100.0%	0.0%	Il Sole 24 ORE S.p.A.
EMC INC.	100.0%	0.0%	100.0%	0.0%	Il Sole 24 ORE S.p.A.
Ticket 24 ORE S.r.l.	100.0%	0.0%	100.0%	0.0%	24 ORE Cultura S.r.l.
Food 24 S.r.l.	100.0%	0.0%	100.0%	0.0%	24 ORE Cultura S.r.l.
BacktoWork24 S.r.l.	90.0%	10.0%	90.0%	10.0%	Next 24 S.r.l.

JOINT VENTURES CONSOLIDATED USING THE EQUITY METHOD						
Company name	Business	Headquarters	Currency	Share/quota capital paid in	% of ownership	Held by
Newton Management Innovation S.p.A.	Training services	Milan	EUR	160,000	60.0%	Il Sole 24 ORE S.p.A.
Newton Lab S.r.l.	Training services	Turin	EUR	100,000	51.0%	Newton Management Innovation S.p.A.

Investments in subsidiaries

With effect from 2016, **Newton Management Innovation S.p.A.**, a company active in training services, and its subsidiary **Newton Lab S.r.l.**, also active in training services, are no longer consolidated on a line-by-line basis but rather using the equity method. From approval of Newton Management Innovation S.p.A.'s financial statements at 31 December 2015 new shareholders' agreements entered into force which govern relations between the Group and the company. These shareholders' agreements envisage operating methods for the corporate bodies on a joint control basis.

Investments in associates and joint ventures

The investment in **Newton Management Innovation S.p.A.** is recognised among joint ventures and, with effect from this year, the investment is consolidated using the equity method.

8. Notes to the consolidated financial statements

Changes in accounting policies, errors and changes in estimates

Change in accounting policies

Change in the revenue recognition method relating to database sales

Compared to the last approved financial statements, in these condensed interim consolidated financial statements the revenue recognition method has changed for certain database sales contracts, as specified below.

This change relates to the commercial sale of databases, which from June 2012 comprise two components:

- A service component, including publishing contents constantly updated by the editorial staff of Il Sole 24 ORE;
- One-shot goods component, including publishing products not subject to updating and separate from the service.

The service component revenue is recognised on a proportionate basis, whilst one-shot goods revenue is recognised at the time the goods are provided.

Following the technological developments in the methods for providing the service product (via web, cloud and mobile) and contracting developments, the service component has gradually increased compared to the "goods" component, which has become less and less significant.

Given the product developments reported above, the Group decided to change the accounting recognition criterion applied to sales of database products/services to also recognise the one-shot component on a proportionate basis. The change was made with a view to improving financial disclosures, considering product development, and was applied by adopting a "backdated" criterion, changing the comparative figures of the previous year. It is therefore considered appropriate to change the accounting recognition criterion applied to the sale of database products/services. This change also had an impact on the agent commissions recorded.

Recognition of the cost of commissions associated with the sale of databases was also accrued by linking it to the proportionate criterion for revenue recognition.

The Group decided to illustrate the figures as backdated, adjusting the comparative values accordingly. The amended figures and their effects year by year in terms of changes are provided below.

One-shot revenue and effect on commissions				
	2012	**2013**	**2014**	**2015**
Effect on revenue				
Accrued income attributed to the separate financial statements	5,921	9,972	16,346	19,282
Revised accrual	1,827	9,377	13,066	18,266
Difference in revenue	**(4,094)**	**(595)**	**(3,280)**	**(1,016)**
Effect on commissions				
Average rate	15%	18%	18%	18%
Accrued income attributed to the separate financial statements	888	1,795	2,942	3,471
Revised accrual	274	1,688	2,352	3,288
Difference in commissions	**(614)**	**(107)**	**(590)**	**(183)**
Net effect	**(3,480)**	**(488)**	**(2,689)**	**(833)**

The following tables show the adjusted values year by year in the Consolidated Statement of Profit or Loss and the Consolidated Statement of Financial Position.

One-shot revenue and effect on commissions - Adjusted values of the Consolidated Statement of Profit or Loss for the year				
	2012	**2013**	**2014**	**2015**
Total revenue	**(4,094)**	**(595)**	**(3,280)**	**(1,016)**
Services	614	107	590	183
Loss attributable to owners of the parent	**(3,480)**	**(488)**	**(2,689)**	**(833)**

One-shot revenue and effect on commissions - Adjusted values of the Consolidated Statement of Financial Position				
	2012	**2013**	**2014**	**2015**
Other current assets	614	721	1,312	1,495
TOTAL ASSETS	**614**	**721**	**1,312**	**1,495**
Trade payables	4,094	4,689	7,969	8,985
Losses carried forward		(3,480)	(3,968)	(6,657)
Loss attributable to owners of the parent	(3,480)	(488)	(2,689)	(833)
TOTAL EQUITY AND LIABILITIES	**614**	**721**	**1,312**	**1,495**

Error correction

Restatement of fund advertising revenue

Compared to the last condensed interim report, a change has been made in these condensed interim consolidated financial statements to the recognition method for fund advertising revenue. This type of revenue consists in a service for the online and printed publication of the trading prices of funds managed by customers. The sales contracts all expired on 31 December of the year in which they were signed. The revenue is recognised at the time of signing the contract. Compared to the previous year it is considered appropriate to accrue this revenue over the entire year. This change had no effect on the annual consolidated financial statements.

Recalculation of the sale of the rotary printing press (IAS 17)

In 2013 a rotary printing press for daily newspapers was sold to a leasing company. The printing press was then leased to a Group supplier that still uses that press to print our daily newspaper. A more in-depth analysis of the contracts led to the conclusion that the transaction as a whole could be attributed to a single sale and lease back transaction to be recognised in accordance with IAS 17.

In accordance with IAS 8, in terms of correcting errors, the Group considered it appropriate to make backdated adjustments to the data, changing the comparative figures. The amended figures and their effects year by year in terms of changes are provided below.

Sale and lease back of the rotary printing press	2013	2014	2015
Property, plant and equipment	8,134	8,134	8,134
Accumulated depreciation of property, plant and equipment	(85)	(1,101)	(2,118)
Net value of property, plant and equipment	8,049	7,033	6,016
TOTAL ASSETS	**8,049**	**7,033**	**6,016**
Financial liabilities	8,098	7,653	7,183
Losses carried forward		(48)	(620)
Loss for the period	(49)	(572)	(547)
TOTAL EQUITY AND LIABILITIES	**8,049**	**7,033**	**6,016**

EMC consolidation

In 2008 the Group acquired a 100% investment in the share capital of EMC Inc.

This company performs journalism activities almost exclusively on behalf of the Group. Incorrectly, and also in view of the amounts of total assets and total revenue considered immaterial, this company had not been included in the scope of consolidation.

In accordance with IAS 8, in terms of correcting errors, the Group considered it appropriate to make backdated adjustments to the data, changing the comparative figures. The amended figures and their effects year by year in terms of changes are provided below.

EMC consolidation	2014	2015
Property, plant and equipment	6	14
Intangible assets	57	54
Trade receivables	148	74
Other receivables	45	48
Cash and cash equivalents	11	58
TOTAL ASSETS	**268**	**248**
Other reserves	268	303
Profit (loss) for the period	9	(19)
Total equity	**277**	**284**
Trade payables	(85)	(52)
Other current liabilities	34	-
Other payables	42	16
Total liabilities	**(9)**	**(36)**
TOTAL EQUITY AND LIABILITIES	**268**	**248**

Effects on the condensed interim consolidated financial statements

As a result of the changes in accounting policies, error corrections and changes in estimates referred to above, the comparative figures for the condensed interim consolidated financial statements were changed as stated in paragraph 10.1.

The reclassified highlights of the Consolidated Statement of Financial Position at the start and end of the previous year are as follows:

HIGHLIGHTS OF THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION						
(in thousands of euro)	31.12.2014	Database adjustments	EMC consolidation adjustments	Rotary printing press	Reclassification of the financial debt	1.1.2015 Restated
Non-current assets	208,719	-	63	7,033	-	215,815
Current assets	168,601	1,312	205	-	-	170,117
Available-for-sale assets	-	-	-	-	-	-
Total assets	**377,319**	**1,312**	**268**	**7,033**	**-**	**385,932**
Equity attributable to owners of the parent	109,804	(6,657)	277	(620)	-	102,804
Equity attributable to non-controlling interests	764	-	-	-	-	764
Total equity	**110,568**	**(6,657)**	**277**	**(620)**	**-**	**103,568**
Non-current liabilities	60,483	-	-	7,653	-	68,136
Current liabilities	206,268	7,969	(9)	-	-	214,228
Available-for-sale liabilities	-	-	-	-	-	
Total liabilities	**266,751**	**7,969**	**(9)**	**7,653**	**-**	**282,364**
Total equity and liabilities	**377,319**	**1,312**	**268**	**7,033**	**-**	**385,932**

HIGHLIGHTS OF THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION						
(in thousands of euro)	31.12.2015	Database adjustments	EMC consolidation adjustments	Rotary printing press	Reclassification of the financial debt	31.12.2015 Restated
Non-current assets	198,060	-	68	6,016	-	204,144
Current assets	164,101	1,495	180	-	-	165,776
Available-for-sale assets	-	-	-	-	-	-
Total assets	**362,161**	**1,495**	**248**	**6,016**	**-**	**369,920**
Equity attributable to owners of the parent	86,659	(7,490)	284	(1,167)	-	78,286
Equity attributable to non-controlling interests	511	-	-	-	-	511
Total equity	**87,170**	**(7,490)**	**284**	**(1,167)**	**-**	**78,797**
Non-current liabilities	53,611	-	-	6,687	(15,000)	45,298
Current liabilities	221,380	8,985	(36)	496	15,000	245,825
Available-for-sale liabilities	-	-	-	-	-	
Total liabilities	**274,990**	**8,985**	**(36)**	**7,183**	**-**	**291,122**
Total equity and liabilities	**362,161**	**1,495**	**248**	**6,016**	**-**	**369,920**

The effects on the Consolidated Statement of Profit or Loss are as follows:

HIGHLIGHTS OF THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS						
(in thousands of euro)	1st Half 2015	Database adjustments	EMC consolidation adjustments	Rotary printing press	Advertising revenue adjustments	1st Half 2015 Restated
1) Continuing operations						
Total revenue	**168,975**	**(1,604)**	**124**	**-**	**(2,089)**	**165,407**
Other operating income	6,982	-	-	-	-	6,982
Personnel expense	(54,897)	-	(73)	-	-	(54,970)
Direct and operating costs	(119,310)	91	(58)	437	-	(118,840)
Provisions	(519)	-	-	-	-	(519)
Allowance for impairment	(900)	-	-	-	-	(900)
Gross operating profit (loss)	**331**	**(1,513)**	**(7)**	**437**	**(2,089)**	**(2,841)**
Amortisation of intangible assets	(4,228)	-	(2)	-	-	(4,229)
Depreciation of property, plant and equipment	(3,799)	-	(2)	(508)	-	(4,308)
Gains on disposal of non-current assets	1,034	-	-	-	-	1,034
Operating loss	**(6,660)**	**(1,513)**	**(10)**	**(71)**	**(2,089)**	**(10,344)**
Net financial income/expense	**(639)**	**-**	**-**	**(205)**	**-**	**(844)**
Loss before tax	**(7,299)**	**(1,513)**	**(10)**	**(276)**	**(2,089)**	**(11,188)**
Income taxes	(814)	-	(2)	-	-	(816)
Loss from continuing operations	**(8,113)**	**(1,513)**	**(12)**	**(276)**	**(2,089)**	**(12,003)**
2) Discontinued operations						
Profit (loss) from discontinued operations						
Profit (loss) attributable to non-controlling interests	261	-		-	-	261
Loss attributable to owners of the parent	**(7,852)**	**(1,513)**	**(12)**	**(276)**	**(2,089)**	**(11,742)**

The comparative figures of the notes to the consolidated financial statements are based on the restated values.

Non-current assets

(1) Property, plant and equipment

At 30 June 2016 the carrying amount of property, plant and equipment was €42,801 thousand with breakdown as follows:

PROPERTY, PLANT AND EQUIPMENT		
(in thousands of euro)	Carrying amount at 30.06.2016	Of which investments
Land	2,870	-
Buildings	9,725	1
Plant and equipment	22,685	217
Industrial and commercial equipment	6,853	134
Other assets	669	324
Total	**42,801**	**677**

Investments in the first half of 2016 amounted to €677 thousand and relate mainly to:

- plant and equipment for €217 thousand, of which €98 thousand in purchases for printing production in Carsoli and Milan, €41 thousand for radio broadcasting equipment, €30 thousand for property improvements and €48 thousand for generic plant;
- industrial and commercial equipment for €134 thousand, of which €95 thousand relating to hardware and €39 thousand to miscellaneous equipment;
- other assets for €324 thousand, referring mainly to plant and equipment not yet operational, including €109 thousand for radio broadcasting equipment and €85 thousand for hardware.

The following changes took place:

PROPERTY, PLANT AND EQUIPMENT								
(in thousands of euro)	Opening balance - Restated	Purchases	Disposals	Depreciation	Reclassifications and other changes	Disposal of Pero property assets	Changes in scope of consolidation	Closing balance
Historical cost:								
Land	2,870	-	-	-	-	-	-	2,870
Buildings	31,189	1	-	-	2	(4)	-	31,189
Plant and equipment	96,580	217	(16)	-	76	(3,708)	(165)	92,984
Industrial and commercial equipment	43,493	134	(67)	-	167	(440)	(264)	43,024
Other assets	630	324	(15)	-	(241)	(5)	-	695
Total historical cost	**174,763**	**677**	**(97)**	**-**	**5**	**(4,157)**	**(429)**	**170,762**
Accumulated depreciation:								
Buildings	(20,910)	-	-	(554)	-	1	-	(21,464)
Plant and equipment	(69,585)	-	16	(2,518)	-	1,671	116	(70,300)
Industrial and commercial equipment	(35,601)	-	66	(1,228)	46	381	164	(36,171)
Other assets	(12)	-	-	(14)	-	-	-	(26)
Total accumulated depreciation	**(126,108)**	**-**	**82**	**(4,313)**	**46**	**2,052**	**280**	**(127,961)**
Property, plant and equipment:								
Land	2,870	-	-	-	-	-	-	2,870
Buildings	10,279	1	-	(554)	2	(4)	-	9,725
Plant and equipment	26,996	217	-	(2,518)	76	(2,037)	(49)	22,685
Industrial and commercial equipment	7,892	134	(1)	(1,228)	214	(59)	(100)	6,853
Other assets	618	324	(15)	(14)	(241)	(5)	-	669
Total	**48,655**	**677**	**(16)**	**(4,313)**	**51**	**(2,104)**	**(149)**	**42,801**

Depreciation of property, plant and equipment, based on their estimated useful life, totalled €4,313 thousand. The measurement criteria have not changed since the previous year.

During the first half of the year, following the early cancellation of the lease on the Pero offices, assets relating to the Pero property were sold for a total of €2,104 thousand.

The change in the scope of consolidation of €149 thousand refers to the deconsolidation of Newton Management Innovation and Newton Lab.

Lastly, note that at 30 June 2016, taking into consideration the significance of these items (around €9.3 million) and in order to determine the related recoverable amount, the Group arranged an independent appraisal of the printing plants of Milan, Busto Arsizio and Carsoli. The appraisal results do not indicate any impairment.

(2) Goodwill

Goodwill, recognised for €15,982 thousand, was down by €2,415 thousand compared to the end of 2015 as a result of the deconsolidation of Newton Management and Newton Lab S.r.l. and due to the €250 thousand impairment of Culture area goodwill relating to Ticket 24 S.r.l.

GOODWILL						
(in thousands of euro)	Historical value	Impairment losses of previous years	Opening balance	Increases	Decreases	Closing balance
Tax & Legal	15,982	-	15,982	-	-	15,982
Training and Events	2,165	-	2,165	-	(2,165)	-
Culture	2,286	(2,036)	250	-	(250)	-
Total	**20,433**	**(2,036)**	**18,397**	**-**	**(2,415)**	**15,982**

Goodwill and intangible assets with an indefinite useful life are not subject to amortisation but to impairment tests on the carrying amount. These tests are carried out on the individual asset or the CGU to which they belong, and are conducted whenever there is an indication of impairment and in any case at least once a year.

The results for the first half of 2016 and those forecast for the entire year differ significantly from those estimated for the current year, formulated on the basis of guidelines in the 2015-2019 business plan, approved by the Board of Directors on 13 March 2015. This plan is therefore disregarded and no longer applicable. Consequently, impairment testing was necessary.

For the Tax & Legal CGU impairment test at 30 June 2016, the fair value was estimated using multiples of stock market comparables. The test used the value map, i.e. regressions using both asset side multiples (based on the Enterprise Value) and equity side multiples (based on stock market capitalisation), which assume the expected performance at 31 December 2016 as the denominator (leading multiples).

The analyses and tests performed confirm the carrying amount.

In relation to the stock market performance of special-category shares, note that the return on Il Sole 24 ORE shares at 30 June 2016 (-33.4% year on year) and at 23 September 2016 (-23.3% compared to the start of 2016) was lower than the Italian general index (the FTSE Italia All Share performance at 30.06.2016 was -23.3%; performance at 23.09.2016 -25.2%).

Taking into account that shareholders may not hold more special category shares than those representing one fiftieth of the share capital plus one share, the listed price of the special category shares indicates the valuation of shares with limited voting rights. For this reason, for the purpose of estimating the market capitalisation of equity it is more appropriate to consider the premium-bearing ordinary shares rather than the special shares.

The results of these analyses showed that the equity attributable to owners of the parent at 30 June 2016 is higher than the equity's carrying amount. The stock market price of special category shares showed an equity value higher than the carrying amount of the net consolidated assets attributable to owners of the parent.

(3) Intangible assets

Intangible assets amounted to €55,707 thousand with breakdown as follows:

INTANGIBLE ASSETS		
(in thousands of euro)	Carrying amount at 30.06.2016	Of which investments
Trademarks	51	-
Radio broadcasting frequencies	27,823	-
Licences and software	26,680	2,283
Intangible assets under development and payments on account	1,153	861
Total	**55,707**	**3,144**

The following changes took place during the first half of the year:

INTANGIBLE ASSETS								
(in thousands of euro)	Opening balance - Restated	Purchases	Disposals	Amortisation	Reclassifications and other changes	Write-off/scrap	Changes in scope of consolidation	Closing balance
Historical cost:								
Publications	9,245	-	-	-	-	-	-	9,245
Trademarks	777	-	-	-	-	-	-	777
Radio broadcasting frequencies	105,148	-	-	-	-	-	-	105,148
Licences and software	101,897	2,283	-	-	3,674	(1,682)	(383)	105,789
Intangible assets under development and payments on account	4,143	861	-	-	(3,851)	-	-	1,153
Total historical cost of intangible assets	**221,209**	**3,144**	**-**	**-**	**(177)**	**(1,682)**	**(383)**	**222,111**
Accumulated amortisation:								
Publications	(9,245)	-	-	-	-	-	-	(9,245)
Trademarks	(726)	-	-	(0)	-	-	-	(726)
Radio broadcasting frequencies	(77,325)	-	-	-	-	-	-	(77,325)
Licences and software	(74,164)	-	-	(5,998)	(52)	828	278	(79,108)
Total accumulated amortisation	**(161,459)**	**-**	**-**	**(5,998)**	**(52)**	**828**	**278**	**(166,404)**
Intangible assets:								
Publications	-	-	-	-	-	-	-	-
Trademarks	51	-	-	(0)	-	-	-	51
Radio broadcasting frequencies	27,823	-	-	-	-	-	-	27,823
Licences and software	27,732	2,283	-	(5,998)	3,622	(854)	(105)	26,680
Intangible assets under development and payments on account	4,143	861	-	-	(3,851)	-	-	1,153
Total	**59,750**	**3,144**	**-**	**(5,999)**	**(229)**	**(854)**	**(105)**	**55,707**

Investments in intangible assets amounted to €3,144 thousand.

Investments in licences and software amounted to €2,283 thousand, of which €1,500 thousand relating to publishing and production systems, and €420 thousand for operating and administrative management software.

Investments in intangible assets under development, totalling €861 thousand, related mainly to software projects in progress, which will become operational in the next year and refer in particular to new product development for €656 thousand.

The amortisation of intangible assets totalled €6,051 thousand. Analysis and review of the useful lives of licences and software began at the start of the year. As a result of the analysis, higher amortisation was applied in the first half of 2016 for €1,161 thousand compared to what would have been calculated by applying the useful lives of the previous year, which ranged from 5 to 10 years. The following table shows the useful life of the intangible assets.

USEFUL LIFE OF INTANGIBLE ASSETS		
Asset category	Useful life	Rate
Trademarks	Indefinite	-
Radio broadcasting frequencies	Indefinite	-
Licences and software	3 - 8 years	12.5%-33%

Software was eliminated for a total of €854 thousand due to its replacement with new systems and therefore no longer in use.

The value for intangible assets with indefinite useful life associated with the value of radio broadcasting frequencies was not impairment tested as, also taking into account recent market transactions, no elements emerged that called for a review of the measurement performed for the financial statements at 31 December 2015.

(4) Investments in associates and joint ventures

INVESTMENTS IN ASSOCIATES AND JOINT VENTURES					
(in thousands of euro)	Opening balance	Increases	Decreases	Impairment losses	Closing balance
Newton Management Innovation S.p.A.	-	580	-	-	580
Total	**-**	**580**	**-**	**-**	**580**

The change is due to the deconsolidation of Newton Management Innovation S.p.A.

The table below illustrates the impact on the Consolidated Statement of Financial Position of the change in consolidation method for Newton Management Innovation S.p.A. and its subsidiary Newton Lab S.r.l.

DECONSOLIDATION OF NEWTON

(in thousands of euro)

NET ASSETS SOLD	
Non-current assets	
Property, plant and equipment	149
Goodwill	2,165
Intangible assets	105
Other non-current assets	-
Deferred tax assets	3
Current assets	
Trade receivables	5,274
Other receivables	12
Other current assets	293
Cash and cash equivalents	624
Non-current liabilities	
Employee benefits	(213)
Deferred tax liabilities	(1)
Current liabilities	
Bank overdrafts and loans - due within one year	(987)
Trade payables	(3,550)
Other payables	(461)
Consolidated carrying amount of deconsolidated assets and liabilities	**3,414**
Carrying amount of the investment	580
Total	**2,834**

The value of the investment was adjusted to the pro-quota equity, in that this represents the fair value of the investment at the date of loss of control, and at 30 June 2016 amounts to €580 thousand. The loss of control and use of the equity accounting method led to the recognition of impairment losses and adjustments totalling €2,834 thousand.

(5) Available-for-sale financial assets

This item relates to non-controlling investments and amounted to €727 thousand, with the following changes compared to 31 December 2015:

NON-CONTROLLING INVESTMENTS				
(in thousands of euro)	Opening balance	Acquisitions	Impairment losses	Closing balance
Ansa Soc. Coop a r.l.	370	-	-	370
Editoriale Ecoprensa S.A.	323	-	-	323
Actinvest Group S.r.l.	225	-	(225)	-
Consorzio Club Dab Italia Scrl	16	-	-	16
C.S.I.E.D.	10	-	-	10
Immobiliare Editoriale Giornali S.r.l.	3	-	-	3
S.F.C. Soc. Consortile per azioni	1	-	-	1
Tavolo Editori Radio S.r.l.	-	4		4
Total	**948**	**4**	**(225)**	**727**

(6) Other non-current assets

At 30 June 2016 these amount to €3,421 thousand, with the following breakdown:

OTHER NON-CURRENT ASSETS			
(in thousands of euro)	30.06.2016	31.12.2015 Restated	Change
Guarantee deposits	623	621	2
Vendor Loan	-	25,537	(25,537)
Tax assets	2,798	2,798	-
Total	**3,421**	**28,956**	**(25,535)**

An agreement was reached on 24 February 2016 for the early settlement of the vendor loan, with repayment by Team System of the entire principal of €22,500 thousand, plus €2 million interest. The original maturity of the Vendor Loan relating to sale of the Software Area was 15 November 2020. The full amount of €24,500 thousand was paid in a lump sum on 3 March 2016.

The tax assets refer to amounts for which reimbursement was requested in previous years in relation to the deductibility of IRAP for IRES purposes.

(7) Deferred tax assets and liabilities

These items show the impact of deferred tax assets and liabilities. These are respectively calculated on the deductible and taxable differences that temporarily arise between carrying amounts and their tax values.

The amounts of deferred tax assets and liabilities at 30 June 2016 and 31 December 2015 are shown below:

DEFERRED TAX ASSETS			
(in thousands of euro)	30.06.2016	31.12.2015 Restated	Change
Deferred tax assets	**36,555**	**47,439**	**(10,883)**
DEFERRED TAX LIABILITIES			
(in thousands of euro)	30.06.2016	31.12.2015 Restated	Change
Deferred tax liabilities	**5,211**	**5,212**	**(1)**

Deferred tax assets decreased by €10,883 thousand, €10,408 thousand of which relating to the adjustment of deferred tax assets on prior years' losses, defined on the basis of their likelihood of recovery in accordance with guidelines in the 2016-2020 Business Plan.

In the next few years constant verification will be made, even on an interim basis if appropriate, of any variance between the forecasts in the Strategic Plan now pending approval and the final figures available. Any variance will trigger the consideration of support for any further action, if necessary, on the residual value of deferred tax assets.

Deferred tax assets reduced by an additional €473 thousand as a result of the transformation into tax assets, to the extent envisaged in Article 2, paragraphs 55-57, Italian Law Decree no. 225 of 29 December 2010, and by €2 thousand following the deconsolidation of Newton Management Innovation.

The total theoretical tax assets on losses, for which the Group waived recognition, amounted to €44,922 thousand, including €9,422 thousand relating to the first half of 2016.

In this respect, note that Article 23, paragraph 9 of Italian Decree Law no. 98 of 6 July 2011 allows the recovery of tax losses with no time limit.

Current assets

(8) Inventories

INVENTORIES			
(in thousands of euro)	30.06.2016	31.12.2015 Restated	Change
Paper	3,168	3,923	(755)
Ink	127	115	12
Photographic material	67	73	(6)
Raw and ancillary materials and consumables	**3,362**	**4,111**	**(749)**
Work in progress and semi-finished products	**(0)**	**7**	**(7)**
Books	971	1,238	(267)
Software	0	0	-
CDs	109	115	(6)
Other products	64	64	-
Allowance for inventory write-down - finished products	(373)	(471)	98
Finished products	**772**	**946**	**(174)**
Other goods bought	520	570	(50)
Allowance for inventory write-down - goods	(106)	(71)	(35)
Goods	**413**	**499**	**(86)**
Total	**4,547**	**5,564**	**(1,017)**

Inventories are recognised net of the allowance for inventory write-down, which featured the following movements:

ALLOWANCE FOR INVENTORY WRITE-DOWN					
(in thousands of euro)	Opening balance - Restated	Provisions	Use of provisions	Reclassifications and other changes	Closing balance
Allowance for inventory write-down - finished products	(471)	(21)	119	-	(373)
Allowance for inventory write-down - goods	(71)	-	4	(40)	(106)
Total	**(542)**	**(21)**	**124**	**(40)**	**(479)**

(9) Trade receivables

Trade receivables stem from the normal course of continuing operations and featured the following breakdown:

TRADE RECEIVABLES			
(in thousands of euro)	30.06.2016	31.12.2015 Restated	Change
Trade receivables	112,142	120,212	(8,070)
Provision for returns to be received	(436)	(300)	(136)
Allowance for impairment	(14,615)	(14,917)	301
Net trade receivables	**97,090**	**104,995**	**(7,905)**
Receivables from associates and non-controlling investments	79	0	79
Total	**97,170**	**104,995**	**(7,825)**

Trade receivables are shown net of the provision for returns to be received and the allowance for impairment. Changes in these provisions and allowances for impairment were as follows:

PROVISION FOR RETURNS TO BE RECEIVED AND ALLOWANCE FOR IMPAIRMENT					
(in thousands of euro)	Opening balance - Restated	Provisions	Use of provisions	Changes in scope of consolidation	Closing balance
Provision for returns to be received	(300)	(146)	9	-	(436)
Allowance for impairment	(14,917)	(2,010)	2,287	24	(14,615)
Total	**(15,217)**	**(2,156)**	**2,297**	**24**	**(15,052)**

(10) Other receivables

OTHER RECEIVABLES			
(in thousands of euro)	30.06.2016	31.12.2015 Restated	Change
Ordinary advances to suppliers	5,382	3,739	1,643
Current income tax	1,352	1,080	273
Tax assets	2,514	2,332	182
Receivables from employees	315	337	(22)
Other receivables	1,743	2,333	(590)
Total	**11,306**	**9,820**	**1,486**

The detail of tax assets is shown below:

TAX ASSETS			
(in thousands of euro)	30.06.2016	31.12.2015 Restated	Change
VAT receivables	2,183	2,013	170
VAT awaiting reimbursement	67	67	-
Other receivables	48	21	27
VAT receivable from the French tax authority	216	223	(7)
Total	**2,514**	**2,324**	**190**

The breakdown of other receivables, in the amount of €1,743 thousand at 30 June 2016, is as follows:

OTHER RECEIVABLES			
(in thousands of euro)	30.06.2016	31.12.2015 Restated	Change
Receivables from Poste Italiane	516	997	(481)
Advances to agents	445	448	(3)
Receivables from social security institutions	158	122	36
Other	624	743	(119)
Total	**1,743**	**2,310**	**(567)**

(11) Other current financial assets

Other current financial assets amounted to €621 thousand and refer to amounts due from Newton Management Innovation S.p.A.

(12) Other current assets

Other current assets are made up of prepaid expenses as follows:

PREPAID EXPENSES			
(in thousands of euro)	30.06.2016	31.12.2015	Change
Agents' commissions	4,831	3,028	1,803
Conference, exhibition and expo organisation expenses	912	409	503
Licence fees	593	151	442
Hardware and software maintenance fees	352	483	(131)
Bank commissions	347	85	262
Lease payments	-	1,079	(1,079)
Sundry taxes	232	228	4
Insurance premiums	154	187	(33)
IT services	94	-	94
Other	255	549	(294)
Total	**7,770**	**6,199**	**1,571**

(13) Cash and cash equivalents

Cash and cash equivalents amounted to €29,381 thousand, down €9,817 thousand compared to the start of the year. They consist of cash, cash equivalents and demand or short-term bank deposits that are actually available and readily convertible into cash.

Cash and cash equivalents totalling €-5,635 thousand are reported in the Consolidated Statement of Cash Flows, net of current account overdrafts and portions due within one year of bank borrowings as shown below:

CASH AND CASH EQUIVALENTS		
(in thousands of euro)	30.06.2016	31.12.2015 Restated
Cash and cash equivalents	29,381	39,198
Bank overdrafts - due within one year	(118)	(5,944)
Current portion of medium/long-term loans	(34,898)	(50,996)
CLOSING CASH AND CASH EQUIVALENTS	**(5,635)**	**(17,742)**

Equity

(14) Share capital

Share capital, fully subscribed and paid in, amounts to €35,123,787, divided into 133,333,213 shares, of which 90,000,000 ordinary shares (67.50% of share capital) and 43,333,213 special shares (32.50% of share capital), of which 3,302,027 treasury shares.

There has been no change in the share capital or the number of treasury shares since the financial statements at 31 December 2015. The carrying amount of treasury shares (€22,447 thousand) was cancelled out by an equity item of the same amount.

(15) Equity reserves

Equity reserves amounted to €61,728 thousand, down €21,253 thousand compared to 31 December 2015 as a result of coverage of the parent's losses for 2015, as approved by the Shareholders' Meeting of 29 April 2016.

(16) Legal reserve

The legal reserve totals €7,025 thousand and remains unchanged compared to the previous year.

(17) Negative goodwill

The negative goodwill amounts to €11,272 thousand, remaining unchanged compared to the previous year.

(18) Post-employment benefit reserve (IFRS adjustment)

The post-employment benefit reserve (IFRS adjustment) rose from a negative €3,598 thousand to a negative €4,604 thousand due to the actuarial adjustment to post-employment benefits.

(19) Losses carried forward

Losses carried forward amount to €32,851 thousand (€29,409 thousand at the start of the year). The change in the period is due to changes in the 2015 year-end result.

(20) Loss for the period

The first half closed with a loss of €49,801 thousand. The loss attributable to owners of the parent was €49,803 thousand. The profit attributable to non-controlling interests was €2 thousand.

Non-current liabilities

(21) Non-current financial liabilities

Non-current financial liabilities amount to €6,428 thousand and comprise the residual portion of the debt relating to the sale and lease back of the Bologna rotary printing press. At 31 December 2015 they totalled €6,687 thousand.

(22) Employee benefits

Employee benefits amount to €24,773 thousand, with changes since the start of the year as follows:

EMPLOYEE BENEFITS						
(in thousands of euro)	Opening balance	Cost of labour	Net financial income	Actuarial gains	Uses and other changes	Closing balance
Post-employment benefits	24,846	53	206	1,007	(1,126)	24,773
Total	**24,846**	**53**	**206**	**1,007**	**(1,126)**	**24,773**

The actuarial assumptions used to estimate the benefits to be awarded on termination of employment are the same as those used in the financial statements at 31 December 2015.

(23) Provisions for risks and charges

PROVISIONS FOR RISKS AND CHARGES					
(in thousands of euro)	Opening balance	Provisions	Use of provisions	Other changes	Closing balance
Provision for legal disputes	1,818	313	(597)	-	1,534
Provision for sundry risks	1,759	103	(323)	-	1,539
Provision for agents' indemnities	4,975	281	(119)	-	5,137
Total	**8,553**	**697**	**(1,040)**	**0**	**8,210**

The provision for legal disputes (€1,534 thousand) covers litigation risks known at the interim reporting date. These risks relate in particular to personnel lawsuits (€550 thousand), disputes with social security institutions (€239 thousand), lawsuits against the newspaper (€447 thousand), against the Radio (€135 thousand), forecast legal expenses (€108 thousand) and other litigation (€65 thousand).

The provision for sundry risks totalled €1,539 thousand, mainly referring to risks of a commercial nature.

The provision for agents' indemnities covers the risks deriving from early termination of the contract and those relating to discontinuation of the agency relationship as per Article 1751 of the Italian Civil Code.

Current liabilities

(24) Bank overdrafts and loans - due within one year

These amounted to €51,652 thousand with the following breakdown:

BANK OVERDRAFTS AND LOANS - DUE WITHIN ONE YEAR			
(in thousands of euro)	30.06.2016	31.12.2015 Restated	Change
Short-term bank loans and borrowings	16,635	9,514	7,121
Bank overdrafts due within one year	118	5,944	(5,825)
Current portion of medium/long-term loans	34,898	50,996	(16,097)
Total	**51,652**	**66,453**	**(14,802)**

(25) Other current financial liabilities

Other current financial liabilities amounted to €1,486 thousand and refer to a contract signed on 1 September 2015 with Fondazione Vodafone.

(26) Trade payables

TRADE PAYABLES			
(in thousands of euro)	30.06.2016	31.12.2015 Restated	Change
Suppliers	92,391	93,577	(1,186)
Deferred income	46,867	42,824	4,043
Trade payables to associates and non-controlling investments	247	46	201
Other trade payables	4,175	8,261	(4,086)
Total	**143,681**	**144,707**	**(1,028)**

The breakdown of deferred trade-related income is shown below:

DEFERRED INCOME			
(in thousands of euro)	30.06.2016	31.12.2015 Restated	Change
Online publications by subscription	31,871	25,121	6,750
Il Sole 24 ORE newspaper subscriptions	6,958	5,987	971
Sale of magazines	4,174	4,948	(774)
Conferences	2,500	5,635	(3,135)
Services	746	312	434
Lease income	606	484	122
Other deferred income	12	337	(325)
Total	**46,867**	**42,824**	**4,043**

Other trade payables refer mainly to payables to agents.

(27) Other current liabilities

Other current liabilities amount to €165 thousand, with the following breakdown:

OTHER CURRENT LIABILITIES			
(in thousands of euro)	30.06.2016	31.12.2015 Restated	Change
Accrued liabilities	10	4	6
Current tax liabilities	155	238	(83)
Total	**165**	**242**	**(77)**

(28) Other payables

OTHER PAYABLES			
(in thousands of euro)	30.06.2016	31.12.2015 Restated	Change
Payables to employees for restructuring	10,456	6,582	3,874
Social security institutions	4,818	6,118	(1,300)
Tax liabilities	4,791	8,124	(3,333)
Payables for holidays accrued and not taken	9,399	6,983	2,416
Other employee payables	936	1,885	(949)
13th and 14th month salaries accrued and not yet paid	4,179	2,445	1,734
Miscellaneous payables	2,198	2,286	(89)
Total	**36,777**	**34,423**	**2,355**

Tax liabilities totalling €4,791 thousand refer to withholding tax on payroll and on freelancers' invoices and to VAT payable.

Payables to employees for restructuring include the provision of €5,500 thousand and the residual portions totalling €4,956 thousand of provisions made in previous years. The change of €1,300 thousand refers to outlay relating to restructuring costs for work carried out during the first half in accordance with plans.

Consolidated Statement of Profit or Loss

(29) Revenue

REVENUE				
(in thousands of euro)	1st Half 2016	1st Half 2015 Restated	Change	% change
Publishing revenue	65,676	69,795	(4,120)	-5.9%
Advertising revenue	59,698	62,940	(3,242)	-5.2%
Other revenue	26,445	32,672	(6,226)	-19.1%
Total	**151,819**	**165,407**	**(13,588)**	**-8.2%**

In the first half of 2016, the 24 ORE Group achieved **consolidated revenue** of €151,819 thousand, down by €13,588 thousand compared to the same period in 2015.

Publishing revenue amounted to €65,676 thousand, with a decrease of €4,120 thousand compared to the first half of 2015. The change is attributable to printed products, particularly books, magazines and add-ons, which decreased overall by €4,830 thousand.

Advertising revenue dropped by €3,242 thousand (-5.2%), mainly due to the loss of a number of third-party concessions.

Other revenue was down by 19.1%, largely as a result of the deconsolidation of the Newton subsidiaries.

(30) Other operating income

OTHER OPERATING INCOME				
(in thousands of euro)	1st Half 2016	1st Half 2015 Restated	Change	% change
Prior year income	250	1,521	(1,270)	-83.5%
Sundry expense recoveries	1,477	1,494	(17)	-1.1%
Grants	99	230	(131)	-57.0%
Lease income	531	1,268	(737)	-58.1%
Other	98	2,469	(2,371)	-96.0%
Total	**2,456**	**6,982**	**(4,526)**	**-64.8%**

In the first half of 2015, provisions totalling €2,237 thousand were released due to the removal of contractual charges associated with completion of the improvement works on the Via Monte Rosa offices and with the favourable outcome of pending disputes relating to the acquisition of ESA Software.

(31) Personnel expense

PERSONNEL EXPENSE				
(in thousands of euro)	1st Half 2016	1st Half 2015 Restated	Change	% change
Wages & salaries	36,761	35,616	1,145	3.2%
Social security charges & pension contributions	12,398	11,995	403	3.4%
Post-employment benefits	2,876	3,038	(162)	-5.3%
Overtime, holidays and other expense	10,165	4,321	5,844	135.3%
Total	**62,200**	**54,970**	**7,230**	**13.2%**

Personnel expense amounted to €62,200 thousand, recording an increase of €7,230 thousand compared to the first half of 2015, when it totalled €54,970 thousand. Restructuring costs of €5,500 thousand were allocated. The increase also derives from the review of solidarity agreements with journalists and from non-recurring expense relating to the resignation of the former Chief Executive Officer.

The average headcount increased by 4 compared to the first half of 2015. Employees in service now number 1,236, compared with 1,232 at 30 June 2015. Net of the deconsolidation of the Newton subsidiaries, the average headcount rose by 17 staff. This increase was due to application of the Jobs Act, which allowed atypical contracts to be transformed into permanent employment contracts, with access to relief on contributions envisaged by the law, essentially without added costs.

(32) Purchases of raw materials and consumables

PURCHASES OF RAW MATERIALS AND CONSUMABLES				
(in thousands of euro)	1st Half 2016	1st Half 2015 Restated	Change	% change
Paper	3,713	4,115	(402)	-9.8%
Goods for resale	595	679	(84)	-12.4%
Photographic material and ink	468	557	(89)	-16.0%
Plant maintenance materials	321	250	71	28.4%
Fuel	122	141	(19)	-13.4%
Other sundry costs	255	329	(74)	-22.5%
Total	**5,474**	**6,072**	**(597)**	**-9.8%**

(33) Services

SERVICES				
(in thousands of euro)	1st Half 2016	1st Half 2015 Restated	Change	% change
Commissions & other selling expenses	15,753	13,779	1,974	14.3%
Distribution	12,699	12,632	67	0.5%
Advertising and commercial expense	9,867	12,707	(2,840)	-22.4%
Advertising expense due to third-party publishers	9,075	10,280	(1,205)	-11.7%
Expenses for conferences and exhibitions	6,831	11,024	(4,193)	-38.0%
Editorial costs	5,141	5,525	(384)	-7.0%
IT and Software services	4,122	4,582	(460)	-10.0%
Printing costs	3,428	4,166	(738)	-17.7%
Other advisory service costs	2,482	1,939	543	28.0%
Miscellaneous production costs	2,397	6,550	(4,153)	-63.4%
Utilities (telephone, electricity, water, etc.)	2,183	2,388	(205)	-8.6%
Administrative services	1,357	1,407	(50)	-3.6%
Maintenance & repairs	1,326	1,443	(117)	-8.1%
General facility services	1,203	1,263	(60)	-4.8%
Employee services	1,189	1,306	(117)	-9.0%
Press agencies	1,270	1,197	73	6.1%
Set-up costs	993	1,145	(152)	-13.3%
Personnel expense refunds	823	911	(88)	-9.7%
Corporate bodies' and independent auditors' fees	641	570	71	12.5%
Bank expenses	613	581	32	5.5%
Insurance	682	840	(158)	-18.8%
News purchase	620	565	55	9.7%
Product warehousing costs	360	395	(35)	-8.9%
Packing costs	174	99	75	75.6%
Total	**85,230**	**97,292**	**(12,062)**	**-12.4%**

Service costs amount to €85,230 thousand, down by €12,062 thousand compared to the restated figure for the first half of 2015. The decrease refers to the main cost items except for commission expenses and other selling costs, which increased by €974 thousand due to the different product mix sold.

(34) Use of third party assets

USE OF THIRD PARTY ASSETS				
(in thousands of euro)	1st Half 2016	1st Half 2015 Restated	Change	% change
Lease payments	6,636	6,657	(21)	-0.3%
Car rental for company/private use	1,399	1,527	(128)	-8.4%
Hardware lease costs	884	449	435	97.0%
Rental of radio transmission equipment	615	636	(21)	-3.3%
Royalties	496	654	(158)	-24.2%
Copyright royalties	301	342	(41)	-12.0%
Other fees	696	871	(175)	-20.1%
Other sundry costs	240	125	114	91.0%
Total	**11,266**	**11,260**	**6**	**0.1%**

(35) Other operating costs

OTHER OPERATING COSTS				
(in thousands of euro)	1st Half 2016	1st Half 2015 Restated	Change	% change
Prior year costs	1,268	762	506	66.5%
VAT borne by publisher	660	791	(131)	-16.5%
Miscellaneous taxes	781	763	18	2.4%
Entertainment expenses	297	284	13	4.6%
Purchase of newspapers and magazines	167	248	(82)	-32.8%
Association membership fees	183	164	18	11.1%
Prize competition expenses	472	167	305	182.7%
Contractual charges on the Pero property	1,710	-	1,710	
Other miscellaneous expenses	589	327	262	80.1%
Total	**6,128**	**3,507**	**2,621**	**74.7%**

The increase in prior year losses is mainly attributable to 24 ORE Cultura for €439 thousand.

The contractual charges on the Pero property in Milan refers to the early cancellation of the related lease, with a view to downsizing occupied office space. The termination agreement was finalised on 31 March 2016. The property was released in July 2016.

(36) Impairment losses on intangible assets

These refer mainly to software write-offs for €854 thousand due to its replacement with new systems and therefore no longer in use.

(37) Net losses on disposal of non-current assets

During the first half of the year, following the early cancellation of the lease on the Pero offices, assets relating to the Pero property were sold for a total of €2,104 thousand.

(38) Net financial income (expense)

NET FINANCIAL INCOME (EXPENSE)				
(in thousands of euro)	1st Half 2016	1st Half 2015 Restated	Change	% change
Financial income from investment of cash and cash equivalents	9	6	3	52.8%
Other financial income	104	948	(844)	-89.1%
Exchange rate gains	65	-	65	
Total income	**178**	**953**	**(776)**	**-81.4%**
Exchange rate losses	(75)	(79)	4	5.4%
Financial expenses on loans and borrowings	(1,415)	(1,128)	(287)	-25.5%
Financial expenses on vendor loan	(1,037)	-	(1,037)	
Other financial expenses	(585)	(590)	4	0.7%
Total expenses	**(3,112)**	**(1,797)**	**(1,315)**	**-73.2%**
Total	**(2,934)**	**(843)**	**(2,091)**	**-247.9%**

The net financial expense totalled €2,934 thousand, down €2,091 thousand compared to the restated figure for the first half of 2015, of which €1,942 thousand due to the effect of early collection of the vendor loan. In fact, the amount collected was €24,500 thousand, against a receivable of €25,537 thousand, resulting in expense of €1,037 thousand. Financial income had been recognised in the first half of the previous year for €905 thousand. The breakdown of net financial income and expense is as follows:

- €178 thousand in financial income referring to income on cash and cash equivalents and exchange rate gains, lower than in the first half of 2015 due to there no longer being interest income on the vendor loan;
- €3,112 thousand in financial expense, up compared to the same period last year mainly due to the effect of expense on early collection of the vendor loan, and the higher financial expense on current financial liabilities in relation to greater use of the short-term bank credit facilities and the syndicated loan.

(39) Other income (expenses) from investment assets

An impairment loss of €225 thousand was recorded on the non-controlling investment in Actinvest Group S.r.l.

(40) Income taxes

The main income tax items for the periods ending 30 June 2016 and 30 June 2015 were as follows:

INCOME TAXES			
(in thousands of euro)	1st Half 2016	1st Half 2015 Restated	Change
IRES (corporate income tax)	-	(256)	256
IRAP (regional productivity tax)	(127)	(102)	(25)
Prior year taxes	34	(443)	477
Foreign taxes	(40)	(14)	(26)
Total current taxes	**(133)**	**(815)**	**682**
Deferred tax assets/liabilities	(10,408)	(1)	(10,407)
Deferred tax assets/liabilities	**(10,408)**	**(1)**	**(10,407)**
Total	**(10,541)**	**(816)**	**(9,725)**

Income taxes are calculated at the rate expected to be applied at the close of the year.

The Group has recorded an overall loss; however, a current tax liability is envisaged as certain Group companies recorded a positive taxable amount for IRAP purposes. The tax payable totals €133 thousand.

The current tax payable is less than that recorded in the previous half year, when it totalled €815 thousand.

With respect to the comparison period, the improvement is due to extension of the Tax Consolidation to all Group companies.

An assessment of the deferred tax assets was performed based on guidelines in the 2016-2020 plan, estimating the probability of recovery of the values recognised in the financial statements. This assessment led to a €10,408 thousand reduction in deferred tax assets. No new deferred tax assets have been recognised from 2013 onwards.

The Group does not calculate tax liabilities on suspended funds for which no distribution is envisaged.

9. Segment reporting

Segment reporting has been prepared in such a way as to provide the information necessary to evaluate the nature and financial effects of operating activities and of the economic environments concerned.

The operating segments have been identified based on business operating activities generating revenue and costs, whose results are regularly reviewed at the highest operating decision-making level to decide on resource allocation and assess results, and for which separate financial information is available.

An operating segment identified in compliance with the qualitative requirements illustrated above is subject to separate reporting when the following quantitative limits have been exceeded:

- the segment's reported revenue, from both external customers and inter-segment sales, accounts for at least 10% of the combined total revenue of all operating segments;
- its reported profit or loss accounts for at least 10% of the greater, in absolute amount, of the combined reported profit of all operating segments that reported a profit and the combined reported loss of all operating segments that reported a loss;
- its assets account for at least 10% of the combined assets of all operating segments.

If the above quantitative thresholds have not been exceeded, but corporate management has deemed it useful to provide separate disclosure to aid evaluation of the nature and financial effects of the related operating activities, the operating segments identified to this end have been subjected to detailed disclosure.

The operating segments for which the Group provides separate reporting are as follows:

- **Publishing & Digital** is the division responsible for the daily newspaper Il Sole24 ORE, digital products associated with the daily newspaper, broadsheets, products annexed to the daily newspaper, magazines, add-ons, the web site and the Radiocor Plus press agency.
- **Tax & Legal** develops integrated product systems with a technical and regulatory content, targeting professionals, companies and public administration. The specific market segments are covered by three main business lines - Tax/Labour/Economy; Law; Construction and Public Administration - which satisfy all information, education and operating needs of the reference target through specialised information tools that are strongly integrated: books, magazines, databases and web services.
- The **Radio** area manages the national Radio 24 broadcaster, News & Talk radio with an editorial format alternating news and entertainment programmes based almost exclusively on speech.
- **System** is the division acting as the advertising sales agency for the Group's main media and for some third-party media.
- **Education & Services** provides specialist training to young university graduates, managers and professionals and organises annual conferences and events on a contract basis for large customers all over Italy. Included in this area are the activities of the subsidiary Next 24 S.r.l., which provides support services to businesses in their innovation and digital transformation processes.

- **Culture** produces publishing content in two segments - the production of exhibitions and book publication - and includes Group activities in the Culture segment, through 24ORE Cultura S.r.l. and its subsidiaries Ticket 24 ORE S.r.l. and Food 24 S.r.l.
- **Corporate and Centralised Services** includes the Group coordination departments and services related to support processes.

In compliance with the provisions of IAS 34 Interim financial reporting, the following information is provided in relation to the segments identified:

- revenue from external customers, as periodically presented at the highest operating decision-making level, for measuring segment profit or loss;
- measurement of segment profits and losses, consisting of gross operating profit/loss and operating profit or loss;
- a description of any differences since the last annual financial statements in the basis for subdividing the operating segments;
- the assets for each sector are shown for assessment of segment performance and mainly concern property, plant and equipment, intangible assets, goodwill and trade receivables;
- reconciliation of the total measurements of segment profit or loss subject to disclosure with respect to the profit or loss deriving from the Consolidated Statement of profit or loss for the period, before taxes and gains or losses from discontinued operations.

The Group's activities are concentrated primarily in Italy, with its activities in other countries being immaterial. With regard to disclosures about company customers, there are no external customers who individually represent more than 10% of the Group's total revenue.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS BY BUSINESS SEGMENT								
SEGMENT	Revenue from third parties	Inter-segment revenue	Tot. revenue	GOP/GOL	Depreciation & Amortisation	Impairment losses	Gains/losses	Operating profit (loss)
PUBLISHING & DIGITAL								
1st Half 2016	39,391	30,557	69,948	(11,482)	(1,589)	(4)	0	(13,075)
1st Half 2015	40,539	31,629	72,169	(11,802)	(1,587)	-	1,037	(12,352)
TAX&LEGAL								
1st Half 2016	31,667	1,436	33,103	5,630	(288)	(2)	0	5,341
1st Half 2015	32,098	1,231	33,329	7,533	(251)	-	(4)	7,278
RADIO								
1st Half 2016	196	8,543	8,739	745	(287)	(0)	0	458
1st Half 2015	262	8,549	8,810	1,229	(321)	-	-	907
SYSTEM								
1st Half 2016	59,926	-	59,926	(1,243)	(4)	(0)	-	(1,248)
1st Half 2015	63,206	25	63,232	2,338	(3)	-	-	2,335
EDUCATION & SERVICES								
1st Half 2016	10,045	701	10,746	(36)	(31)	(2,834)	-	(2,902)
1st Half 2015	16,622	447	17,069	2,045	(92)	-	-	1,953
CULTURE								
1st Half 2016	9,780	330	10,110	(1,740)	(241)	(250)	(35)	(2,266)
1st Half 2015	11,978	95	12,074	(1,721)	(70)	-	-	(1,791)
CORPORATE AND CENTRALISED SERVICES (*)								
1st Half 2016	813	-	813	(11,621)	(7,872)	(847)	(2,069)	(22,409)
1st Half 2015	701	-	701	(2,462)	(6,214)	-	2	(8,674)
CONSOLIDATED								
1st Half 2016	**151,819**	**41,566**	**151,819**	**(19,747)**	**(10,312)**	**(3,938)**	**(2,103)**	**(36,100)**
1st Half 2015	**165,407**	**41,976**	**165,407**	**(2,841)**	**(8,538)**	**-**	**1,034**	**(10,345)**

The figures for the first half of 2015 are presented in restated format.

The operating loss for the Corporate and Centralised Services segment shows a €13.7 million deterioration compared to the first half of 2015, which benefited from the release of provisions for €2.2 million relating to the removal of contractual expenses associated with improvement works on the Via Monte Rosa offices and the successful conclusion of pending disputes regarding the acquisition of ESA Software.
In the first half of 2016 there were non-recurring charges totalling €11.7 million, i.e. the one-off costs relating to release of the Pero (MI) offices for €3.8 million, restructuring costs for €5.5 million, costs relating to termination of the former CEO contract for €1.5 million and the write-off of licences and software for €0.8 million.

ASSETS BY SEGMENT				
SEGMENT	Property, plant and equipment	Goodwill	Intangible assets	Trade receivables
PUBLISHING & DIGITAL				
1st Half 2016	14,987	-	295	21,514
Year 2015 Restated	16,395	-	267	13,623
TAX&LEGAL				
1st Half 2016	654	15,982	607	39,879
Year 2015 Restated	829	15,982	327	31,071
RADIO				
1st Half 2016	1,587	-	27,865	205
Year 2015 Restated	1,715	-	27,837	200
SYSTEM				
1st Half 2016	9	-	16	26,555
Year 2015 Restated	10	-	19	35,870
EDUCATION & SERVICES				
1st Half 2016	35	-	273	3,353
Year 2015 Restated	183	2,165	324	12,537
CULTURE				
1st Half 2016	2,917	-	156	4,561
Year 2015 Restated	3,102	250	177	7,975
CORPORATE AND CENTRALISED SERVICES				
1st Half 2016	22,612		26,495	1,103
Year 2015 Restated	26,421		30,799	3,719
CONSOLIDATED				
1st Half 2016	**42,801**	**15,982**	**55,707**	**97,170**
Year 2015 Restated	**48,655**	**18,397**	**59,750**	**104,995**

10. Other information

10.1 Restated financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION						
(in thousands of euro)	31.12.2014	Database adjustments	EMC consolidation adjustments	Rotary printing press	Reclassification of the financial debt	1.1.2015 Restated
ASSETS						
Non-current assets						
Property, plant and equipment	45,414		6	7,033		52,453
Goodwill	18,147					18,147
Intangible assets	59,519		57			59,576
Investments in associates and joint ventures	20					20
Available-for-sale financial assets	909					909
Other non-current assets	26,977					26,977
Deferred tax assets	57,732					57,732
Total	**208,719**	**-**	**63**	**7,033**	**-**	**215,815**
Current assets						
Inventories	6,779					6,779
Trade receivables	112,033		148			112,181
Other receivables	10,785		45			10,830
Other current financial assets	(0)					(0)
Other current assets	4,528	1,312				5,840
Cash and cash equivalents	34,476		11			34,487
Total	**168,601**	**1,312**	**205**	**-**	**-**	**170,117**
Assets held for sale						
TOTAL ASSETS	**377,319**	**1,312**	**268**	**7,033**	**-**	**385,932**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONT.)						
(in thousands of euro)	31.12.2014	Database adjustments	EMC consolidation adjustments	Rotary printing press	Reclassification of the financial debt	1.1.2015 Restated
EQUITY AND LIABILITIES						
Equity						
Equity attributable to owners of the parent						
Share capital	35,124					35,124
Equity reserves (share premium reserve)	98,814					98,814
Legal reserve	7,025					7,025
Negative goodwill	11,272					11,272
Post-employment benefit reserve (IFRS adjustment)	(4,593)					(4,593)
Other reserves	(14)		277			263
Losses carried forward	(28,012)	(6,657)		(620)		(35,289)
Loss for the period	(9,811)					(9,811)
Total	**109,804**	**(6,657)**	**277**	**(620)**	**-**	**102,804**
Equity attributable to non-controlling interests						
Capital and reserves attributable to non-controlling interests	273					273
Profit (loss) attributable to non-controlling interests	491					491
Total	**764**	**-**	**-**	**-**	**-**	**764**
Total equity	**110,568**	**(6,657)**	**277**	**(620)**	**-**	**103,568**
Non-current liabilities						
Non-current financial liabilities	15,044			7,653		22,697
Employee benefits	27,457					27,457
Deferred tax liabilities	6,678					6,678
Provisions for risks and charges	11,304					11,304
Other non-current liabilities	0					0
Total	**60,483**	**-**	**-**	**7,653**	**-**	**68,136**
Current liabilities						
Bank overdrafts and loans - due within one year	17,197					17,197
Other current financial liabilities	-					-
Liabilities for financial instruments held for trading	19					19
Trade payables	149,877	7,969	(85)			157,761
Other current liabilities	44		34			77
Other payables	39,131		42			39,174
Total	**206,268**	**7,969**	**(9)**	**-**	**-**	**214,228**
Liabilities held for sale	-	-	-	-	-	-
Total liabilities	**266,751**	**7,969**	**(9)**	**7,653**	**-**	**282,364**
TOTAL EQUITY AND LIABILITIES	**377,319**	**1,312**	**268**	**7,033**	**-**	**385,932**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION						
(in thousands of euro)	31.12.2015	Database adjustments	EMC consolidation adjustments	Rotary printing press	Reclassification of the financial debt	31.12.2015 Restated
ASSETS						
Non-current assets						
Property, plant and equipment	42,625		14	6,016		48,655
Goodwill	18,397					18,397
Intangible assets	59,696		54			59,750
Investments in associates and joint ventures	-					-
Available-for-sale financial assets	948					948
Other non-current financial assets	-					-
Other non-current assets	28,956					28,956
Deferred tax assets	47,439					47,439
Total	**198,060**	**-**	**68**	**6,016**	**-**	**204,144**
Current assets						
Inventories	5,564					5,564
Trade receivables	104,922		74			104,995
Other receivables	9,772		48			9,820
Other current assets	4,705	1,495				6,200
Cash and cash equivalents	39,139		58			39,198
Total	**164,101**	**1,495**	**180**	**-**	**-**	**165,776**
Assets held for sale						
TOTAL ASSETS	**362,161**	**1,495**	**248**	**6,016**	**-**	**369,920**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONT.D)						
(in thousands of euro)	31.12.2015	Database adjustments	EMC consolidation adjustments	Rotary printing press	Reclassification of the financial debt	31.12.2015 Restated
EQUITY AND LIABILITIES						
Equity						
Equity attributable to owners of the parent						
Share capital	35,124					35,124
Equity reserves (share premium reserve)	82,981					82,981
Legal reserve	7,025					7,025
Negative goodwill	11,272					11,272
Post-employment benefit reserve (IFRS adjustment)	(3,598)					(3,598)
Other	-		303			303
Losses carried forward	(22,132)	(6,657)		(620)		(29,409)
Loss for the period	(24,012)	(833)	(19)	(547)		(25,412)
Total	**86,659**	**(7,490)**	**284**	**(1,167)**	**-**	**78,286**
Equity attributable to non-controlling interests						
Capital and reserves attributable to non-controlling interests	596					596
Loss attributable to non-controlling interests	(86)					(86)
Total	**511**	**-**	**-**	**-**	**-**	**511**
Total equity	**87,170**	**(7,490)**	**284**	**(1,167)**	**-**	**78,797**
Non-current liabilities						
Non-current financial liabilities	15,000			6,687	(15,000)	6,687
Employee benefits	24,846					24,846
Deferred tax liabilities	5,212					5,212
Provisions for risks and charges	8,553					8,553
Other non-current liabilities	0					0
Total	**53,611**	**-**	**-**	**6,687**	**(15,000)**	**45,298**
Current liabilities						
Bank overdrafts and loans - due within one year	50,957			496	15,000	66,453
Trade payables	135,774	8,985	(52)			144,707
Other current liabilities	242		-			242
Other payables	34,406		16			34,423
Total	**221,380**	**8,985**	**(36)**	**496**	**15,000**	**245,825**
Liabilities held for sale	-	-	-	-	-	-
Total liabilities	**274,990**	**8,985**	**(36)**	**7,183**	**-**	**291,122**
TOTAL EQUITY AND LIABILITIES	**362,161**	**1,495**	**248**	**6,016**	**-**	**369,920**

CONSOLIDATED STATEMENT OF PROFIT (LOSS) FOR THE PERIOD

(in thousands of euro)	1st Half 2015	Database adjustments	EMC consolidation adjustments	Rotary printing press	Advertising revenue adjustments	1st Half 2015 Restated
1) Continuing operations						
Total revenue	**168,975**	**(1,604)**	**124**		**(2,089)**	**165,407**
Other operating income	6,982	-	-			6,982
Personnel expense	(54,897)	-	(73)			(54,970)
Change in inventories	(709)	-	-			(709)
Purchase of raw materials and consumables	(6,047)	-	(25)			(6,072)
Services	(97,775)	91	(44)	437		(97,292)
Use of third party assets	(11,298)	-	38			(11,260)
Other operating costs	(3,480)	-	(27)			(3,507)
Provisions	(519)	-	-			(519)
Allowance for impairment	(900)	-	-			(900)
Gross operating profit (loss)	**331**	**(1,513)**	**(7)**	**437**	**(2,089)**	**(2,841)**
Amortisation of intangible assets	(4,228)	-	(2)			(4,229)
Depreciation of property, plant and equipment	(3,799)	-	(2)	(508)		(4,308)
Net gains on disposal of non-current assets	1,034	-	-			1,034
Operating loss	**(6,660)**	**(1,513)**	**(10)**	**(71)**	**(2,089)**	**(10,344)**
Financial income	972	-	-			972
Financial expense	(1,610)	-	-	(205)	-	(1,815)
Net financial income/expense	**(639)**	**-**	**-**	**(205)**	**-**	**(844)**
Loss before tax	**(7,299)**	**(1,513)**	**(10)**	**(276)**	**(2,089)**	**(11,187)**
Income taxes	(814)	-	(2)			(816)
Loss from continuing operations	**(8,113)**	**(1,513)**	**(13)**	**(276)**	**(2,089)**	**(12,004)**
2) Discontinued operations						
Profit (loss) from discontinued operations	**-**	**-**	**-**	**-**	**-**	**-**
Profit (loss) attributable to non-controlling interests	261	-	-	-	-	261
Loss attributable to owners of the parent	**(7,852)**	**(1,513)**	**(13)**	**(276)**	**(2,089)**	**(11,743)**

10.2 Significant events after the end of the period

On 27 September 2016 the Board of Directors approved the 2016-2020 Business Plan guidelines, which in particular envisage:

- recovery of the Group's economic and financial structure through targeted cost-cutting action and operational efficiency improvement;
- action on the areas currently operating at a loss;
- focus on the quality ranking and the strategic role of the daily newspaper;
- positive cash flows to support growth from 2019;
- generation of positive economic results, enhancing the Group's assets and the strength of the Brand: gross operating profit from 2017 and net profit in 2019 (GOP/GOL margin of 10% in 2019);
- stabilising revenue, forecasting a CAGR of 3% over the course of the plan;
- a share capital increase of an amount able to grant self-sufficiency of the business plan from equity and financial points of view.

10.3 Related-party transactions

A related party is a person or entity related to the parent, indicated in compliance with the provisions of IAS 24 Related party disclosures. The definition of related party always includes subsidiaries owned by the associates and joint ventures of the parent.

Pursuant to IAS 34 Interim financial reporting, for any transactions carried out with related parties in the reference period of these condensed interim consolidated financial statements, the nature of the relationship existing with the related party is stated, together with the amount of the transactions, the amount of the existing balances, including commitments, contractual terms and conditions, any guarantee received or provided and any allowance for doubtful receivables or impairment losses on receivables.

The relations between the parent and the subsidiaries are always stated, regardless of any transactions carried out between them.

Information regarding related parties and the relationships with them is included in a summary table, with specific indication of the transactions, positions or balances that have an impact on the Group's Statement of Financial Position, results of operations or cash flows. The transactions and the balances regarding infragroup related parties are eliminated when preparing these condensed interim consolidated financial statements.

Related-party transactions are limited to those with subsidiaries and associates concerning commercial, administrative and financial services. These transactions form part of normal business operations and of the core business of each of the companies involved, and are settled at arm's length.

RELATED PARTIES								
Company	Trade and other receivables	Loan assets	Trade and other payables	Loans and borrowings	Revenue and operating income	Costs	Financial income	Financial expense
Confederazione Generale dell'Industria Italiana (Confederation of Italian Industry)	26	-	-	-	57	-	-	-
Total ultimate parent	**26**	**-**	**-**	**-**	**57**	**-**	**-**	**-**
Newton Management Innovation	26	2	(58)	-	17	(49)	2	-
Newton Lab	35	3	(29)	-	30	(89)	3	-
Joint ventures	**60**	**5**	**(87)**	**-**	**46**	**(138)**	**5**	**-**
Sipi S.p.A.	43	-	(55)	-	36	(45)	-	-
Key management personnel	-	-	(109)	-	-	(2,987)	-	-
Other managers	-	-	(459)	-	-	(2,453)	-	-
Board of Directors	-	-	(260)	-	-	(373)	-	-
Board of Statutory Auditors	-	-	(126)	-	-	(126)	-	-
Other related party persons	-	-	(142)	-	5	(587)	-	(25)
Total other related parties	**43**	**-**	**(1,151)**	**-**	**41**	**(6,571)**	**-**	**(25)**
Total related parties	**129**	**5**	**(1,238)**	**-**	**144**	**(6,709)**	**5**	**(25)**

Trade/other receivables mainly relate to:

- sale of newspapers, books and magazines,
- sale of digital product subscriptions,
- sale of advertising space.

Trade/other payables mainly relate to payable for event management, editorial and management consulting.

Revenue refers mainly to the sale of advertising space in Group-owned publications and of daily newspaper subscriptions.

Costs mainly refer to editorial and management consulting and event management.

Factor commissions of €82 thousand were also recorded among costs. The financial expense refers to receivables factoring.

In addition to the Chief Executive Officer, the key management personnel are three heads of business areas and two heads of central corporate functions. The costs refer to remuneration, social security contributions and post-employment benefits.

10.4 Disclosures pursuant to Consob Resolution No. 15519 of 27 July 2006

Consolidated Statement of Financial Position pursuant to Consob Resolution No. 15519 of 27 July 2006

CONSOLIDATED STATEMENT OF FINANCIAL POSITION					
(in thousands of euro)	Note (*)	30.06.2016	of which related parties	31.12.2015 Restated	of which related parties
ASSETS					
Non-current assets					
Property, plant and equipment	(1)	42,801	-	48,655	-
Goodwill	(2)	15,982	-	18,397	-
Intangible assets	(3)	55,707	-	59,750	-
Investments in associates and joint ventures	(4)	580	-	(0)	-
Available-for-sale financial assets	(5)	727	-	948	-
Other non-current assets	(6)	3,421	-	28,956	-
Deferred tax assets	(6)	36,555	-	47,439	-
Total		**155,774**	**-**	**204,144**	**-**
Current assets					
Inventories	(7)	4,547	-	5,564	-
Trade receivables	(8)	97,170	129	104,995	86
Other receivables	(9)	11,306	-	9,820	-
Other current financial assets	(10)	621	5	0	-
Other current assets	(11)	7,770	-	6,199	-
Cash and cash equivalents	(12)	29,381	-	39,198	-
Total		**150,795**	**134**	**165,775**	**86**
Available-for-sale assets		-	-	-	-
TOTAL ASSETS		**306,570**	**134**	**369,919**	**86**

(*) Paragraph 8 of the Notes to the consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONT.)					
(in thousands of euro)	Note	30.06.2016	of which related parties	31.12.2015 Restated	of which related parties
EQUITY AND LIABILITIES					
Equity					
Equity attributable to owners of the parent					
Share capital	(13)	35,124	-	35,124	-
Equity reserves	(14)	61,728	-	82,981	-
Other reserves	(15)	13,969	-	15,002	-
Losses carried forward	(16)	(32,851)	-	(29,409)	-
Loss attributable to owners of the parent	(17)	(49,803)	-	(25,412)	
Total		**28,168**	**-**	**78,286**	**-**
Equity attributable to non-controlling interests					
Capital and reserves attributable to non-controlling interests	(17)	18	-	596	-
Profit (loss) attributable to non-controlling interests	(17)	2	-	(86)	-
Total		**20**	**-**	**511**	**-**
Total equity		**28,188**	**-**	**78,797**	**-**
Non-current liabilities					
Non-current financial liabilities	(18)	6,428	-	6,687	-
Employee benefits	(19)	24,773	207	24,846	412
Deferred tax liabilities	(20)	5,211	-	5,212	-
Provisions for risks and charges	(21)	8,210	-	8,553	-
Other non-current liabilities	(22)	0	-	0	-
Total		**44,622**	**207**	**45,297**	**412**
Current liabilities					
Bank overdrafts and loans - due within one year	(23)	51,652	-	66,453	-
Other current financial liabilities		1,486		-	-
Trade payables	(25)	143,681	670	144,707	22
Other current liabilities	(26)	165	-	242	-
Other payables	(27)	36,777	361	34,422	488
Total		**233,760**	**1,031**	**245,825**	**510**
Available-for-sale liabilities		-	-	-	-
Total liabilities		**278,382**	**1,238**	**291,122**	**922**
TOTAL EQUITY AND LIABILITIES		**306,570**	**1,238**	**369,919**	**922**

(*) Paragraph 8 of the Notes to the consolidated financial statements.

Consolidated Statement of Profit or Loss pursuant to Consob Resolution no. 15519 of 27 July 2006

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE PERIOD						
(in thousands of euro)	1st Half 2016	of which related parties	of which non-recurring	1st Half 2015 Restated	of which related parties	of which non-recurring
1) Continuing operations						
Revenue	**151,819**	**144**	**-**	**165,407**	**114**	**-**
Other operating income	2,456	-	-	6,982	-	-
Personnel expense	(62,200)	(5,361)	(7,000)	(54,970)	(4,131)	-
Change in inventories	(1,017)	-	-	(709)	-	-
Purchase of raw materials and consumables	(5,474)	-	-	(6,072)	-	-
Services	(85,230)	(1,234)	-	(97,292)	(1,335)	-
Use of third party assets	(11,266)	-	-	(11,260)	-	-
Other operating costs	(6,128)	(113)	(1,710)	(3,507)	-	-
Provisions	(697)	-	-	(519)	-	-
Allowance for impairment	(2,010)	-	-	(900)	-	-
Gross operating profit (loss)	**(19,747)**	**(6,564)**	**(8,710)**	**(2,841)**	**(5,352)**	**-**
Amortisation of intangible assets	(5,999)	-	-	(4,229)	-	-
Depreciation of property, plant and equipment	(4,313)	-	-	(4,309)	-	-
Changes in scope of consolidation	(2,834)	-	(2,834)	-		
Impairment losses on property, plant and equipment and intangible assets	(1,104)	-	(1,104)	-	-	-
Net gains on disposal of non-current assets	(2,103)	-	(2,103)	1,034	-	-
Operating loss	**(36,100)**	**(6,564)**	**(14,751)**	**(10,344)**	**(5,352)**	**-**
Financial income	178	5	-	972	-	-
Financial expense	(3,112)	(25)	(1,037)	(1,815)	-	-
Net financial income/expense	**(2,934)**	**(20)**	**(1,037)**	**(843)**	**-**	
Other income (expenses) from investment assets and liabilities	(225)	-	-	-	-	-
Loss before tax	**(39,259)**	**(6,584)**	**(15,788)**	**(11,187)**	**(5,352)**	**-**
Income taxes	(10,541)	-	(10,408)	(816)	-	-
Loss from continuing operations	**(49,801)**	**(6,584)**	**(26,196)**	**(12,004)**	**(5,352)**	**-**
2) Discontinued operations						
Profit (loss) from discontinued operations	**-**	**-**	**-**	**-**	**-**	**-**
Loss for the period	**(49,801)**	**(6,584)**	**(26,196)**	**(12,004)**	**(5,352)**	**-**
Profit (loss) attributable to non-controlling interests	**2**	**-**	**-**	**(261)**	**-**	**-**
Loss attributable to owners of the parent	**(49,803)**	**(6,584)**	**(26,196)**	**(11,743)**	**(5,352)**	**-**

(*) Paragraph 8 of the Notes to the consolidated financial statements.

Consolidated Statement of Cash Flows pursuant to Consob Resolution No. 15519 of 27 July 2006

CONSOLIDATED STATEMENT OF CASH FLOWS				
(in thousands of euro)	1st Half 2016	Of which related parties	1st Half 2015 Restated	Of which related parties
Loss before tax attributable to owners of the parent [a]	(39,262)	-	(10,639)	-
Adjustments [b]	**19,415**	**-**	**3,079**	**75**
Profit (loss) attributable to non-controlling interests	2	-	(261)	-
Depreciation & Amortisation	10,312	-	8,025	-
Impairment losses	1,104	-	-	-
(Gains) losses	2,103	-	(1,034)	-
Deconsolidation of Newton	2,834	-	-	-
Change in provisions for risks and charges	(342)	-	(3,428)	-
Change in employee benefits	139	-	(1,210)	75
Net financial income	2,924		1,544	
Other adjustments	-		21	
Changes in net working capital [c]	**4,847**	**(564)**	**(8,303)**	**(191)**
Change in inventories	1,017	-	709	-
Change in trade receivables	2,551	(43)	(6,831)	(2)
Change in trade payables	2,586	(648)	(1,182)	(112)
Income taxes paid	(262)	-	(94)	-
Other changes in net working capital	(1,045)	127	(905)	(77)
Total cash flows used in operating activities [d=a+b+c]	**(15,000)**	**(564)**	**(15,863)**	**(116)**
Cash flows from (used in) investing activities [e]	**(3,627)**	**-**	**(4,159)**	**-**
Investments in intangible assets and property, plant and equipment	(3,821)	-	(4,879)	-
Acquisition of investments in associates	-	-	(39)	-
Disposal of intangible assets and property, plant and equipment	-	-	1,043	-
Amounts collected on disposal of equity investments	-	-	-	-
Changes in scope of consolidation	-	-	(10)	-
Other changes in investing activities	194	-	(24)	-
Cash flows from (used in) financing activities [f]	**30,733**	**(5)**	**1,163**	**-**
Net financial interest paid	(2,924)	-	(1,544)	-
Change in medium/long-term bank loans	(245)	-	(36)	-
Change in short-term bank loans and borrowings	7,121	-	3,436	-
Change in non-current financial assets	-	-	-	-
Changes in other payables and loan assets	1,486	-	-	-
Dividends paid	-	-	(142)	-
Change in share capital and reserves	(316)	-	618	-
Change in equity attributable to non-controlling interests	(493)	-	(180)	-
Other changes in financial assets and liabilities	26,104	(5)	(989)	
Cash flows used during the first half of the year [g=d+e+f]	**12,106**	**(569)**	**(18,859)**	**(116)**
Opening cash and cash equivalents	**(17,742)**		**24,829**	
Closing cash and cash equivalents	**(5,635)**	**-**	**5,970**	**-**
Increase (decrease) in the period	**12,106**	**-**	**(18,859)**	**-**

(*) Paragraph 8 of the Notes to the consolidated financial statements. No atypical and/or unusual transactions were carried out with third parties, related parties or Group companies.

The following table indicates the non-recurring charges:

Breakdown of non-recurring charges		
(in thousands of euro)		1st Half 2016
Gross operating loss		**(19,747)**
Charges for termination of the former CEO contract	(1,500)	
Contractual charges on the Pero property	(1,710)	
Staff restructuring costs	(5,500)	
Total non-recurring charges with an impact on gross operating profit/loss	**(8,710)**	
Gross operating loss net of non-recurring charges		**(11,037)**
Operating loss		**(36,100)**
Total non-recurring charges with an impact on gross operating profit/loss	**(8,710)**	
Impairment loss on Culture goodwill	(250)	
Impairment losses on assets	(854)	
Deconsolidation of Newton	(2,834)	
Losses on disposal of assets relating to the Pero property	(2,103)	
Total non-recurring charges with an impact on operating profit/loss	**(14,751)**	
Operating loss net of non-recurring charges		**(21,349)**
Loss from continuing operations		**(49,801)**
Total non-recurring charges with an impact on operating profit/loss	**(14,751)**	
Charges associated with early collection of the vendor loan	(1,037)	
Impairment losses on deferred tax assets	(10,408)	
Total non-recurring charges	**(26,196)**	
Loss for the period net of non-recurring charges		**(23,605)**

10.5 Seasonality of Group activities

Group activities are subject to seasonal phenomena consisting in a slowdown in revenue - publishing and especially advertising - in the summer months. The performance for the first half of the year, therefore, cannot be considered representative of the Group's financial performance for the entire year.

RESULTS OF PREVIOUS HALF YEARS			
(in thousands of euro)	1st Half 2016	2nd Half 2015 Restated	1st Half 2015 Restated
Revenue	151,819	158,755	165,407
Gross operating profit (loss)	(19,747)	3,779	(2,841)
Operating loss	(36,100)	(4,944)	(10,344)

The above figures are indicative only and should not be used to make an accurate forecast of future results.

The financial performance is affected by seasonal phenomena deriving not only from the operating performance illustrated above, but also from the trend in subscriptions to the daily newspaper and magazines, which are concentrated in the first part of the year.

10.6 Net financial position (indebtedness)

The following table details the components of the net financial position (indebtedness):

NET FINANCIAL POSITION (INDEBTEDNESS)		
(in thousands of euro)	30.06.2016	31.12.2015 Restated
Cash and cash equivalents	29,381	39,198
Bank overdrafts and loans - due within one year	(51,652)	(66,453)
Short-term loans and borrowings from others	(1,486)	-
Short-term loan assets	621	-
Short-term net financial indebtedness	**(23,135)**	**(27,256)**
Non-current financial liabilities	(6,428)	(6,687)
Medium-long term net financial indebtedness	**(6,428)**	**(6,687)**
Net financial position (indebtedness)	**(29,564)**	**(33,942)**

10.7 Employees

The average number of employees by category for the first half of the year was as follows:

EMPLOYEES						
AVERAGE HEADCOUNT	1st Half 2016		1st Half 2015		Change	
	Number	%	Number	%	Number	%
Managers	42.7	3.5%	45.5	3.7%	(2.7)	-6.0%
Journalists	336.7	27.2%	344.5	28.0%	(7.9)	-2.3%
White-collars	794.3	64.3%	778.0	63.1%	16.3	2.1%
Blue-collars	62.1	5.0%	64.2	5.2%	(2.1)	-3.3%
Total	**1,235.8**	**100.0%**	**1,232.2**	**100.0%**	**3.6**	**0.3%**

Milan, 30 September 2016

Chief Executive Officer

Gabriele Del Torchio

(Signed on the original)

Certification of the condensed interim consolidated financial statements pursuant to Article 81-ter of Consob Regulation No. 11971 of 14 May 1999 as amended

1. The undersigned Gabriele DEL TORCHIO, as Chief Executive Officer, and Valentina MONTANARI, as Manager in charge of financial reporting of Il Sole 24 ORE S.p.A., hereby certify, pursuant to, inter alia, the provisions of Article 154-bis, paragraphs 3 and 4, of Italian Legislative Decree 58 of 24 February 1998 [the Italian Consolidated Finance Act]:

- the adequacy in relation to the entity's characteristics; and
- the effective application of administrative and accounting procedures for preparation of the condensed interim consolidated financial statements during the first half of 2016.

2. The adequacy of the administrative and accounting procedures used to prepare the condensed interim consolidated financial statements as at 30 June 2016 has been assessed based on the methodological rules defined by Il Sole 24 ORE S.p.A. and consistently with the "Internal Control - Integrated Framework" model issued by the Committee of Sponsoring Organizations of the Treadway Commission, which is an international generally accepted benchmark framework for the internal control system.

3. It is further certified that:

3.1 The condensed interim consolidated financial statements:

- have been drafted in compliance with the applicable International Financial Reporting Standards (IFRS) recognised in the European Union pursuant to EC Regulation 1606/2002 of the European Parliament and Council of 19 July 2002;
- are consistent with the corporate books and accounting records;
- give a fair and true view of the financial position and results of operations and cash flows of the issuer and of the companies included in the scope of consolidation.

3.2. The interim directors' report contains a reliable analysis of the references to major events occurring in the first six months of the year and their impact on the condensed interim consolidated financial statements, together with a description of the main risks and uncertainties for the remaining six months. The interim directors' report also includes a reliable analysis of the information on significant related-party transactions.

Milan, 30 September 2016

Chief Executive Officer	Manager in charge of financial reporting
Gabriele DEL TORCHIO	Valentina MONTANARI
(signed on the original)	(signed on the original)